

CITY OF BRISTOL, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



PREPARED BY:

Tara Musick, CPA, MAcc,
Director of Finance

CITY OF BRISTOL, TENNESSEE
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**INTRODUCTORY
SECTION**



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

Office of the City Manager

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December 29, 2014

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

Tennessee statute requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

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

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Bristol, Tennessee’s financial statements for the year ended June 30, 2014. The independent auditor’s report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

LOCAL ECONOMY

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

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

The City successfully recruited Sprint Telecenters and Teleperformance to the community each of which currently operate a call center. Sprint employs 575 persons and Teleperformance employs 703 persons. Other positive announcements include the decision of UPM Pharmaceuticals to purchase the Pfizer facility in downtown Bristol. UPM currently employs more than 140 individuals with expansion plans on the horizon. The DLH facility continues to expand both in employment, over 130 employed at this time, and in product manufacturing. The City continues to work with a number of companies on their expansion and relocation needs.

On a less positive note, Exide Technologies has ceased production at their Bristol facility. Exide is currently developing a reorganization strategy to be implemented following their Chapter 11 bankruptcy procedures.

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

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

The project has made significant progress during the past year with the successful opening of the 100,009 square foot Bass Pro in August and the commencement of construction of the 130,278 square foot Belk retail store. In addition, construction has commenced the the “life-style” center shops that are ancillary stores surrounding the Belk store. The remainder of the regional retail center will open in the subsequesnt nine months with full build out anticipated during 2015 and 2016. Additionally, the development of the new retail center has spurred ancillary growth in the vicinity. A new hotel commenced construction adjacent to the interstate exit and additional retail and service growth is anticipated. The new hotel is anticipated to open in early 2015. During the 2014 fiscal year, the City borrowed \$13.3 million to fund the second phase of the development’s infrastructure including internal circulation roads, traffic signalization, water, sanitary sewer, and stormwater infrastructure. In addition, property was acquired for the location of a future Fire and EMS substation.

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

As of November 2014, the unemployment rate of Bristol stood at 6.6%, representing 11,544 persons employed out of a workforce of 12,360. This rate is comparable to the unemployment rate for Sullivan County, Tennessee of 6.4%, and the unemployment rate for the State of Tennessee of 6.6%, for the same time period.

LONG-TERM FINANCIAL PLANNING

In the 2014 fiscal year, three series of bonds payable were issued. Series 2013 Electric Revenue Refunding and Improvement Bonds were issued for \$28,505,000 to refund the Series 2005 Electric System Revenue Bonds of \$22,230,043 and to provide additional funding of \$7,000,649 for capital improvements. The City issued Series 2013B General Obligation Refunding Bonds of \$8,585,000 to refund, in whole or in part, the outstanding Series 2005 General Obligation Bonds, Series 2007 General Obligation Bonds, and Series 2008 General Obligation Bonds with fixed rate bonds that have lower interest rates. Series 2014 General Obligation Bonds were also issued to obtain funding for The Pinnacle Project for \$17,350,000.

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

The City has an upcoming bond issue planned to fund a portion of the 800 MHz public safety radio system that will be upgraded to comply with new FCC Project 25 technology at an expected cost of approximately \$836,000. Additional funding will also be necessary for the City's portion of the reconstruction of East Cedar Street for \$1.2 million and to fund Stormwater Fund projects of approximately \$892,000. Funds may also be obtained to fund architecture and engineering costs for the expansion of the Nature Center and to construct a new Fire Station near The Pinnacle.

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

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

RELEVANT FINANCIAL POLICIES

Temporarily idle cash is invested in a money market checking account and the State of Tennessee Treasurer's Local Government Investment Pool (LGIP) for most of the operating cash reserves of the City and Board of Education (BOE). Funds are primarily invested in the investment pool and cash is transferred into the operating account of the City and BOE when required. Staff has reviewed various investment alternatives allowed under State statute and the LGIP is offering competitive rates with increased liquidity. Certificates of deposits are also being utilized by Bristol Tennessee Essential Services (BTES) and the Industrial Development Board of Bristol, Tennessee as investment instruments. Unspent bond proceeds from the Series 2012 and Series 2013A General Obligation Bonds are being invested in various bonds and securities as allowed by State statute in order to earn a higher yield based upon anticipated drawdowns of the funds.

MAJOR INITIATIVES

Each year the City adopts a Goals and Objectives Program that identifies specific objectives to be completed during the year to move the community forward in a planned and unified manner. This work plan serves as a formalized statement of direction for the City during the year as well as an instrument to evaluate progress and achievement in accomplishing the same. Eight key tasks grouped into program areas vital to fulfilling various purposes, supported by 193 specific objectives/performance standards, were included in the plan.

The budget for the 2014 fiscal year focused on projects and initiatives directly related to the provision of basic municipal services, community development, and enhancements to the quality of life while being mindful of a soft, but improving economy for the year. The City continued efforts to further a major local road improvement project which will be the East Cedar Street Project from 5th Street to King College Road. Routine road resurfacing, guardrail replacements, additional downtown lighting, and the eighth year of upgrades to traffic signal systems continued to include backlights and LED lights during the year.

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

The City has continued its aggressive replacement of aging utility infrastructure. Fiscal 2014 included the improvement of fire suppression capabilities by replacing the existing water main serving a portion of the Fairmount residential neighborhood. In addition, substantial quantities of aged galvanized water main and storm sewer were replaced as part of the City's on-going street resurfacing program.

The Police Department continued its drive for excellence in community policing by recertifying their law enforcement accreditation from both state and federal accreditation bodies. The Police Department continued the phased implementation of the technological advancements through the Personal Digital Assistant (PDA) Program. This program will allow officers to issue tickets electronically and to be able to access records from dispatch and related databases while in the field. The Police Department continued a multi-year process to install and upgrade emergency warning sirens throughout the City. This year saw the installation of a new siren at the Exide Fire Station and rehabilitation of the Rosemont area siren. The Fire Department successfully negotiated a new contract for the third-party billing for EMS ambulance services. The new contract is anticipated to enhance collection of ambulance service fees. During Fiscal 2014, the City acquired property in the vicinity of I-81, Exit 74, for the purpose of constructing a new Fire and EMS substation.

The Public Works Department was granted primacy from the Tennessee Department of Environment and Conservation for the administration of their stormwater management program. This function is typically administered by TDEC. The ability to independently manage the stormwater program offers a streamlined process for developers and eliminates a duplication of permit fees and lost project time.

The Parks and Recreation Department continued their renovation of soccer fields at Whitetop Creek Park. Efforts at the park involved the establishment of cool season grasses to accommodate league and tournament play. In partnership with the local school system and foundation, the City commenced the planning process for the construction of an eight court tennis facility to serve both school system and community needs.

The Community Relations Department instituted a new central answering point for callers seeking information regarding City services. In addition, the City's web-site received a complete restructuring and a bi-monthly electronic newsletter was developed.

In an effort to control employee retirement benefit costs, the City made the decision to discontinue participation in the Tennessee Consolidated Retirement System's defined benefit program and offer a hybrid version of a defined benefit and defined contribution plan to new employees effective January 1, 2015.

The City departmental organization structure was restructured to allow for staff and service delivery efficiencies. The Administration Department was created to house the functions of Human Resources, Risk Management, Purchasing, and Information Technology. The Department of Economic and Community Development was created to consolidate the functions of Community Development, Planning, Codes Enforcement, and Economic and Business Development. The Public Works Department was restructured to house the functions of utility services, public services, engineering services, and the Metropolitan Planning Office.

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, 2013. This was the eleventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



William L. Sorah
City Manager



Tara E. Musick, CPA
Director of Finance



Government Finance Officers Association

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

Presented to

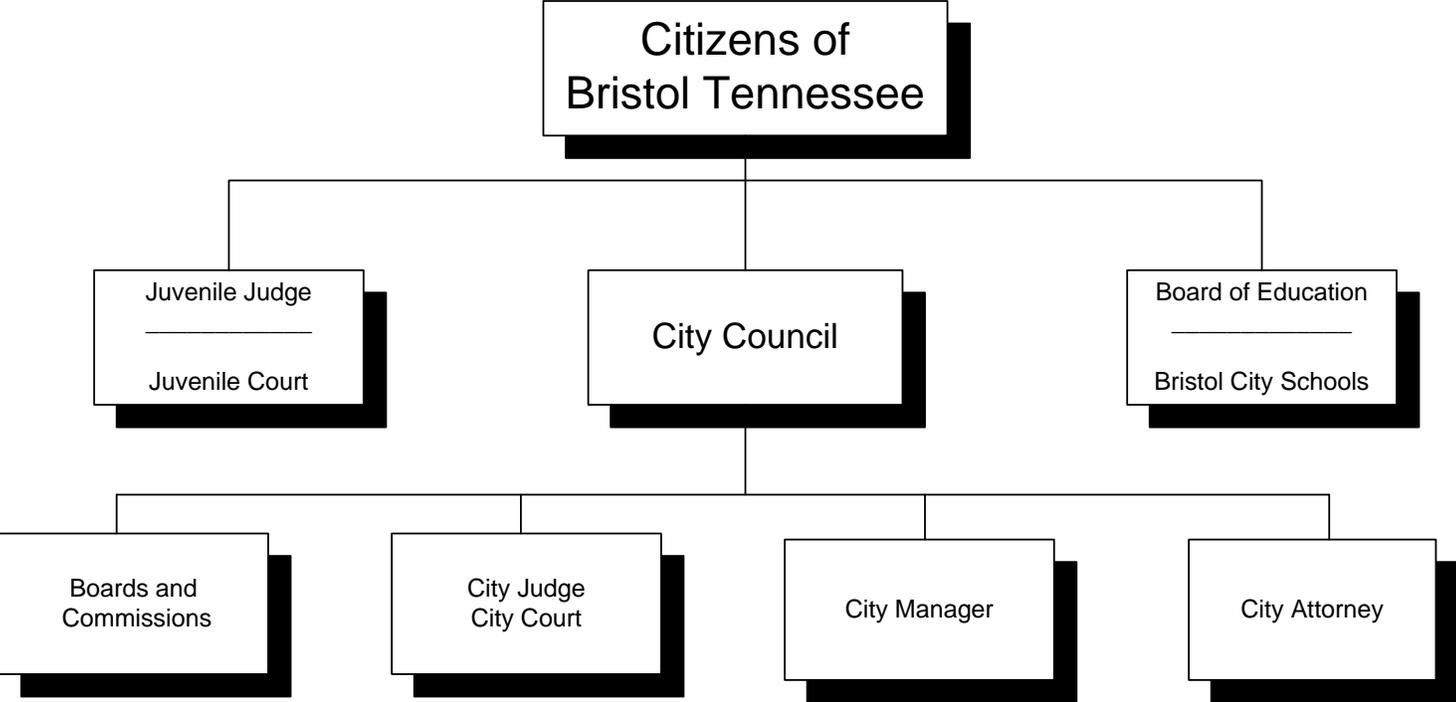
**City of Bristol
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

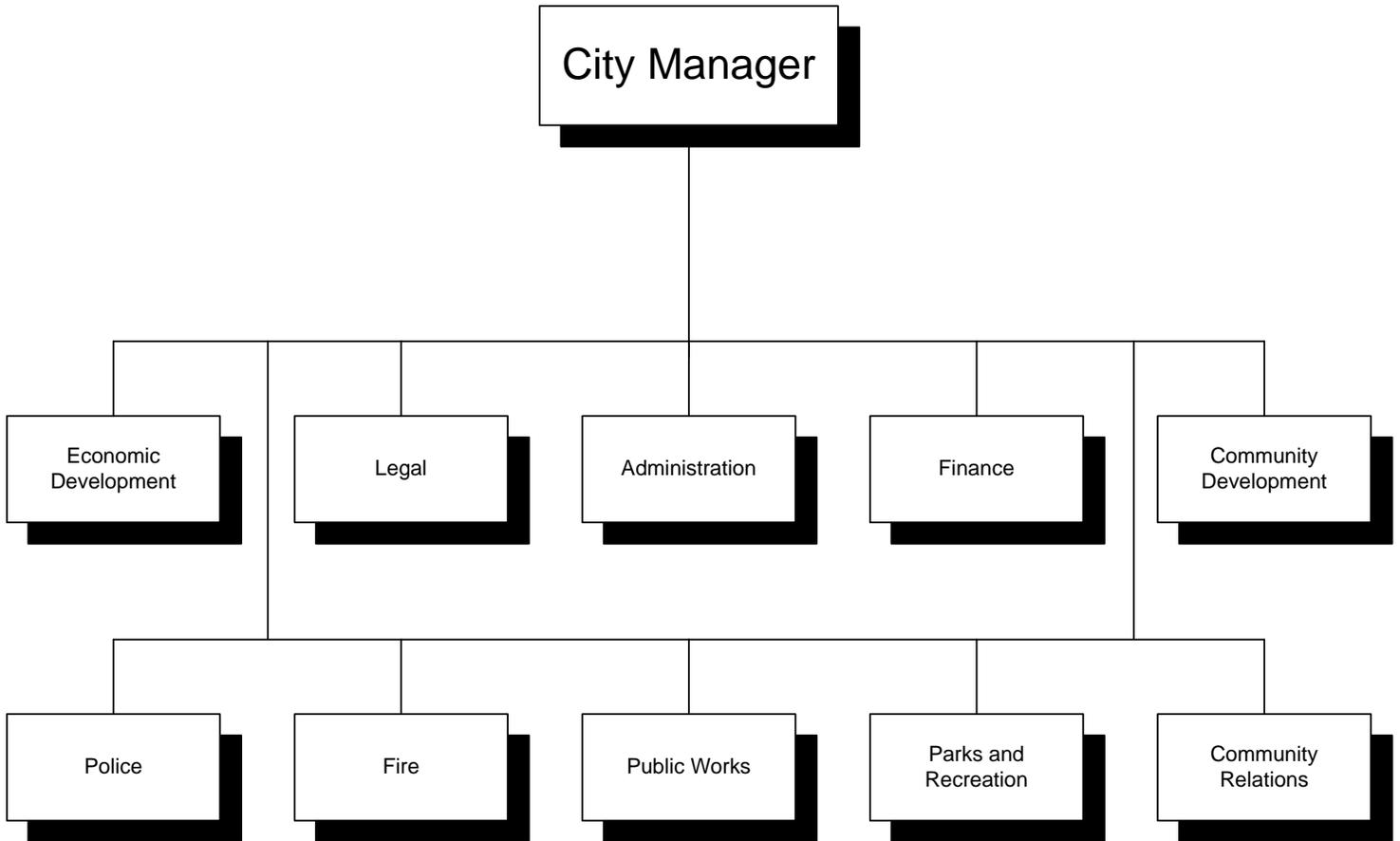
June 30, 2013

Executive Director/CEO

CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



CITY OF BRISTOL, TENNESSEE
LIST OF PRINCIPAL OFFICERS

City Council

Lea Powers
Chad Keen
Michelle Dolan
Margaret Feierabend
Jack Young

City Manager

William L. Sorah

Department Directors

Administration	Belva Hale
Community Relations	Terrie Talbert
Economic and Community Development	Shari Brown
Finance	Tara Musick
Fire	Bob Barnes
Legal	Jack W. Hyder, Jr.
Parks and Recreation	Terry Napier
Police	Blaine Wade
Public Works	Tim Beavers

City Attorney

Jack W. Hyder, Jr.

**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Fund, which represents 100% of the assets, net position, and revenues of the Electric major enterprise fund and 71%, 67%, and 92% of the assets, net position, and revenues, respectively, of the business-type activities; or the BTES Other Post Employment Benefits Trust Fund, which represents 12%, 34%, and 5% of the assets, fund equity, and revenues, respectively, of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Electric Fund and BTES Other Post Employment Benefits Trust Fund are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Industrial Development Board Fund, Chapter 420 Fund, and General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 15 through 31) and schedules of funding progress and employer contributions (on pages 136-139) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of the City of Bristol, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Chattanooga, TN
December 23, 2014

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CITY OF BRISTOL, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bristol, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2014. Management's Discussion and Analysis should be read in conjunction with the City's financial statements for the fiscal year ending June 30, 2014, including related notes.

Financial Highlights

- The assets and deferred outflows of the City of Bristol, Tennessee exceeded its liabilities and deferred inflows of resources at the close of the 2014 fiscal year by \$291,276,701 (*total net position*). Of this amount, \$83,288,147 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$12,205,749 due to current year activity. For governmental activities, a \$4,128,509 increase resulted primarily from the donation of capital assets to the City. Roads were accepted by the City and library books were received by the Bristol Public Library, which the City owns a portion of the assets, for a combined total of \$3,864,246 of donated assets. These transactions are reflected in the Statement of Activities as a portion of the capital contributions for public works and general government.
- As of the close of the current fiscal year, the City's governmental activities reported an unrestricted net position of \$14,744,807 for an \$8,801,293 decrease from the previous year. The net investment in capital assets amount for governmental activities increased by \$6,959,004 throughout the course of the fiscal year. Capital spending has been restricted for approximately five years due to declined revenues. Spending has increased in the past two years as a result of additional funding from bond proceeds for the Chapter 420 Project, The Pinnacle. The related debt for the portion of the bond proceeds that has been spent has been netted against the total capital assets amount to arrive at the net investment in capital assets.
- At the end of the current fiscal year, fund balance for the General Fund was \$12,296,307 which was a decrease of \$899,492 from the prior year. Management uses a multi-year model as part of the budget process each year to determine where fluctuations in the years will occur. The 2014 fiscal year was planned as part of the original budget to have a loss of \$878,273. Debt service requirements had increased and a draw from fund balance was planned. The loss is comparable to budget projections since management altered spending trends and projects during the year to offset declines in actual revenues projected for the remainder of the fiscal year.
- The City's total liabilities increased by \$20,144,400 during the fiscal year. Accounts payable and other current liabilities decreased by \$4,935,623. Noncurrent liabilities increased by \$22,687,267 from the prior year due to additional debt obtained during the year related to the Series 2013 Electric System Revenue Refunding and Improvement Bonds, Series 2013B General Obligation Bonds, and Series 2014 General Obligation Bonds. Contracts payable and retainages payable also increased by \$2,178,628 due primarily to development of The Pinnacle Project in the Industrial Development Board Fund.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 46 - 50 of this report.

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

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

The fiduciary fund financial statements can be found on pages 51 - 52 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 - 135 of this report.

Other Information

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

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

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Bristol, Tennessee, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$291,276,701 at the close of the most recent fiscal year. By far the largest portion of the City of Bristol's net position (68%) reflects its net investment in capital assets (e.g., land, buildings, machinery, etc. less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from

other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

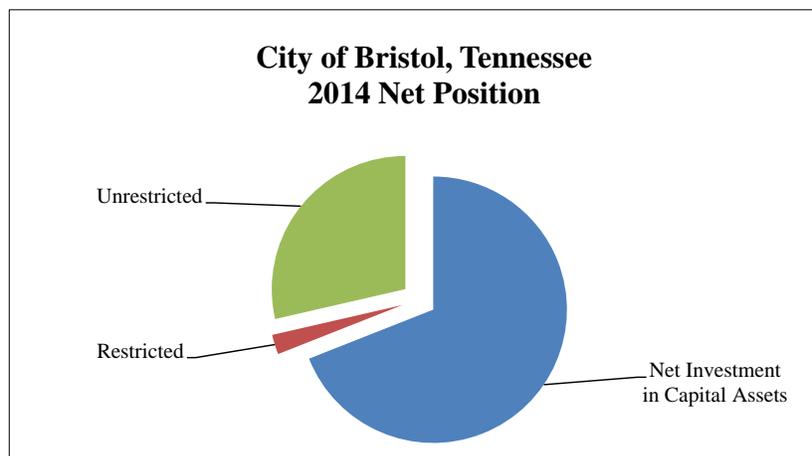
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Bristol, Tennessee Net Position

June 30, 2014

(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and Other Assets	\$ 62,062,233	58,846,274	76,901,908	66,198,012	138,964,141	125,044,286
Capital Assets, Net of Accumulated Depreciation	153,216,150	135,384,173	121,078,564	121,562,177	274,294,714	256,946,350
Total Assets	<u>215,278,383</u>	<u>194,230,447</u>	<u>197,980,472</u>	<u>187,760,189</u>	<u>413,258,855</u>	<u>381,990,636</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	444,445	31,882	1,252,069	-	1,696,514	31,882
LIABILITIES						
Current Liabilities	7,671,424	6,173,528	6,833,905	10,874,668	14,505,329	17,048,196
Noncurrent Liabilities	51,364,619	35,763,237	33,668,692	26,582,807	85,033,311	62,346,044
Total Liabilities	<u>59,036,043</u>	<u>41,936,765</u>	<u>40,502,597</u>	<u>37,457,475</u>	<u>99,538,640</u>	<u>79,394,240</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Prop. Tax	24,140,028	23,557,326	-	-	24,140,028	23,557,326
NET POSITION						
Net Investment in Capital Assets	110,820,768	103,861,764	90,186,604	97,612,978	201,007,372	201,474,742
Restricted	6,981,182	1,360,374	-	-	6,981,182	1,360,374
Unrestricted	14,744,807	23,546,100	68,543,340	52,689,736	83,288,147	76,235,836
Total Net Position	<u>\$ 132,546,757</u>	<u>128,768,238</u>	<u>158,729,944</u>	<u>150,302,714</u>	<u>291,276,701</u>	<u>279,070,952</u>



The City's net position increased by \$12,205,749 during the fiscal year. The majority of this increase resulted from the business-type activities and the operating income from charges for services less related expenses.

Governmental Activities. Governmental activities increased the City's net position by \$3,778,519 relating to current year activity. This increase accounts for 33% of the total current year change in net position.

Key elements of this increase are as follows:

- As previously mentioned, the City received donated assets during the year which are being included in the Statement of Activities. The City accepted roads and related infrastructure with an estimated value of \$3,782,450. Also, the City is a joint owner of the Bristol Public Library. All capital assets of the library are owned by the City of Bristol, Tennessee and Bristol, Virginia. City of Bristol, Tennessee owns all assets utilized at the Avoca Library which is in the city limits. The capital assets of the Main Library are owned 50% by each entity. During the year, the Library received \$81,796 of various library books at the two locations.
- The City received the highest total governmental activities program revenues in 2014 versus the amounts received for the past six years. The total amount received in FY 2014 was \$32,791,826. However, \$3,864,336 of this amount was for the capital contributions previously discussed. Total governmental activities program revenues are \$28,927,490 exclusive of the capital contributions. Fiscal years 2008 to 2013 had average total program revenues per year of \$29,635,377. The current revenue exclusive of the donations is less than the average per year amount for the preceding six years. The function with one of the most significant decreases over time is Community Relations. The Viking Hall Civic Center has had less revenue every year for the past five years. Since the revenue from shows was not adequate to fund the administrative costs of operations, the General Fund has had to subsidize this special revenue fund at a higher amount every year. City Council did close this fund as part of the FY 2015 Budget and only local events will be hosted versus concert type activity.
- While the City has experienced a decline in program revenues, expenses of the governmental activities have increased due to additional costs of personnel, such as wages, retirement, and health care. Goods have also experienced inflation in high dollar areas, such as paving materials and salt products for clearing roadways. One of the biggest increases over the past five years is the education function. This function increased \$421,738 from the prior year due to new program offerings, increased school maintenance, and new technology being added across the school system. Public Safety also experienced an increase from the previous year of \$594,925 due to additional spending for the replacement of routine equipment items as an annual expenditure versus funding at one time every few years. One other important function to note is that interest on long-term debt has increased steadily over the years. This increase is related mainly to the debt service related to construction of the new Fairmount Elementary School several years ago. The debt service schedule was based upon reducing the Fairmount related debt down to a lower level to allow for additional funding for the expansion and renovation of Vance Middle School.
- General revenues of the governmental activities increased in total by \$463,182 from the prior year. The majority of this increase is attributable to property tax revenue that experienced a growth of approximately \$753,000 from last year. However, the City also experienced a decline in sales tax revenue of \$709,882. The combined increase is contributable to the other general revenue sources.

- For six consecutive years, the City has elected to fund the annual required contribution (ARC) for other post employment benefits (OPEB) in an OPEB Trust Fund. The fund was established during the 2009 fiscal year. The City transferred the portion required as a contribution to fully fund the 2014 ARC from each function of the governmental funds. Therefore, the functions' current year expenditures reflect their portion of the OPEB trust contribution.

Business-type Activities. Business-type activities increased the City's net position by \$8,427,230 relating to current year activity. This increase accounts for 67% of the total current year change in net position.

Key elements of this increase are as follows.

- Operating revenues in the Electric Fund are principally derived from retail sales of electricity. Temperature has historically been a main driver in electric sales. Weather experienced during the year was slightly colder than normal. However, the Electric Fund lost a large industrial customer. As a result of both factors, power revenues decreased .5% and purchased power expense decreased .5%. Revenues from cable, Internet, and telephone collectively increased 6% from the prior fiscal year also. The fund experienced a \$7,398,499 increase in net position because of growth. Capital grants and contributions of \$2,214,495 were also recorded.
- The service rates for the Waterworks Fund remained the same during the 2014 year. See schedules of rates on pages 207 - 208 for additional information. The Waterworks Fund recorded \$72,250 in capital grants and contributions during the fiscal year.

City of Bristol, Tennessee Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	\$ 5,025,047	4,807,370	115,430,872	114,667,056	120,455,919	119,474,426
Operating Grants	22,327,308	23,094,181	-	-	22,327,308	23,094,181
Capital Grants	5,439,471	181,946	2,286,745	990,443	7,726,216	1,172,389
General Revenues:						
Property Taxes	24,852,090	24,098,806	-	-	24,852,090	24,098,806
Payments in Lieu of Tax	66,781	80,429	-	-	66,781	80,429
Sales Taxes	9,163,261	9,837,143	-	-	9,163,261	9,837,143
Beer and Liquor Taxes	724,043	768,538	-	-	724,043	768,538
Business Tax	537,107	566,913	-	-	537,107	566,913
Cable Franchise Tax	348,852	245,840	-	-	348,852	245,840
Gas Franchise Tax	286,920	225,205	-	-	286,920	225,205
Hotel/Motel Taxes	341,129	366,890	-	-	341,129	366,890
State Revenue (Unrestricted)	2,817,037	2,819,519	-	-	2,817,037	2,819,519
Investment Income (Unrestricted)	22,665	28,726	327,963	352,740	350,628	381,466
Other General Revenues	1,256,271	685,434	-	-	1,256,271	685,434
Total Revenues	73,207,982	67,806,940	118,045,580	116,010,239	191,253,562	183,817,179
Expenses:						
Governmental Activities:						
General Government	6,945,580	7,400,014	-	-	6,945,580	7,400,014
Community Relations	702,163	744,539	-	-	702,163	744,539
Education	38,809,898	38,388,160	-	-	38,809,898	38,388,160
Parks and Recreation	3,847,114	3,931,765	-	-	3,847,114	3,931,765
Public Safety	11,568,506	10,973,581	-	-	11,568,506	10,973,581
Public Works	8,360,941	8,409,029	-	-	8,360,941	8,409,029
Interest on Long-Term Debt	1,617,402	969,560	-	-	1,617,402	969,560
Business-type Activities:						
Electric	-	-	92,454,981	86,196,336	92,454,981	86,196,336
Waterworks	-	-	7,422,890	7,702,123	7,422,890	7,702,123
Cable and Internet	-	-	6,738,347	11,281,780	6,738,347	11,281,780
Telephone	-	-	579,991	746,718	579,991	746,718
Demolition Landfill	-	-	-	463,975	-	463,975
Total Expenses	71,851,604	70,816,648	107,196,209	106,390,932	179,047,813	177,207,580
Increase in Net Position Before Transfers	1,356,378	(3,009,708)	10,849,371	9,619,307	12,205,749	6,609,599
Transfers	2,422,141	2,651,672	(2,422,141)	(2,651,672)	-	-
Increase in Net Position	3,778,519	(358,036)	8,427,230	6,967,635	12,205,749	6,609,599
Net Position - Beginning	128,768,238	129,126,274	150,302,714	143,335,079	279,070,952	272,461,353
Net Position - Ending	\$ 132,546,757	128,768,238	158,729,944	150,302,714	291,276,701	279,070,952

Financial Analysis of the Government's Funds

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

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

The City's governmental funds reported combined ending fund balances of \$28,530,340 for the year, an increase of \$1,109,447. The General Fund, Chapter 420 Fund, General Purpose School Fund, and Industrial Development Board Fund had current year changes in fund balance of (\$898,492), \$2,923,964, (\$1,135,196), and \$3,745, respectively. The change in fund balance also included activity in the non-major funds. Three of the non-major funds, Solid Waste Fund, State Street Aid Fund, and Capital Equipment Fund, experienced an increase in fund balance; while four of them, Drug Fund, School Nutrition Fund, Viking Hall Fund, and Capital Facilities Fund experienced a decrease in fund balance. The remaining non-major funds experienced no change.

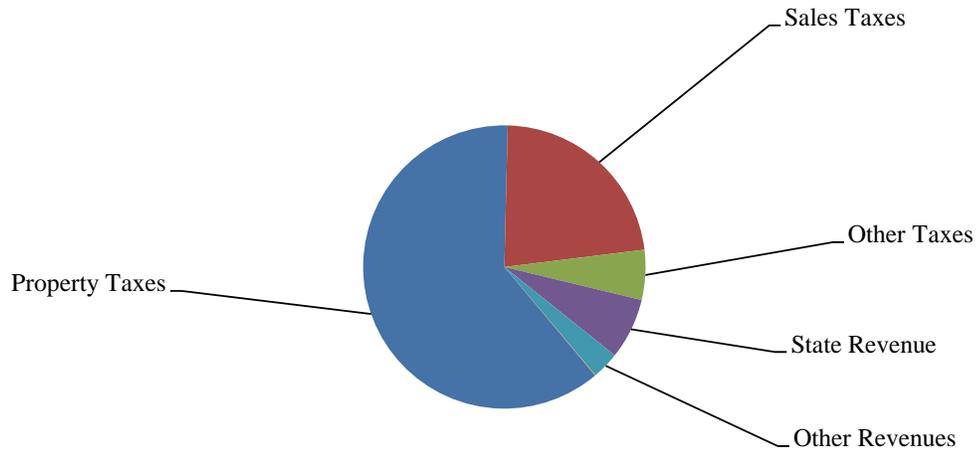
The General Fund is the chief operating fund of the City of Bristol, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,801,981 while total fund balance was reported to be \$12,296,307. Total Fund Balance decreased \$899,492 over the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance and total fund balance represent approximately 38% and 40%, respectively, of total general fund expenditures and other financing uses.

The Industrial Development Board Fund is a blended component unit that is reflected in the City's financial statements as a major special revenue fund to account for economic development related activities of the Industrial Development Board of the City of Bristol, Tennessee. At the end of the current fiscal year, total fund balance was \$250,568, an increase of \$3,745 over the prior fiscal year. The entire fund balance amount is reflected in the financial statements as restricted for community and economic development. This fund is used to reflect capital outlay incurred related to the construction of the City's portions of The Pinnacle Project, such as grading, water and sewer lines, park facilities, etc. This project is being funded by transfers from the Chapter 420 Fund.

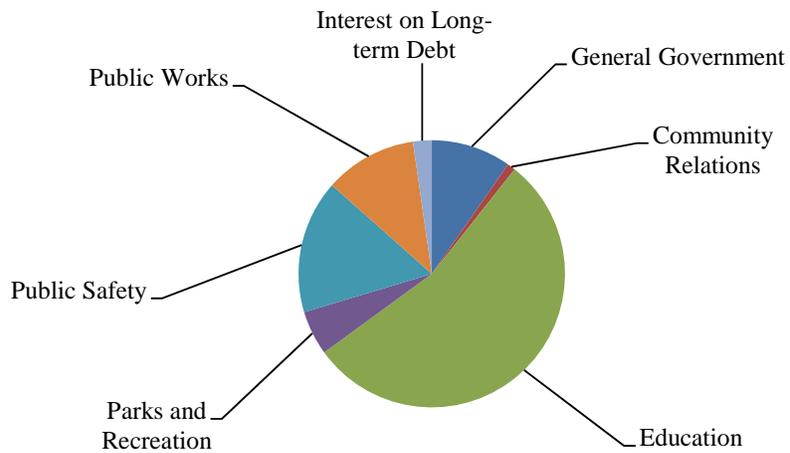
The Chapter 420 Fund is a special revenue fund used to account for all restricted revenues related to the Border Region Retail Development District. The State of Tennessee passed legislation which allowed certain areas in the State to be designated as border region retail development districts if next to a major interstate and part of a City that shared a border with another State. The area of Bristol off Exit 74 received this designation. As a result, retail development in this area is eligible for a portion of the state sales tax to assist with financing the development related costs. This fund will be used to account for all such revenue from the State, additional funding for this project, and related costs to provide accountability and enhanced reporting. During the 2014 year, the Series 2014 General Obligation Bonds were accounted for in this fund since the debt was issued by the City as the second bond issue to fund The Pinnacle Project. This fund transfers to the Industrial Development Board Fund the amount required to fund the City's construction costs for the project. The total fund balance of \$4,795, 619 at year end is comprised of \$3,456,629 restricted for community and economic development and \$1,338,990 restricted for debt service for the portion of the bond funds obtained to pay interest costs during the construction period.

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 \$8,807,445, a decrease of \$1,135,196 over the prior fiscal year. The amount assigned for education purposes was \$8,778,569. Less than one percent of total fund balance is restricted for specific purposes. This fund was originally budgeted to have a loss for the year of \$1,142,759. This fund receives a portion of Sullivan County, Tennessee property tax based upon the percentage of students in the County served by this school system. Approximately \$483,000 was received in additional revenue from the County during the year. Total expenditures exceeded the original amount budgeted by approximately \$46,000. Capital outlay costs increased due to additional building improvements projects and the equipment of laptops in the classrooms at Vance Middle School.

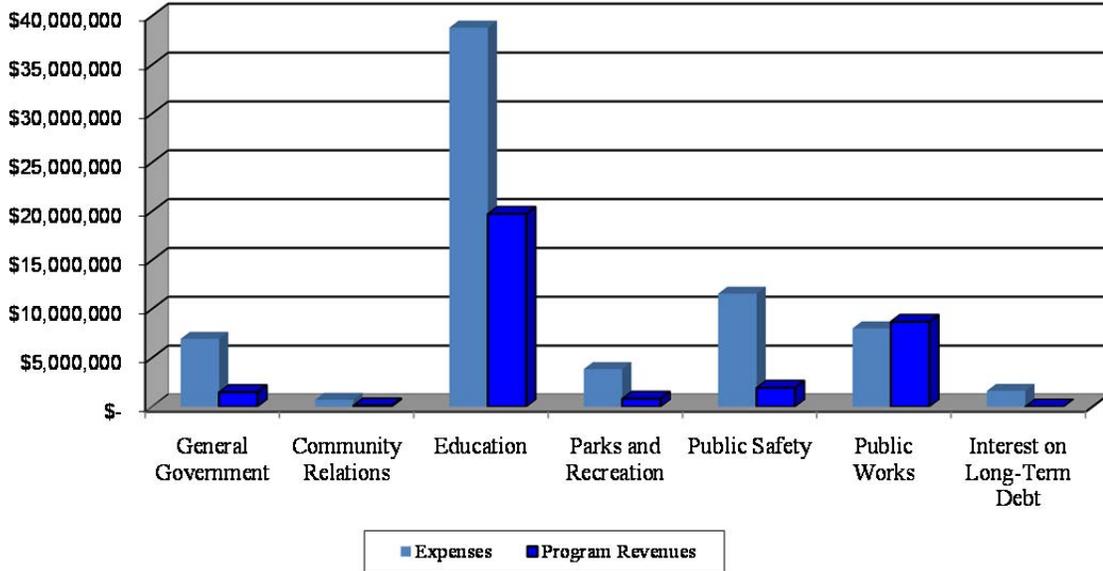
Governmental Activities General Revenues



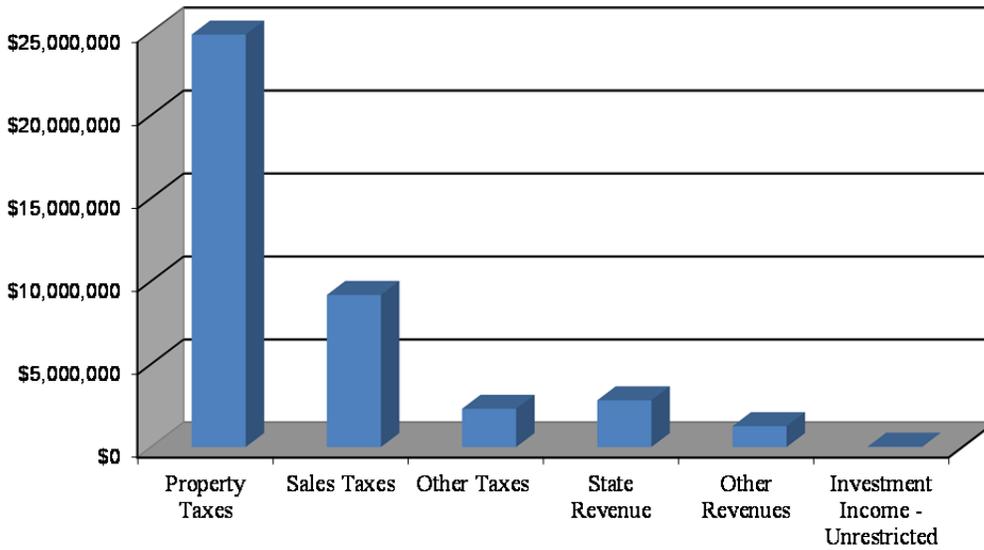
Governmental Activities Expenses



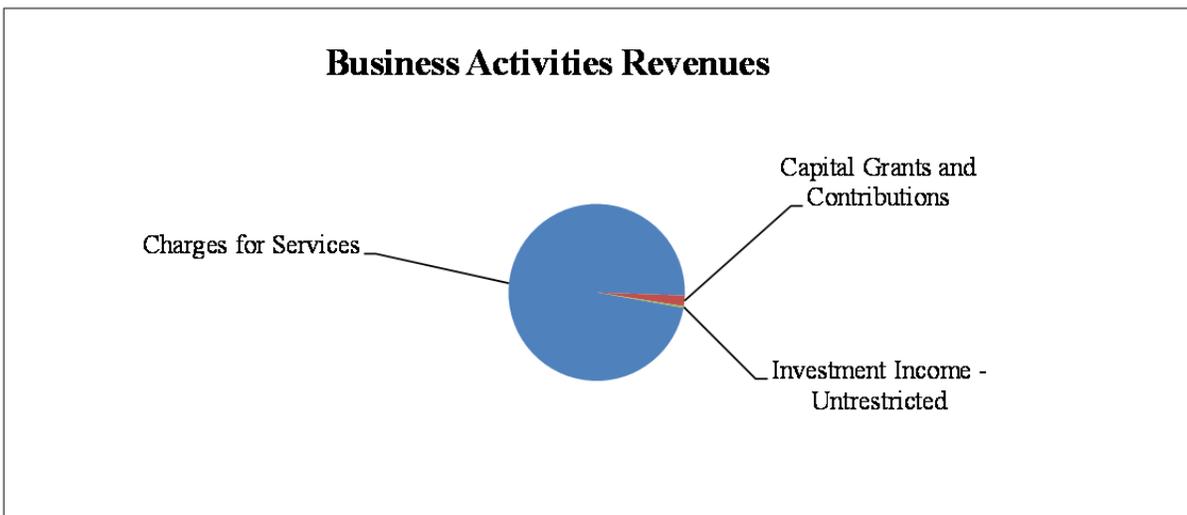
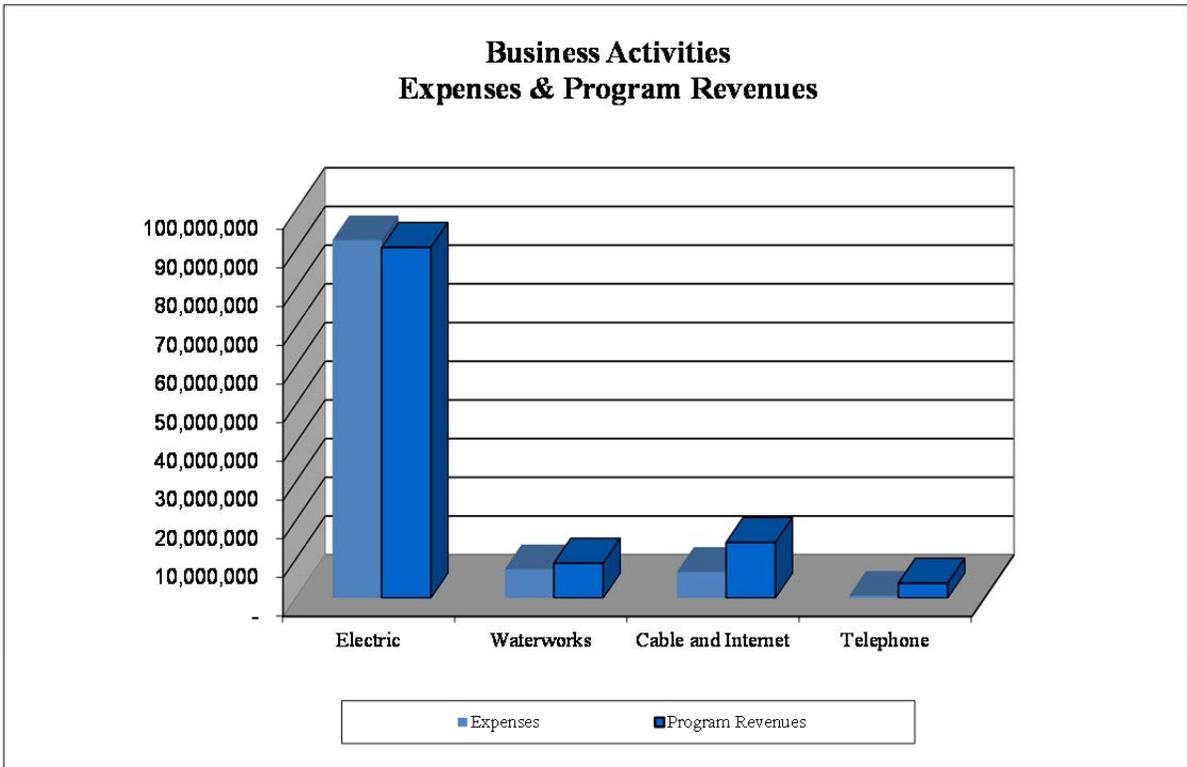
Governmental Activities Expenses & Program Revenues



Governmental Activities General Revenues



Proprietary Funds. The City of Bristol’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the year totaled \$55,582,451. The Waterworks Fund’s unrestricted net position amount was \$13,088,032 at year end. The total change in net position was \$7,398,499 and \$1,048,199 for the Electric and Waterworks Funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.



General Fund and Budgetary Highlights

The General Fund budget was not amended during the fiscal year. During the current fiscal year, unassigned fund balance in the General Fund decreased to \$11,801,981. City Council budgeted an \$878,273 decrease for the 2014 budget year for the General Fund. Revenues were expected to increase 4.2%. The major areas of growth from the 2014 budgeted amounts included property tax (due to a rate increase), local sales tax, and the implementation of a Slater guest fee for nonresidential usage. Operating expenditures were budgeted 4.7% higher than prior year budgeted levels due to increased personnel costs, police equipment replacement program, and to reflect a change in accounting for TIF related disbursements as expenditures versus a reduction in property tax revenue.

The budget was passed based upon an expected tax increase of 12 cents per \$100 of assessed valuation. A county-wide reappraisal process occurs every four years and is historically when the City has altered the property tax rate. FY 2014 is the year when the reappraised values are reflected on the tax roll and the value of property declined overall in the City due to lower reinvestment in tangible personal property and decreasing home values in light of economic trends. As a result, the certified tax rate that needed to be implemented to sustain property tax revenue at the same level as the prior year was 6 cents, which would raise the City property tax rate from the pre-reappraisal rate of \$2.19 to \$2.25 per \$100 of assessed valuation. The certified rate did not reflect the 12 cents increase planned by Council in the approved budget document and related appropriation Ordinance. During the tax rate approval process, Council passed the certified rate only. Management revised the spending plan to eliminate approximately \$750,000 of capital outlay and street resurfacing to offset the planned tax revenue that could not be generated with the passage of the certified tax rate only. The change in the actual tax rate versus the original planned rate impacted property tax revenue which was approximately \$597,000 below the original budget amount.

Other revenues with significant variances included local sales tax. Local sales tax for the year was \$4,638,883 or \$686,117 below the amount budgeted for the year. The City has experienced declines in this revenue source over the past few years due to the state of the economy overall. The budget was overly optimistic in terms of the recovery of the economy and the actual amount received was close to the amount projected by staff and utilized throughout the year in Decisions based upon financial modeling techniques.

In response to declining revenues, expenditures were either held or reduced by staff to the greatest extent possible. Vacant positions were not filled or eliminated, capital outlay was not purchased, and operating practices were reviewed and altered if possible to save costs. The original budget for total expenditures was \$23,166,651. Total actual expenditures for the year were \$22,778,186 or \$388,465 below the original budget appropriation. The functions with significant savings versus budget were Public Safety and Public Works. Savings resulted from no one factor in particular, but rather, the savings resulted from a combination of factors including the decisions of management mentioned previously.

Capital Asset and Debt Administration

Capital Assets. The City of Bristol's net capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$274,294,714. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment, other improvements, and construction in progress. The total increase in the City's investment in capital assets for the current year was 6.8% (a 13.17% increase for governmental activities and a 0.40% decrease for business-type activities).

City of Bristol, Tennessee Capital Assets
(Net of Depreciation)
June 30, 2014
(Presented in actual dollars)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Net Capital Assets:						
Land	\$ 9,763,040	8,260,568	1,484,201	1,484,201	11,247,241	9,744,769
Land Improvements	3,266,653	3,235,389	-	-	3,266,653	3,235,389
Buildings and Improvements	45,586,206	44,920,121	3,929,917	3,531,423	49,516,123	48,451,544
Infrastructure	66,883,746	65,303,291	110,474,701	111,210,998	177,358,447	176,514,289
Machinery and Equipment	7,405,046	6,537,652	2,221,439	2,206,480	9,626,485	8,744,132
Other Improvements	1,109,857	1,060,124	-	-	1,109,857	1,060,124
Construction in Progress	19,201,602	6,067,028	2,968,306	3,129,075	22,169,908	9,196,103
Total Net Capital Assets	\$ 153,216,150	135,384,173	121,078,564	121,562,177	274,294,714	256,946,350

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

- An additional phase of the downtown lighting improvements was completed as part of the overall downtown redevelopment project. Several infrastructure projects were also initiated or furthered during the past year including the East Cedar Road project, construction of the Pinnacle Parkway, Safe Routes to Schools sidewalk construction, traffic enhancements on Volunteer Parkway, culvert improvements at Dynamic Recycling, and the Glenwood Road Bridge replacement. Facility improvements were also made for the soccer fields at Whitetop Creek Park, to renovate the lobby of the Finance Department, to reconstruct the press box at the Western Little League Field, and to construct a bio-filter for the parking lot at City Hall.
- The General Purpose School Fund invested over \$500,000 in laptop computers to be used for programmatic purposes at Vance Middle School.
- Electric system construction and equipment totaling \$6,322,262 was paid for during the 2014 year. During the year, the Electric Fund completed the cross-arm replacement on the 69 kV transmission lines. Installation of 20,000 feet of 1,000 mcm underground primary feeder cable, 15,000 feet of #2 concentric neutral underground distribution cable, over 9,000 feet of 1-1/2 inch conduit and over 10,000 feet of 144 count fiber optic cable occurred at The Pinnacle.
- The Waterworks Fund added \$1,187,894 of capital asset additions during the year. The largest projects involved improvements to water or sewer lines and the initiation of phase 2 of the implementation of an automated meter reading system for utility billing purposes. Assets additions related to these projects were \$792,711 and \$422,505, respectively. The water plant also incurred \$92,549 of costs to replace a flocculator. Also, \$241,418 of machinery and equipment was either significantly upgraded or replaced throughout the year.

Additional information on the City of Bristol, Tennessee's capital assets can be found in note IV. C. on pages 78 - 80 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Bristol had total bonded debt outstanding of \$74,130,000. Of this amount, 61% comprises debt backed by the full faith and credit of the government. The remaining 39% of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City had three bond issuances during the year. The Series 2013 Electric Revenue Refunding and Improvement Bonds were issued for \$28,505,000 to refund the Series 2005 Electric System Revenue Bonds of \$22,230,043 and to provide additional funding of \$7,000,649 for capital improvements in October 2013. The new debt obligation was issued at a premium of \$708,101. The debt refunding resulted in a net present value benefit to the City of \$134,532. The Series 2013 Electric Revenue Refunding and Improvement Bonds are payable over thirty years with fixed interest rates ranging from 3% to 5%. For FY 2014, the effective annual interest rate was 3.995%. The bonds are secured by the net power revenues of the Electric Fund.

The City issued Series 2013B General Obligation Refunding Bonds of \$8,585,000 to refund, in whole or in part, its outstanding Series 2005 General Obligation Bonds, Series 2007 General Obligation Bonds, and Series 2008 General Obligation Bonds with fixed rate bonds that have lower interest rates ranging from 2.25% to 4%. The new bonds mature June 1, 2023. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates. The bonds were issued at a premium of \$557,232. The net present value benefit of the transaction was \$254,988.

Series 2014 General Obligation Bonds were issued on May 1, 2014, to obtain funding for The Pinnacle Project, and the transaction is reflected in the Chapter 420 Fund. The bonds payables were issued for \$17,350,000 and are payable over twenty-four years with fixed rates ranging from 2.375% to 5%. The issuance also resulted in a bond premium of \$226,508.

The City of Bristol, Tennessee maintains a Moody’s Aa2 rating for general obligation debt. The current ratio of net bonded debt to estimated actual taxable value of property is 1.96%. Bristol Tennessee Essential Services maintains a Standard & Poor’s AA rating for revenue secured debt.

Additional information on the City of Bristol, Tennessee’s long-term debt can be found in note IV. E. on pages 83 - 98 of this report.

City of Bristol, Tennessee's Outstanding Debt

General Obligation and Revenue Bonds

June 30, 2014

(Presented in actual dollars)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Outstanding Bond Debt:						
General Obligation	\$ 41,770,000	26,335,000	3,855,000	4,320,000	45,625,000	30,655,000
Revenue Bonds	-	-	28,505,000	21,035,000	28,505,000	21,035,000
Total Outstanding Bond Debt	<u>\$ 41,770,000</u>	<u>26,335,000</u>	<u>32,360,000</u>	<u>25,355,000</u>	<u>74,130,000</u>	<u>51,690,000</u>

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Bristol at June 30, 2014, was 7.4%. This is a decrease from the 8.3% estimate listed in the prior year's audit, and the estimate is higher than the unemployment rate for the State of Tennessee of 6.6%. As of June 2014, the national unemployment rate was 6.1%. Therefore, Bristol's rate of 7.4% was higher than both the national and the State of Tennessee averages.
- Inflationary trends in the region are comparable to national indices.

All of these factors were considered in preparing the City of Bristol, Tennessee's budget for the 2015 fiscal year.

During the 2014 fiscal year, unassigned fund balance in the General Fund decreased to \$11,801,981. City Council approved a balanced budget with no change in fund balance for the 2015 budget year for the General Fund. Revenues are expected to decrease by 1.8%. Major areas of revenue changes over budgeted 2014 levels include decreases in real and personal property taxes of \$476,207, local sales of \$347,088, and wholesale beer taxes of \$120,000. Revenue projections for FY 2015 were altered to adjust for the prior budgeted tax increase that was not enacted and to reflect actual collections in FY 2014 adjusted for observable trends and known changes. Revenue was increased significantly in licenses and permits based upon projections of permit activity related to the Pinnacle Project and other expected development opportunities.

General Fund operating expenditures are higher by \$50,332 or 0.2% over budgeted 2014 levels. The major factors of increased costs are a modest general wage adjustment and benefit changes of \$227,409, the consolidation of Community Relations staff and costs of approximately \$115,000 from the Viking Hall Fund to the General Fund to reflect the new direction of the department, and the inclusion of an expenditure for the projected amount of the tax increment financing (TIF) payment due to the developers of the Pinnacle Project related to the 2014 tax year of \$150,000. Cost increases were offset in part by several budget changes that also reduced operating costs in the General Fund. A Stormwater Fund was established for FY 2015 that absorbed \$425,872 of costs. Also, demolition landfill activity of \$108,177 was transferred to the Solid Waste Fund. The two proposed changes transferred approximately \$535,000 of costs to other funds that can charge services as a funding source. The changes allow a reduction in the cost burden funded by general revenue sources.

During the 2014 fiscal year, assigned fund balance in the General Purpose School Fund decreased to \$8,778,569, or by \$1,087,506. City Council and the School Board approved a budgeted loss of \$2,285,654 for the 2015 budget year for the General Purpose School Fund. Revenues are expected to decrease by 1.5%. The major areas of change from the 2014 budgeted amounts include a decline in intergovernmental revenue and other revenue. Operating expenditures are 1.2% higher than 2014 budgeted levels. Costs are expected to increase due to wage adjustments for employees and additional capital outlay costs.

Waterworks Fund revenues are budgeted at \$8,836,113, a decrease of 3.1% from last year. A general reduction in purchases by large water users is the primary reason for lower sales. Neither the water nor sewer rates required an adjustment in Fiscal 2015. Both rates have remained unchanged since July 2010. Expenses are budgeted at \$8,410,432, a decrease of \$1,119,052 from fiscal 2014. This is a 11.7% decrease from last year. Operating expenses are lower by \$986,128 or 11.5%, and includes \$2,476,958 for water treatment and distribution, \$1,094,775 for sewer collection, \$1,548,399 for administration, \$1,530,822 for allocated costs of other activities, and \$923,000 of depreciation.

A new Stormwater Fund was established as a proprietary fund to account for management and maintenance of stormwater related activities. Previously, this activity had been included as part of the operating expenditures in the General Fund and funded by general revenues of the City instead of a dedicated charge. Management recommended the establishment of this fund to allow a separate charge to be created to directly fund this activity. Revenues are budgeted at \$562,000 in accordance with a \$2.00 per month residential fee and related equivalent rate unit (ERU) levels.

The Solid Waste Fund operating revenues are projected at \$1,932,479, an increase of \$143,645 from the prior budget year. Included in the revenue mix is a \$14.50 per household monthly fee (\$7.25 for each additional container per month) generating \$1,785,164 from residential collection services and \$117,315 from commercial customers. The monthly rate is \$1.00 higher for a single container and 50 cents higher for each additional container to offset program costs. As in the past, a reduced rate for Property Tax Relief Program homeowners will be offered. However, the rate has been changed from \$8.00 per month to \$9.00 per month with each additional container being billed at the same rate charged to other customers. The last program rate increase took place in July 2013. With the recommended changes, the rate structure will cover all costs of operations. The rate structure will also aid in establishing a fund balance reserve to assist with funding uncollected receivables and future capital outlays. Total expenditures is budgeted at \$1,787,947, an increase of \$77,922 or 4.6%, from the prior budget year. Refuse collection, brush and bulk, and landfill operations account for 49.9%, 44%, and 6% of total spending, respectively.

Requests for Information

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

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

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,700,011	15,830,216	26,530,227
Investments	11,241,229	29,221,196	40,462,425
Receivables, Net of Allowance	16,202,658	11,322,216	27,524,874
Notes Receivable	83,745	2,480,490	2,564,235
Other Receivables	1,152,222	1,215,359	2,367,581
Due from Joint Venture	-	220,526	220,526
Due from Other Governments	15,587,031	2,430	15,589,461
Due from Trust	62	-	62
Internal Balances	(1,823,318)	1,823,318	-
Inventories	196,712	4,065,150	4,261,862
Prepays and Prepaid Pension Cost	68,661	2,410,965	2,479,626
Investment in Joint Venture	-	6,953,284	6,953,284
Restricted Cash	7,853,241	95,948	7,949,189
Restricted Investments	799,979	999,964	1,799,943
Property Held for Resale	-	260,846	260,846
Capital Assets, Net of Accumulated Depreciation:			
Land	9,763,040	1,484,201	11,247,241
Land Improvements	3,266,653	-	3,266,653
Buildings and Building Improvements	45,586,206	3,929,917	49,516,123
Infrastructure	66,883,746	110,474,701	177,358,447
Machinery and Equipment	7,405,046	2,221,439	9,626,485
Other Improvements	1,109,857	-	1,109,857
Construction in Progress	19,201,602	2,968,306	22,169,908
Total Assets	<u>215,278,383</u>	<u>197,980,472</u>	<u>413,258,855</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	444,445	1,252,069	1,696,514
Total Deferred Outflows of Resources	<u>444,445</u>	<u>1,252,069</u>	<u>1,696,514</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,968,591	3,450,997	6,419,588
Contracts Payable	3,432,220	-	3,432,220
Retainages Payable	867,445	-	867,445
Accrued Interest Payable	182,013	390,150	572,163
Due to Others and Deposits	93,895	1,793,128	1,887,023
Unearned Revenue	127,260	1,199,630	1,326,890
Noncurrent Liabilities:			
Due Within One Year	2,924,148	1,212,557	4,136,705
Due in More Than One Year	48,440,471	32,456,135	80,896,606
Total Liabilities	<u>59,036,043</u>	<u>40,502,597</u>	<u>99,538,640</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue - Property Taxes	24,140,028	-	24,140,028
Total Deferred Inflows of Resources	<u>24,140,028</u>	<u>-</u>	<u>24,140,028</u>
NET POSITION			
Net Investment in Capital Assets	110,820,768	90,186,604	201,007,372
Restricted:			
Capital	317,685	-	317,685
Community and Economic Development	3,838,482	-	3,838,482
Debt Service	1,338,990	-	1,338,990
Education	28,876	-	28,876
Juvenile Court	3,745	-	3,745
Parks and Recreation	558	-	558
Police and Drug Control	110,386	-	110,386
School Nutrition	1,079,258	-	1,079,258
Solid Waste	263,202	-	263,202
Unrestricted	14,744,807	68,543,340	83,288,147
Total Net Position	<u>\$ 132,546,757</u>	<u>\$ 158,729,944</u>	<u>\$ 291,276,701</u>

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General Government	6,945,580	162,672	1,239,321	84,264	(5,459,323)	-	(5,459,323)
Community Relations	702,163	111,841	10,000	-	(580,322)	-	(580,322)
Education	38,809,898	913,974	18,827,570	-	(19,068,354)	-	(19,068,354)
Parks and Recreation	3,847,114	683,982	131,009	120	(3,032,003)	-	(3,032,003)
Public Safety	11,568,506	1,279,337	659,673	-	(9,629,496)	-	(9,629,496)
Public Works	8,360,941	1,873,241	1,459,735	5,355,087	327,122	-	327,122
Interest and Related Charges for Long-term Debt	1,617,402	-	-	-	(1,617,402)	-	(1,617,402)
Total Governmental Activities	<u>71,851,604</u>	<u>5,025,047</u>	<u>22,327,308</u>	<u>5,439,471</u>	<u>(39,059,778)</u>	<u>-</u>	<u>(39,059,778)</u>
Business-type Activities:							
Electric	92,454,981	88,366,198	-	2,214,495	-	(1,874,288)	(1,874,288)
Waterworks	7,422,890	8,899,753	-	72,250	-	1,549,113	1,549,113
Cable and Internet	6,738,347	14,353,361	-	-	-	7,615,014	7,615,014
Telephone	579,991	3,811,560	-	-	-	3,231,569	3,231,569
Total Business-type Activities	<u>107,196,209</u>	<u>115,430,872</u>	<u>-</u>	<u>2,286,745</u>	<u>-</u>	<u>10,521,408</u>	<u>10,521,408</u>
Total Primary Government	<u>\$ 179,047,813</u>	<u>120,455,919</u>	<u>22,327,308</u>	<u>7,726,216</u>	<u>(39,059,778)</u>	<u>10,521,408</u>	<u>(28,538,370)</u>
General Revenues:							
Property Taxes					24,852,090	-	24,852,090
Payments in Lieu of Tax					66,781	-	66,781
Sales Taxes					9,163,261	-	9,163,261
Beer and Liquor Taxes					724,043	-	724,043
Business Tax					537,107	-	537,107
Cable Franchise Tax					348,852	-	348,852
Gas Franchise Tax					286,920	-	286,920
Hotel/Motel Taxes					341,129	-	341,129
State Revenue (Unrestricted)					2,817,037	-	2,817,037
Investment Income (Unrestricted)					22,665	327,963	350,628
Other General Revenue					1,256,271	-	1,256,271
Transfers					2,422,141	(2,422,141)	-
Total General Revenues and Transfers					<u>42,838,297</u>	<u>(2,094,178)</u>	<u>40,744,119</u>
Change in Net Position					3,778,519	8,427,230	12,205,749
Net Position, Beginning					<u>128,768,238</u>	<u>150,302,714</u>	<u>279,070,952</u>
Net Position, Ending					<u>\$ 132,546,757</u>	<u>158,729,944</u>	<u>291,276,701</u>

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

CITY OF BRISTOL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Chapter 420	General Purpose School	Industrial Development Board	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 6,358,760	-	2,882,575	155,555	1,303,121	10,700,011
Investments	6,286,032	-	4,302,970	100,000	74,072	10,763,074
Receivables, Net of Allowance	15,908,106	-	-	-	294,552	16,202,658
Notes Receivable	-	-	-	-	83,745	83,745
Other Receivables	567,044	-	527,857	-	15,453	1,110,354
Due from Other Funds	953,612	-	751,379	2,726,445	531,551	4,962,987
Due from Other Governments	2,004,816	-	11,022,075	-	2,560,140	15,587,031
Due from Trust	62	-	-	-	-	62
Inventory	160,743	-	-	-	35,969	196,712
Restricted Cash	-	7,126,919	-	708,634	17,688	7,853,241
Restricted Investments	-	499,982	-	-	299,997	799,979
Total Assets	<u>\$ 32,239,175</u>	<u>7,626,901</u>	<u>19,486,856</u>	<u>3,690,634</u>	<u>5,216,288</u>	<u>68,259,854</u>
LIABILITIES						
Accounts Payable	\$ 281,598	-	420,790	1,084	280,923	984,395
Contracts Payable	-	-	-	2,586,749	845,471	3,432,220
Retainages Payable	-	-	22,666	844,779	-	867,445
Accrued Payroll	626,850	-	124,444	-	50,902	802,196
Due to Other Funds	2,534,717	2,831,282	191	7,454	1,523,063	6,896,707
Due to Others	80,024	-	-	-	13,871	93,895
Unearned Revenue	21,521	-	-	-	105,739	127,260
Total Liabilities	<u>3,544,710</u>	<u>2,831,282</u>	<u>568,091</u>	<u>3,440,066</u>	<u>2,819,969</u>	<u>13,204,118</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Property Taxes	14,502,401	-	9,637,627	-	-	24,140,028
Unavailable Revenue - Property Taxes & Other	1,895,757	-	473,693	-	15,918	2,385,368
Total Deferred Inflows of Resources	<u>16,398,158</u>	<u>-</u>	<u>10,111,320</u>	<u>-</u>	<u>15,918</u>	<u>26,525,396</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventory	160,743	-	-	-	35,969	196,712
Restricted:						
Capital Outlay	-	-	-	-	317,685	317,685
Community and Economic Development	-	3,456,629	-	250,568	131,285	3,838,482
Debt Service	-	1,338,990	-	-	-	1,338,990
Education	-	-	28,876	-	-	28,876
Juvenile Court	3,745	-	-	-	-	3,745
Parks and Recreation	558	-	-	-	-	558
Police and Drug Control	29,280	-	-	-	81,106	110,386
School Nutrition	-	-	-	-	1,079,258	1,079,258
Solid Waste	-	-	-	-	263,202	263,202
Assigned:						
Birthplace of Country Music	300,000	-	-	-	-	300,000
Capital Outlay	-	-	-	-	55,000	55,000
Debt Service	-	-	-	-	36,593	36,593
Education	-	-	8,778,569	-	-	8,778,569
State Street Aid	-	-	-	-	380,303	380,303
Unassigned						
	<u>11,801,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,801,981</u>
Total Fund Balances (Deficits)	<u>12,296,307</u>	<u>4,795,619</u>	<u>8,807,445</u>	<u>250,568</u>	<u>2,380,401</u>	<u>28,530,340</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 32,239,175</u>	<u>7,626,901</u>	<u>19,486,856</u>	<u>3,690,634</u>	<u>5,216,288</u>	<u>68,259,854</u>

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

CITY OF BRISTOL, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014

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

Total Fund Balances - Governmental Funds (Page 34)	\$	28,530,340
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		153,216,150
Prepays are expensed when disbursed in the governmental funds and are not recognized based upon economic benefit or recorded as assets in the funds.		68,661
Deferred outflows of resources, including deferred charges on debt refundings, relates to future periods and, therefore, are not reported in the funds.		444,445
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported unavailable in the funds.		2,385,368
An internal service fund is used by management to charge the costs of employee medical and dental premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		(551,575)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(51,546,632)</u>
Net Position of Governmental Activities	\$	<u><u>132,546,757</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, 2014

	General	Chapter 420	General Purpose School	Industrial Development Board	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 21,396,465	-	14,736,980	-	-	36,133,445
Licenses and Permits	291,726	-	2,125	-	-	293,851
Intergovernmental	3,504,822	-	15,203,342	-	7,976,816	26,684,980
Charges for Services	1,135,114	-	291,263	-	2,460,531	3,886,908
Revenues from Use of Facilities	402,983	-	6,872	-	94,499	504,354
Fines and Forfeitures	476,247	-	-	-	23,587	499,834
Investment Income	8,102	3,696	6,961	739	3,167	22,665
Other	138,478	-	650,966	-	195,300	984,744
Total Revenues	27,353,937	3,696	30,898,509	739	10,753,900	69,010,781
EXPENDITURES						
Current:						
General Government	5,087,221	-	-	45,665	1,493,990	6,626,876
Community Relations	478,865	-	-	-	219,397	698,262
Education	-	-	32,726,299	6,297	4,226,370	36,958,966
Parks and Recreation	3,447,142	-	-	-	120,053	3,567,195
Public Safety	10,773,735	-	-	-	201,499	10,975,234
Public Works	2,991,223	-	-	-	2,751,495	5,742,718
Capital Outlay	-	-	3,134,797	13,780,291	2,528,909	19,443,997
Debt Service:						
Principal Retirement	-	-	-	-	2,475,559	2,475,559
Interest	-	-	-	-	912,166	912,166
Bond Issuance Costs	-	508,253	-	-	105,530	613,783
Other Costs	-	-	-	-	2,750	2,750
Total Expenditures	22,778,186	508,253	35,861,096	13,832,253	15,037,718	88,017,506
Excess (Deficiency) of Revenues over Expenditures	4,575,751	(504,557)	(4,962,587)	(13,831,514)	(4,283,818)	(19,006,725)
OTHER FINANCING SOURCES						
(USES)						
Bonds Issued	-	17,350,000	-	-	8,065,000	25,415,000
Premium on Bonds Issued	-	226,508	-	-	499,580	726,088
Bonds Refunded	-	-	-	-	(8,455,612)	(8,455,612)
Insurance Recoveries	66,223	-	-	-	-	66,223
Sale of Capital Assets	8,373	-	8,511	-	-	16,884
Transfers In	2,513,796	-	4,596,602	13,835,259	4,559,551	25,505,208
Transfers Out	(7,995,703)	(14,147,987)	(777,722)	-	(161,655)	(23,083,067)
Total Other Financing Sources (Uses)	(5,407,311)	3,428,521	3,827,391	13,835,259	4,506,864	20,190,724
Net Change in Fund Balances	(831,560)	2,923,964	(1,135,196)	3,745	223,046	1,183,999
Fund Balance - Beginning	13,195,799	1,871,655	9,942,641	246,823	2,163,975	27,420,893
Purchase Method Inventory Adjustment	(67,932)	-	-	-	(6,620)	(74,552)
Fund Balance, Ending	\$ 12,296,307	4,795,619	8,807,445	250,568	2,380,401	28,530,340

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, 2014

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

Net Change in Fund Balance - Total Governmental Funds	\$	1,183,999
Revenue which was not collected in the City's period of availability has not been reflected as revenue in the governmental funds since it was not "available". This revenue has been included in the statement of activities. The difference is the change between the prior year amount of \$2,135,520 and the current year amount of \$2,385,368.		249,848
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 \$19,443,997 exceeded depreciation of \$5,399,289 in the current period.		14,044,708
The net effect of various miscellaneous transactions involving capital assets (e.g., sales and donations) is to increase net position.		3,787,269
Inventory for in the General Fund (salt only) and School Nutrition Fund is accounted for by the purchase method on the fund level. The government wide financial statements reflect inventory accounted for on the consumption method. This is the amount by which expenses were adjusted to comply with the consumption method.		(74,552)
Certain expenses have been reflected in the statement of activities for amounts that have economic benefits in future periods. The prepaid items have not been reflected in the governmental funds. This is the amount by which current year prepaid items of \$68,661 were exceeded by the prior year amount of \$49,696.		18,965
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		(15,091,731)
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.		22,871
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.		(211,667)
An internal service fund is used by management to charge the costs of employee insurance to individual funds.		(151,191)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>3,778,519</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes:			
Property Tax	\$ 14,781,455	14,147,112	(634,343)
Property Tax - Penalty and Interest	250,000	287,650	37,650
Payments in Lieu of Taxes	53,236	55,781	2,545
Local Sales Tax	5,325,000	4,638,883	(686,117)
Beer and Liquor Taxes	890,000	728,366	(161,634)
Business Tax	600,400	537,107	(63,293)
Gas Franchise Tax	280,000	272,920	(7,080)
Cable Television Franchise Tax	340,000	348,852	8,852
Hotel and Motel Taxes	375,000	341,129	(33,871)
State Litigation Tax	45,000	38,665	(6,335)
Total Taxes	<u>22,940,091</u>	<u>21,396,465</u>	<u>(1,543,626)</u>
Licenses and Permits	<u>352,035</u>	<u>291,726</u>	<u>(60,309)</u>
Intergovernmental:			
State Sales Tax	1,890,000	1,907,751	17,751
State Income Tax	385,000	420,749	35,749
State Highway Maintenance	125,000	114,079	(10,921)
Bank Excise Tax	38,000	41,151	3,151
Gas and Motor Fuel Tax	54,800	54,644	(156)
Beer and Mixed Drink	130,000	133,694	3,694
TVA Payments in Lieu	315,000	298,983	(16,017)
Telecommunications Tax	1,700	2,731	1,031
Federal Thru State and State Grants	73,200	70,200	(3,000)
Other Revenue	356,823	460,840	104,017
Total Intergovernmental	<u>3,369,523</u>	<u>3,504,822</u>	<u>135,299</u>
Charges for Services	<u>1,193,475</u>	<u>1,135,114</u>	<u>(58,361)</u>
Revenues from Use of Facilities	<u>518,477</u>	<u>402,983</u>	<u>(115,494)</u>
Fines and Forfeitures	<u>384,480</u>	<u>476,247</u>	<u>91,767</u>
Investment Income	<u>24,000</u>	<u>8,102</u>	<u>(15,898)</u>
Other	<u>39,700</u>	<u>138,478</u>	<u>98,778</u>
Total Revenues	<u>28,821,781</u>	<u>27,353,937</u>	<u>(1,467,844)</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
EXPENDITURES			
General Government:			
General Administration:			
City Council	157,179	96,888	60,291
City Manager	209,134	166,672	42,462
Economic Development	660,093	555,564	104,529
Chapter 420 Administration	-	184,106	(184,106)
Information Technology	320,300	339,644	(19,344)
Legal	125,492	98,961	26,531
Finance	439,512	437,868	1,644
Municipal Court	58,643	52,273	6,370
Juvenile Court	298,609	295,186	3,423
Administration	270,211	295,868	(25,657)
Total General Administration	<u>2,539,173</u>	<u>2,523,030</u>	<u>16,143</u>
Other Administration:			
Council Programs	1,435,635	1,623,796	(188,161)
Natural Events	-	15,419	(15,419)
Special Events	394,952	350,955	43,997
School Property Insurance	100,000	101,410	(1,410)
Total Other Administration	<u>1,930,587</u>	<u>2,091,580</u>	<u>(160,993)</u>
Economic and Community Development			
Planning	263,397	243,921	19,476
Codes Enforcement	242,843	228,690	14,153
Total Economic and Community Development	<u>506,240</u>	<u>472,611</u>	<u>33,629</u>
Total General Government	<u>4,976,000</u>	<u>5,087,221</u>	<u>(111,221)</u>
Community Relations			
Administration	460,025	478,865	(18,840)
Total Community Relations	<u>460,025</u>	<u>478,865</u>	<u>(18,840)</u>
Parks and Recreation			
Administration	222,568	239,105	(16,537)
Recreation	514,272	471,278	42,994
Steele Creek Golf Course	222,802	203,860	18,942
Farmers' Market	25,405	15,715	9,690
Senior Citizens Programs	272,585	294,231	(21,646)
Slater Community Center	158,014	162,192	(4,178)
Parks and Facilities	1,708,801	1,656,803	51,998
Nature Center	119,044	111,478	7,566
City Hall and Annex	171,779	197,626	(25,847)
Haynesfield Pool	90,737	94,854	(4,117)
Total Parks and Recreation	<u>3,506,007</u>	<u>3,447,142</u>	<u>58,865</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, 2014

EXPENDITURES (CONTINUED)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public Safety:			
Fire Department:			
Administration	266,630	258,967	7,663
Fire Suppression	3,508,816	3,423,982	84,834
Emergency Medical Services	135,950	142,946	(6,996)
Fire Stations	77,385	82,851	(5,466)
Fire Prevention	102,317	100,468	1,849
Total Fire Department	<u>4,091,098</u>	<u>4,009,214</u>	<u>81,884</u>
Police Department:			
Administration	531,679	498,494	33,185
Patrol	3,494,672	3,381,404	113,268
Investigations	1,058,183	935,672	122,511
Community Programs	637,958	575,310	62,648
Communications and Records	1,147,247	1,241,057	(93,810)
Animal Control	138,202	132,584	5,618
Total Police Department	<u>7,007,941</u>	<u>6,764,521</u>	<u>243,420</u>
Total Public Safety	<u>11,099,039</u>	<u>10,773,735</u>	<u>325,304</u>
Public Works:			
Administration	110,727	101,225	9,502
Engineering	188,160	110,385	77,775
Geographical Information Systems	131,825	127,953	3,872
Street Maintenance	1,593,203	1,549,392	43,811
Fleet Maintenance	501,485	501,901	(416)
Street Lighting and Traffic Control	485,000	485,349	(349)
Demolition Landfill	115,180	115,018	162
Total Public Works	<u>3,125,580</u>	<u>2,991,223</u>	<u>134,357</u>
Total Expenditures	<u>23,166,651</u>	<u>22,778,186</u>	<u>388,465</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (Deficiency) of Revenues over Expenditures	5,655,130	4,575,751	(1,856,309)
OTHER FINANCING SOURCES (USES)			
Insurance Recoveries	15,000	66,223	51,223
Sale of Capital Assets	20,000	8,373	(11,627)
Transfer from Electric	1,715,000	1,894,722	179,722
Transfer from Waterworks	540,000	527,419	(12,581)
Transfer from Transportation Grant	76,046	91,655	15,609
Transfer to General Purpose School	(4,596,602)	(4,596,602)	-
Transfer to Industrial Development Board	(50,000)	(52,468)	(2,468)
Transfer to Drug	(6,000)	(9,402)	(3,402)
Transfer to Grant	(53,121)	(21,654)	31,467
Transfer to State Street Aid	(247,296)	(125,624)	121,672
Transfer to Transportation Grant	(182,855)	(126,512)	56,343
Transfer to Viking Hall	(125,000)	(107,179)	17,821
Transfer to Debt Service	(2,412,250)	(2,244,116)	168,134
Transfer to Capital Equipment	(963,525)	(631,090)	332,435
Transfer to Capital Facilities	(262,800)	(81,056)	181,744
Total Other Financing Sources (Uses)	(6,533,403)	(5,407,311)	1,126,092
Net Change in Fund Balances	(878,273)	(831,560)	(730,217)
Fund Balance - Beginning	13,568,203	13,195,799	(372,404)
Purchase Method Inventory Adjustment	-	(67,932)	(67,932)
Fund Balance - Ending	\$ 12,689,930	12,296,307	(1,170,553)

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

CITY OF BRISTOL, TENNESSEE
CHAPTER 420 FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Income	\$ 11,303	3,696	(7,607)
Total Revenues	<u>11,303</u>	<u>3,696</u>	<u>(7,607)</u>
EXPENDITURES			
Debt Service:			
Bond Issuance Costs	455,000	508,253	(53,253)
Total Expenditures	<u>455,000</u>	<u>508,253</u>	<u>(53,253)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(443,697)</u>	<u>(504,557)</u>	<u>(60,860)</u>
OTHER FINANCING SOURCES (USES)			
Bonds Issued	17,350,000	17,350,000	-
Premium on Bonds Issued	-	226,508	226,508
Transfer to Industrial Development Board	(16,000,000)	(13,782,791)	2,217,209
Transfer to Debt Service	(825,517)	(365,196)	460,321
Total Other Financing Sources (Uses)	<u>524,483</u>	<u>3,428,521</u>	<u>2,904,038</u>
Net Change in Fund Balances	80,786	2,923,964	2,843,178
Fund Balance - Beginning	<u>631,539</u>	<u>1,871,655</u>	<u>1,240,116</u>
Fund Balance - Ending	<u>\$ 712,325</u>	<u>4,795,619</u>	<u>4,083,294</u>

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

CITY OF BRISTOL, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
County Property Tax	\$ 9,745,298	9,745,298	10,228,534	483,236
Local Sales Tax	4,546,086	4,546,086	4,508,446	(37,640)
Total Taxes	<u>14,291,384</u>	<u>14,291,384</u>	<u>14,736,980</u>	<u>445,596</u>
Licenses and Permits	<u>2,000</u>	<u>2,000</u>	<u>2,125</u>	<u>125</u>
Intergovernmental:				
Federal Thru State and State Bank Excise Tax	15,404,955	15,404,955	15,191,363	(213,592)
Telecommunications Tax	10,000	10,000	9,681	(319)
Telecommunications Tax	3,000	3,000	2,298	(702)
Total Intergovernmental Revenues	<u>15,417,955</u>	<u>15,417,955</u>	<u>15,203,342</u>	<u>(214,613)</u>
Charges for Services	<u>265,600</u>	<u>265,600</u>	<u>291,263</u>	<u>25,663</u>
Revenues from Use of Facilities	<u>2,400</u>	<u>2,400</u>	<u>6,872</u>	<u>4,472</u>
Investment Income	<u>12,000</u>	<u>12,000</u>	<u>6,961</u>	<u>(5,039)</u>
Other	<u>852,124</u>	<u>852,124</u>	<u>650,966</u>	<u>(201,158)</u>
Total Revenues	<u>30,843,463</u>	<u>30,843,463</u>	<u>30,898,509</u>	<u>55,046</u>
EXPENDITURES				
Instruction:				
Regular Education	17,034,860	16,276,219	16,084,136	192,083
Alternate School	218,249	218,249	217,064	1,185
Special Education	2,119,798	2,119,798	2,092,598	27,200
Vocational Education	1,009,534	1,016,534	998,717	17,817
Student Body	5,000	5,000	11,634	(6,634)
Total Instruction	<u>20,387,441</u>	<u>19,635,800</u>	<u>19,404,149</u>	<u>231,651</u>
Support Services:				
Attendance	200,597	200,597	193,329	7,268
Health Services	300,901	299,501	283,920	15,581
Other Student Support	881,990	858,206	852,005	6,201
Regular Instruction	2,602,681	2,589,781	2,525,629	64,152
Special Education	168,832	168,832	164,226	4,606
Vocational Education	7,582	7,582	6,833	749

(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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Support Services (Continued):				
Board of Education	582,634	582,634	577,645	4,989
Director of Schools	337,463	339,788	333,769	6,019
Office of Principal	2,910,926	2,898,926	2,917,271	(18,345)
Fiscal Services	414,045	414,045	385,843	28,202
Human Resources	169,489	164,989	156,966	8,023
Operation of Plant	1,978,923	1,984,123	1,932,082	52,041
Maintenance of Plant	1,244,015	1,212,015	1,321,612	(109,597)
Student Transportation	905,825	893,495	865,238	28,257
Total Support Services	<u>12,705,903</u>	<u>12,614,514</u>	<u>12,516,368</u>	<u>98,146</u>
Non-Instructional Services				
School Nutrition	91,945	97,975	96,771	1,204
Community Service	234,558	234,558	223,421	11,137
Early Childhood	440,256	440,256	434,498	5,758
Total Non-Instructional Services	<u>766,759</u>	<u>772,789</u>	<u>754,690</u>	<u>18,099</u>
Noncapitalized Improvements				
	<u>-</u>	<u>50,000</u>	<u>51,092</u>	<u>(1,092)</u>
Capital Outlay				
	<u>1,955,000</u>	<u>3,242,000</u>	<u>3,134,797</u>	<u>107,203</u>
Total Expenditures	<u>35,815,103</u>	<u>36,315,103</u>	<u>35,861,096</u>	<u>454,007</u>
Excess (Deficiency) of Revenues over Expenditures				
	<u>(4,971,640)</u>	<u>(5,471,640)</u>	<u>(4,962,587)</u>	<u>509,053</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	10,000	10,000	8,511	(1,489)
Transfer from General	4,596,602	4,596,602	4,596,602	-
Transfer to Debt Service	(777,721)	(777,721)	(777,722)	(1)
Total Other Financing Sources (Uses)	<u>3,828,881</u>	<u>3,828,881</u>	<u>3,827,391</u>	<u>(1,490)</u>
Net Change in Fund Balances	(1,142,759)	(1,642,759)	(1,135,196)	507,563
Fund Balance - Beginning	<u>9,339,666</u>	<u>9,339,666</u>	<u>9,942,641</u>	<u>602,975</u>
Fund Balance - Ending	<u>\$ 8,196,907</u>	<u>7,696,907</u>	<u>8,807,445</u>	<u>1,110,538</u>

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

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CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Electric	Waterworks	Total Enterprise Funds	Activities- Internal Service Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 15,830,216	-	15,830,216	-
Investments	26,400,000	2,821,196	29,221,196	478,155
Accounts Receivable, (Net)	10,168,607	1,153,609	11,322,216	-
Customer Notes Receivable (Net) - Current Portion	400,000	505	400,505	-
Other Receivables	1,209,704	5,655	1,215,359	41,868
Due from Joint Venture	-	212,098	212,098	-
Due from Other Funds	62,262	1,937,726	1,999,988	-
Due from Other Governments	-	2,430	2,430	-
Inventories	3,680,378	384,772	4,065,150	-
Prepays	2,410,965	-	2,410,965	-
Total Current Assets	60,162,132	6,517,991	66,680,123	520,023
Noncurrent Assets:				
Capital Assets:				
Capital Assets	145,757,338	73,117,132	218,874,470	-
Construction in Progress	2,396,812	571,494	2,968,306	-
Total Capital Assets	148,154,150	73,688,626	221,842,776	-
Less: Accumulated Depreciation	69,791,862	30,972,350	100,764,212	-
Net Capital Assets	78,362,288	42,716,276	121,078,564	-
Other Noncurrent Assets:				
Customer Notes Receivable, Less Current Portion	2,079,985	-	2,079,985	-
Investment in Joint Venture	-	6,953,284	6,953,284	-
Due from Joint Venture	-	8,428	8,428	-
Restricted Cash	-	95,948	95,948	-
Restricted Investments	-	999,964	999,964	-
Property Held for Resale	260,846	-	260,846	-
Total Other Noncurrent Assets	2,340,831	8,057,624	10,398,455	-
Total Noncurrent Assets	80,703,119	50,773,900	131,477,019	-
Total Assets	140,865,251	57,291,891	198,157,142	520,023
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	1,217,434	34,635	1,252,069	-
Total Deferred Outflow of Resources	1,217,434	34,635	1,252,069	-

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Electric	Waterworks	Total Enterprise Funds	Activities- Internal Service Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,769,419	135,910	1,905,329	-
Accrued Interest	382,209	7,941	390,150	-
Accrued Liabilities	1,481,824	-	1,481,824	1,182,000
Accrued Payroll	-	63,844	63,844	-
Deposits	1,764,317	5,000	1,769,317	-
Due to Others	-	23,811	23,811	-
Due to Other Funds	49,526	-	49,526	16,742
Unearned Revenue	1,199,630	-	1,199,630	-
Compensated Absences Payable	-	76,700	76,700	-
Bonds Payable	675,000	450,000	1,125,000	-
Notes Payable	-	10,857	10,857	-
Total Current Liabilities	<u>7,321,925</u>	<u>774,063</u>	<u>8,095,988</u>	<u>1,198,742</u>
Long-term Liabilities:				
Compensated Absences Payable	-	83,509	83,509	-
Bonds Payable, Net of Unamortized Premium	28,522,365	3,565,816	32,088,181	-
Notes Payable	-	10,858	10,858	-
OPEB Obligation Payable	273,587	-	273,587	-
Total Long-term Liabilities	<u>28,795,952</u>	<u>3,660,183</u>	<u>32,456,135</u>	<u>-</u>
Total Liabilities	<u>36,117,877</u>	<u>4,434,246</u>	<u>40,552,123</u>	<u>1,198,742</u>
NET POSITION				
Net Investment in Capital Assets	50,382,357	39,804,248	90,186,605	-
Unrestricted	55,582,451	13,088,032	68,670,483	(678,719)
Total Net Position	<u>\$ 105,964,808</u>	<u>52,892,280</u>	<u>158,857,088</u>	<u>(678,719)</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the Internal Service Fund and enterprise funds over time			<u>(127,144)</u>	
Net Position of Business-type Activities			<u>\$ 158,729,944</u>	

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Electric	Waterworks	Total Enterprise Funds	Activities- Internal Service Fund
OPERATING REVENUES				
Charges for Services (Net)	\$ 102,263,167	8,713,930	110,977,097	3,741,655
Other	4,267,952	185,823	4,453,775	20,900
Total Operating Revenues	<u>106,531,119</u>	<u>8,899,753</u>	<u>115,430,872</u>	<u>3,762,555</u>
OPERATING EXPENSES				
Maintenance and Administrative	7,199,055	1,536,006	8,735,061	670,337
Purchased Power	71,364,808	-	71,364,808	-
Electric Operations	12,642,278	-	12,642,278	-
Water Filtration Plant	-	1,398,624	1,398,624	-
Water Distribution	-	962,741	962,741	-
Sewer Collection	-	1,068,716	1,068,716	-
Medical Claims	-	-	-	3,263,376
Depreciation	4,951,756	683,854	5,635,610	-
Loss on Investment in Joint Venture	-	206,349	206,349	-
Other	-	1,451,785	1,451,785	-
Total Operating Expenses	<u>96,157,897</u>	<u>7,308,075</u>	<u>103,465,972</u>	<u>3,933,713</u>
Operating Income (Loss)	<u>10,373,222</u>	<u>1,591,678</u>	<u>11,964,900</u>	<u>(171,158)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	320,926	7,037	327,963	499
Loss on Disposal of Capital Assets	-	(7,570)	(7,570)	-
Interest Expense	(1,320,917)	(79,942)	(1,400,859)	-
Fiscal Agent Fees	-	(696)	(696)	-
Other	(2,294,505)	(7,139)	(2,301,644)	-
Total Nonoperating Revenues (Expenses)	<u>(3,294,496)</u>	<u>(88,310)</u>	<u>(3,382,806)</u>	<u>499</u>
Income (Loss) Before Capital Contributions and Transfers	<u>7,078,726</u>	<u>1,503,368</u>	<u>8,582,094</u>	<u>(170,659)</u>
TRANSFERS				
Transfer to General	(1,894,722)	(527,419)	(2,422,141)	-
Total Transfers	<u>(1,894,722)</u>	<u>(527,419)</u>	<u>(2,422,141)</u>	<u>-</u>
CAPITAL CONTRIBUTIONS AND GRANTS				
	<u>2,214,495</u>	<u>72,250</u>	<u>2,286,745</u>	<u>-</u>
Change in Net Position	7,398,499	1,048,199	8,446,698	(170,659)
Net Position - Beginning	<u>98,566,309</u>	<u>51,844,081</u>		<u>(508,060)</u>
Net Position - Ending	<u>\$ 105,964,808</u>	<u>52,892,280</u>		<u>(678,719)</u>
Adjustment for the net effect of the current year activity between the Internal Service Fund and the enterprise funds.			<u>(19,468)</u>	
Change in Net Position of Business-type Activities			<u>\$ 8,427,230</u>	

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Electric	Waterworks	Total Enterprise Funds	Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 102,824,997	8,850,576	111,675,573	645,288
Receipts from Joint Venture	-	9,752	9,752	-
Receipts from Other	-	40,463	40,463	183,414
Receipts for Interfund Services Provided	2,636,648	112,624	2,749,272	3,096,367
Payments to Suppliers	(93,014,924)	(2,547,267)	(95,562,191)	(3,904,013)
Payments for Employees	(4,775,789)	(1,091,659)	(5,867,448)	-
Payments to Joint Venture	-	(1,718,336)	(1,718,336)	-
Payments for Interfund Services Used	-	(1,405,177)	(1,405,177)	-
Net Cash Provided by/(Used for) Operating Activities	<u>7,670,932</u>	<u>2,250,976</u>	<u>9,921,908</u>	<u>21,056</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due From/To General Fund	-	(1,468,747)	(1,468,747)	(21,119)
State Income Tax	(80,010)	-	(80,010)	-
Transfers To Other Funds	(1,894,722)	(527,419)	(2,422,141)	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(1,974,732)</u>	<u>(1,996,166)</u>	<u>(3,970,898)</u>	<u>(21,119)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bonds Payable Issued	-	520,000	520,000	-
Premium on Bonds Payable	-	57,652	57,652	-
Bond Issuance Costs	-	(7,139)	(7,139)	-
Net Proceeds from Debt Issuance	7,000,648	-	7,000,648	-
Capital Contributions	2,214,495	72,250	2,286,745	-
Purchase of Capital Assets	(6,322,262)	(1,185,931)	(7,508,193)	-
Principal Paid on Capital Debt	(881,371)	(465,857)	(1,347,228)	-
Payment to Escrow Account	-	(570,513)	(570,513)	-
Interest Paid on Capital Debt	(997,600)	(102,424)	(1,100,024)	-
Fiscal Agent Fees Paid	-	(696)	(696)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>1,013,910</u>	<u>(1,682,658)</u>	<u>(668,748)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	26,400,000	1,418,377	26,400,000	-
Purchase of Investments	(26,400,000)	-	(24,981,623)	(436)
Interest and Dividends Received	320,926	7,037	327,963	499
Proceeds from Disposal of Property Held for Resale	9,737	-	9,737	-
Net Cash Provided by/(Used for) Investing Activities	<u>330,663</u>	<u>1,425,414</u>	<u>1,756,077</u>	<u>63</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,040,773	(2,434)	7,038,339	-
Cash and Cash Equivalents - Beginning	<u>8,789,443</u>	<u>98,382</u>	<u>8,887,825</u>	<u>-</u>
Cash and Cash Equivalents - Ending	<u>\$ 15,830,216</u>	<u>95,948</u>	<u>15,926,164</u>	<u>-</u>

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Electric	Waterworks	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY/(USED FOR)				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 10,373,222	1,591,678	11,964,900	(171,158)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by/(Used for) Operating Activities:				
Capital Contribution to Joint Venture	-	(250,000)	(250,000)	-
Depreciation Expense	4,951,756	683,854	5,635,610	-
Loss on Investment in Joint Venture	-	206,349	206,349	-
Provision for Losses on Accounts Receivable	131,701	68,882	200,583	-
(Increase) Decrease:				
Accounts Receivable	(1,525,508)	(119,404)	(1,644,912)	-
Other Receivables	-	40,463	40,463	162,514
Due from Joint Venture	-	9,752	9,752	-
Inventories	(2,447,352)	(16,232)	(2,463,584)	-
Prepays and Other	478,519	-	478,519	-
Customer Notes Receivable	51,185	(345)	50,840	-
Increase (Decrease):				
Accounts Payable	(4,066,740)	32,803	(4,033,937)	-
Accrued Liabilities	(358,699)	-	(358,699)	29,700
Accrued Payroll	-	(3,847)	(3,847)	-
Deposits	70,639	900	71,539	-
Due to Others	-	790	790	-
Unearned Revenue	12,209	-	12,209	-
Compensated Absences Payable	-	5,333	5,333	-
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 7,670,932</u>	<u>2,250,976</u>	<u>9,921,908</u>	<u>21,056</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Refunding of Debt	<u>\$ 21,981,922</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Other Post Employment Benefits Trust Funds
ADDITIONS	
Employer Contributions	\$ 739,735
Retiree Contributions	91,520
Investment Earnings	80,087
Net Appreciation (Depreciation) in Value of Investments	325,228
Other Revenue	83,809
Total Additions	1,320,379
DEDUCTIONS	
Retiree Benefits	719,071
Administrative Expenses	19,646
Total Deductions	738,717
Change in Net Position	581,662
Net Position - Beginning	2,464,000
Net Position - Ending	\$ 3,045,662

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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

Blended Component Unit. The Industrial Development Board of the City of Bristol, Tennessee was formed to promote industrial development and provide additional job opportunities in the City of Bristol, Tennessee, and surrounding areas, and to exercise the authority of and pursue the objectives of industrial development corporations as provided for in the Tennessee Code Annotated. The Board is comprised of seven members appointed by Council for six-year terms. All members are required to be City residents at the time of appointment and maintain City residency during the entire term of office. The financial statements of the Board are material to the City. The Board has separate corporate powers that would distinguish it as being legally separate from the City, such as the authority to issue industrial development bonds under state and federal statute. The entity cannot be included as part of another entity. The government's Council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The entity also utilizes the services of City staff to operate the day-to-day functions that can be replaced by the City Manager/City Council. The Board is reported as a special revenue fund and does not issue separate financial statements.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

B. Reporting Entity (Continued)

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

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

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

The Tri-County Industrial Park is a joint venture between City of Bristol, Tennessee; City of Johnson City, Tennessee; and Sullivan County, Tennessee. The purpose is to promote regional economic development. The joint venture owns vacant parcels of land used for industrial and economic development. The City holds a 12.5% interest in the proceeds from all sales of vacant lots. During the year ended June 30, 2014, the City received \$2,468 in proceeds from vacant lot sales. Administrators retain only an ongoing financial responsibility for this venture and do not record any financial balances related to this organization in their financial statements. Financial statements are not prepared for the Tri-County Industrial Park.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

B. Reporting Entity (Continued)

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

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

Bristol Public Library 701 Goode Street Bristol, VA 24201	Joint Sewerage System City of Bristol, Tennessee 801 Anderson Street Room 203 Bristol, TN 37620	Networks – Sullivan Partnership P.O. Box 747 Blountville, TN 37617
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Audited information as of June 30, 2014, is presented for the Joint Sewerage System. Information presented for Bristol Public Library and Networks – Sullivan Partnership is for the year ended June 30, 2013, since audited financial information has yet to be released for the 2014 year. Information for each joint venture is presented on the accrual basis.

	Bristol Public Library	Joint Sewerage System	Networks - Sullivan Partnership
Revenues	\$ 1,949,628	3,189,002	1,527,100
Expenses	<u>(1,948,711)</u>	<u>(3,101,700)</u>	<u>(1,058,264)</u>
Net Income (Loss) Transferred to Net Position	917	87,302	468,836
Net Position - Beginning	78,026	13,819,265	1,116,192
Net Position - Ending	<u>\$ 78,943</u>	<u>13,906,567</u>	<u>1,585,028</u>
Assets	\$ 250,975	14,560,954	8,827,246
Liabilities	172,032	654,387	7,242,218
Net Position	<u>\$ 78,943</u>	<u>13,906,567</u>	<u>1,585,028</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Measurement Focus and Basis of Accounting (Continued)

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

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

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2014, were not recorded as receivables because they were not estimable.

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

F. Budgetary Information

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

3. Inventories and Prepaid Items

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

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

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

4. Capital Assets

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

4. Capital Assets (Continued)

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. One of these items arises only under a modified accrual basis of accounting and, accordingly, unavailable revenue is reported only in the Governmental Funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Governmental Funds Balance Sheet and the government wide Statement of Net Position will report deferred inflows of resources for unearned revenues. The City reports unearned revenues from transactions in which resources have been received before revenue recognition criteria are met.

6. Net Position Flow Assumption

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

7. Fund Balance Flow Assumptions

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

7. Fund Balance Flow Assumptions (Continued)

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

8. Fund Balance Policies

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

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Compensated Absences

Vacation

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The proprietary fund financial statements reflect \$160,209 of long-term vacation benefits payable. The Electric Fund recognizes the cost of vacation pay as earned. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days. In general, accumulated vacation days are limited to thirty days.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Expenditures are recorded in the governmental funds when payments are made to employees upon their termination of employment for their accrued vacation time. At June 30, 2014, 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 \$2,062,723 for vacation benefits have been reflected in the Statement of Net Position as compensated absences for the governmental activities.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

H. Revenues and Expenditures/Expenses (Continued)

3. Compensated Absences (Continued)

Sick

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Other

Estimates

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(51,546,632) decrease are as follows:

Bonds and notes payable	\$ (46,222,093)
Add: Bond premium (net of amortization of \$76,055 recorded as interest expense)	(971,289)
Accrued interest payable	(182,013)
Compensated absences	(2,062,723)
Landfill closure costs	(239,979)
Other post employment benefit obligation	<u>(1,868,535)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (51,546,632)</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 position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position”. The details of this \$3,787,269 increase are as follows:

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	\$ 3,864,246
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>(76,977)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,787,269</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities”. The details of this \$(15,091,731) decrease are as follows:

Debt issued or incurred:	
Bonds payable	\$ (25,415,000)
Premium on bonds payable	(726,088)
Debt refunded:	
Bonds payable refunded	7,970,000
Deferred charge on refunding	485,612
Landfill closure costs change in estimate	118,186
Principal repayments:	
General obligation debt	<u>2,475,559</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (15,091,731)</u>

Another element of that reconciliation states that “compensated absences are measured by the amounts earned during the year in the Statement of Activities. However, expenditures for these items are measured by the amount of financial resources used in the governmental funds.” The details of this \$22,871 decrease are as follows:

Compensated absences for the prior year	\$ 2,085,594
Compensated absences for the current year	<u>(2,062,723)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 22,871</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 \$(211,667) decrease are as follows:

Prior year accrued interest	\$ 90,305
Current year accrued interest	(182,013)
Prior year other post employment benefit obligation	1,745,570
Current year other post employment benefit obligation	(1,868,535)
Amortization of deferred charge on refunding	(73,049)
Amortization of bond premiums	<u>76,055</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	\$ <u>(211,667)</u>

The assets and liabilities of the Internal Service Fund were recorded at the government-wide level as part of the governmental activities. The Internal Service Fund’s current year change in net position was proportionately allocated to the governmental and business-type activities based upon an allocation of fund usage. The loss allocated to the governmental activities was \$151,191 and to the business-type activities was \$19,468. The allocation to the business-type activities was recorded at the government-wide level as an interfund receivable and payable between governmental activities and business-type activities.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

The following supplements were made to the original budget:

<u>Fund</u>	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
General Purpose School	\$ 35,815,103	500,000	36,315,103
Community Development Grant	468,398	200,000	668,398
Capital Projects Facilities	1,793,500	2,000,000	3,793,500

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE IV. DETAILED NOTES ON ALL FUNDS:

A. Deposits and Investments

Deposits

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

Custodial Credit Risk

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

At year end, the City had \$17,859 of cash on hand which has been included in cash and cash equivalents. The City's carrying amount of deposits was \$26,032,014 and the balance in financial institutions was \$28,606,285. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the agency funds maintained by the City. The City's carrying amount of deposits for the agency funds was \$1,553,170 and the balance in financial institutions was \$1,560,546. The deposits have not been reflected in the government-wide Statement of Net Position. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

A. Deposits and Investments (Continued)

Investments

At June 30, 2014, the City's investment balances were as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Investments:		
State of Tennessee Local Government Investment Pool	\$ 22,391,968	22,391,968
Bonds and Securities	1,799,943	1,799,943
Certificates of Deposit	<u>26,500,000</u>	<u>26,500,000</u>
Total Investments	<u>\$ 50,691,911</u>	<u>50,691,911</u>

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

The City also manages investments for the agency funds maintained by the City in the State of Tennessee Local Government Investment Pool. The City's reported amount of investments for the agency funds was \$2,978,878 and the fair value was \$2,978,878. The investments have not been reflected in the government-wide Statement of Net Position.

Interest Rate Risk

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

A. Deposits and Investments (Continued)

However, in an effort to manage exposure to interest rate risk, the City's agent has been directed to purchase a combination of shorter term and longer term investments and time maturities so that a portion of the investment portfolio for the bond related funds (securities) was maturing or coming close to maturity evenly over time to provide cash flow and liquidity needed for operations. All investments held by the City of Bristol had maturities of less than one year remaining as of June 30, 2014.

<u>Bonds and Securities - Investment Type</u>	<u>Par (Maturity < 1 Year)</u>	<u>Portfolio Percentage</u>
Treasury Securities	1,800,000	100.00 %

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

Total Portfolio Shock Table							
Securities Count: 3	Total Par: 1,800,000			Coupon: .			
Data Category	Dn300	Dn200	Dn100	BaseCase	Up100	Up200	Up300
Mkt Value	1,800,000	1,800,000	1,800,000	1,799,944	1,797,362	1,794,788	1,792,221
Pct Change					-.14	-.29	-.43
Mkt Price	100	100	100	99.9968	99.8534	99.7104	99.5678
Avg Life / Duration	.14 / .14	.14 / .14	.14 / .14	.14 / .14	.14 / .14	.14 / .14	.14 / .14
Mkt Yld				.02	1.02	2.02	3.02
Gain (Loss) \$	\$20	\$20	\$20	-\$36	-\$2,618	-\$5,192	-\$7,759

Source: RAYMOND JAMES eFolio® - Interactive Portfolio Management System

Credit Risk

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

A. Deposits and Investments (Continued)

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

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the TN LGIP is the same as the value of the TN LGIP shares. The pooled investments are not registered with the Securities and Exchange Commission (SEC) but are managed in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the investment in the TN LGIP has been determined based on the pool's share price as adjusted to market. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2014, the LGIP had a weighted average maturity of 109 days. The LGIP is audited as part of the Comprehensive Annual Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, 312 Rosa L. Parks Avenue, 21st Floor Tennessee Tower, Nashville, TN 37243 or can be accessed at www.state.tn.us/finance/act/cafr.html.

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

A. Deposits and Investments (Continued)

Custodial Credit Risk

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

Concentration of Credit Risk

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

United States Treasury Securities (Par Amount \$1,800,000)	100.00%
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Reconciliation to Statement of Net Position

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

	<u>Total</u>
<i>Total Deposits and Investments:</i>	
Cash on Hand	\$ 17,859
Carrying Amount of Deposits	26,032,014
Carrying Amount of Investments	<u>50,691,911</u>
Total Deposits and Investments	\$ <u>76,741,784</u>
 <i>Amounts per Statement of Net Position:</i>	
Cash and Cash Equivalents	\$ 26,530,227
Investments	40,462,425
Restricted Cash	7,949,189
Restricted Investments	<u>1,799,943</u>
Total per Statement of Net Position	\$ <u>76,741,784</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

B. Receivables

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

	General	General Purpose School	Electric	Waterworks	Nonmajor Governmental	Internal Service	Total
Receivables:							
Taxes	\$ 16,373,106	-	-	-	-	-	16,373,106
Accounts	-	-	11,080,401	1,653,609	396,552	-	13,130,562
Notes Receivable	-	-	2,479,985	505	83,745	-	2,564,235
Other Receivables	679,044	527,857	1,209,704	5,655	15,453	41,868	2,479,581
Due from Joint Ventures	-	-	-	220,526	-	-	220,526
Due from Other Governments:							
Federal Government	40,801	-	-	919	492,255	-	533,975
State of Tennessee and Federal Through the State	1,853,919	116,516	-	188	2,042,982	-	4,013,605
Other Governments and Agencies	110,096	10,905,559	-	1,323	24,903	-	11,041,881
Due from Trust	62	-	-	-	-	-	62
Gross Receivables	19,057,028	11,549,932	14,770,090	1,882,725	3,055,890	41,868	50,357,533
Less: Provision for Uncollectibles	(577,000)	-	(911,794)	(500,000)	(102,000)	-	(2,090,794)
Total Receivables	<u>\$ 18,480,028</u>	<u>11,549,932</u>	<u>13,858,296</u>	<u>1,382,725</u>	<u>2,953,890</u>	<u>41,868</u>	<u>48,266,739</u>

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

B. Receivables (Continued)

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

	Unearned	Unavailable
Payments received prior to meeting revenue recognition requirements:		
Community Development Grant Fund	\$ 60,700	\$ -
General Fund	21,521	-
HOME Consortium Fund	23,045	-
School Nutrition Fund	21,494	-
Viking Hall Fund	500	-
Property tax levied for ensuing fiscal year:		
General Fund	14,502,401	-
General Purpose School Fund	9,637,627	-
Receivables not received within period of availability:		
Property tax levied but not collected in period of availability	-	1,311,986
Sales tax	-	404,002
Other taxes	-	57,000
State revenue	-	196,200
Ambulance service charges	-	194,571
Gas franchise fee	-	136,000
Reimbursements and appropriations	-	85,609
	\$ 24,267,288	2,385,368

The Electric and Waterworks Funds record unbilled revenue based upon the proportionate number of days related to fiscal year 2014 in the billing cycle of subsequent customer billings. The City also provides loans to customers for heat pump and insulation costs under the Electric Fund's Residential Energy Efficiency Program. The majority of these loans bear interest at rates ranging from 8% to 10.25% and have maturities of up to 10 years. Satisfactory credit reports are required prior to loan approval. Additionally, these loans are secured by a deed of trust on the property. The City recorded interest income of approximately \$187,500 in 2014 related to these loans. These amounts offset operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position, since management believes this is an operating activity and the income should offset the additional expenses associated with maintaining this loan program.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 8,260,568	1,502,472	-	-	9,763,040
Construction in Progress	6,067,028	15,812,049	(3,980)	(2,673,495)	19,201,602
Total Capital Assets, Not Being Depreciated	<u>14,327,596</u>	<u>17,314,521</u>	<u>(3,980)</u>	<u>(2,673,495)</u>	<u>28,964,642</u>
Capital Assets, Being Depreciated:					
Land Improvements	5,244,798	77,303	-	126,141	5,448,242
Building and Building Improvements	62,674,467	-	(69,516)	2,384,397	64,989,348
Infrastructure	111,240,625	3,782,451	-	60,547	115,083,623
Machinery and Equipment	19,595,991	2,133,968	(388,452)	-	21,341,507
Other Improvements	1,273,285	-	-	102,410	1,375,695
Total Capital Assets, Being Depreciated	<u>200,029,166</u>	<u>5,993,722</u>	<u>(457,968)</u>	<u>2,673,495</u>	<u>208,238,415</u>
Less Accumulated Depreciation For:					
Land Improvements	(2,009,409)	(172,180)	-	-	(2,181,589)
Building and Building Improvements	(17,754,346)	(1,681,711)	32,915	-	(19,403,142)
Infrastructure	(45,937,334)	(2,262,543)	-	-	(48,199,877)
Machinery and Equipment	(13,058,339)	(1,230,178)	352,056	-	(13,936,461)
Other Improvements	(213,161)	(52,677)	-	-	(265,838)
Total Accumulated Depreciation	<u>(78,972,589)</u>	<u>(5,399,289)</u>	<u>384,971</u>	<u>-</u>	<u>(83,986,907)</u>
Total Capital Assets, Being Depreciated, Net	<u>121,056,577</u>	<u>594,433</u>	<u>(72,997)</u>	<u>2,673,495</u>	<u>124,251,508</u>
Governmental Activities Capital Assets, Net	<u>\$ 135,384,173</u>	<u>17,908,954</u>	<u>(76,977)</u>	<u>-</u>	<u>153,216,150</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

C. Capital Assets (Continued)

Business-type Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 1,484,201	-	-	-	1,484,201
Construction in Progress	3,101,898	4,949,531	(31,386)	(5,051,737)	2,968,306
Total Capital Assets, Not Being Depreciated	<u>4,586,099</u>	<u>4,949,531</u>	<u>(31,386)</u>	<u>(5,051,737)</u>	<u>4,452,507</u>
Capital Assets, Being Depreciated:					
Building and Building Improvements	7,090,616	-	-	465,865	7,556,481
Infrastructure	199,000,586	256,179	(670,359)	4,491,850	203,078,256
Machinery and Equipment	6,420,093	241,417	-	94,022	6,755,532
Total Capital Assets, Being Depreciated	<u>212,511,295</u>	<u>497,596</u>	<u>(670,359)</u>	<u>5,051,737</u>	<u>217,390,269</u>
Less Accumulated Depreciation For:					
Building and Building Improvements	(3,559,193)	(67,371)	-	-	(3,626,564)
Infrastructure	(87,762,411)	(5,481,735)	640,591	-	(92,603,555)
Machinery and Equipment	(4,213,613)	(320,480)	-	-	(4,534,093)
Total Accumulated Depreciation	<u>(95,535,217)</u>	<u>(5,869,586)</u>	<u>640,591</u>	<u>-</u>	<u>(100,764,212)</u>
Total Capital Assets, Being Depreciated, Net	<u>116,976,078</u>	<u>(5,371,990)</u>	<u>(29,768)</u>	<u>5,051,737</u>	<u>116,626,057</u>
Business-type Activities Capital Assets, Net	<u>\$ 121,562,177</u>	<u>(422,459)</u>	<u>(61,154)</u>	<u>-</u>	<u>121,078,564</u>

During 2014, the Waterworks Fund capitalized \$5,264 in interest expense related to capital projects.

When retiring assets, the Electric Fund charges average cost, together with historical cost less salvage value to accumulated depreciation. No gain or loss is recognized. This method may result in accumulated depreciation exceeding historical cost when disposing of assets that are fully depreciated. When property is retired or otherwise disposed of in the Electric Fund, the average cost combined with the cost of removal less salvage is charged to accumulated depreciation; no gain or loss is recognized. This treatment may result in accumulated depreciation exceeding the original cost of the asset when a fully depreciated asset is removed. This is in accordance with the Federal Energy Regulatory Commission (FERC) regulations issued by the Department of Energy in Section 4.10.(2). The net effect of this treatment was \$22,198 in 2014.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

C. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 291,939
Community Relations	2,745
Education	1,715,011
Parks and Recreation	228,633
Public Safety	506,209
Public Works	<u>2,654,752</u>
 Total Depreciation Expense – Governmental Activities	 \$ <u>5,399,289</u>
 Business-type Activities:	
Electric	\$ 4,951,756
Waterworks	<u>683,854</u>
 Total Depreciation Expense – Business-type Activities	 \$ <u>5,635,610</u>

The provision for Electric Fund depreciation does not include depreciation on transportation equipment. The transportation equipment depreciation amount for the year ended June 30, 2014, totaled \$233,976 and is reflected as an expense for operations.

Construction Commitments

The City had active construction projects as of June 30, 2014, including the Chapter 420 Project referred to as the Pinnacle. At year-end, the City’s commitment to fund the developer related to this project was as follows:

<u>Project</u>	<u>Incurred-to-Date</u>	<u>Remaining Commitment</u>
Chapter 420 Project “The Pinnacle”	\$ 21,543,371	3,456,629

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Chapter 420	\$ 107,305
	Industrial Development	
	Board	1,157
	General Purpose School	191
	Electric	49,526
	Internal Service	16,742
	Nonmajor Governmental	778,691
Industrial Development		
Board	Chapter 420	2,723,977
	General	2,468
General Purpose School	General	710
	Industrial Development	
	Board	6,297
	Nonmajor Governmental	744,372
Nonmajor Governmental	General	531,551
Electric	General	62,262
Waterworks	General	<u>1,937,726</u>
Total		<u>\$ 6,962,975</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

D. Interfund Receivables, Payables and Transfers

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

At the government-wide level at June 30, 2014, the business-type activities owed the governmental activities \$127,144 for their portion of the Employee Insurance Fund.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 91,655
	Electric	1,894,722
	Waterworks	527,419
General Purpose School	General	4,596,602
Industrial Development Board	General	52,468
	Chapter 420	13,782,791
Nonmajor Governmental	General	3,346,633
	Chapter 420	365,196
	General Purpose School	777,722
	Nonmajor Governmental	<u>70,000</u>
Total		\$ <u>25,505,208</u>

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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, 2014, for the governmental activities are as follows:

<u>June 30</u>	<u>Principal</u>		<u>Interest</u>		<u>Governmental Activity Debt Service</u>
	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Notes Payable</u>	
2015	\$ 1,565,000	468,608	1,453,391	31,080	3,518,079
2016	1,710,000	471,680	1,357,686	28,008	3,567,374
2017	1,765,000	414,204	1,293,586	24,912	3,497,702
2018	1,870,000	417,312	1,228,736	21,804	3,537,852
2019	1,915,000	420,456	1,160,480	18,660	3,514,596
2020	1,995,000	423,624	1,091,517	15,492	3,525,633
2021	1,960,000	426,804	1,025,767	12,312	3,424,883
2022	2,015,000	430,020	957,817	9,096	3,411,933
2023	2,145,000	433,260	892,143	5,856	3,476,259
2024	1,545,000	436,524	822,193	2,592	2,806,309
2025	1,350,000	109,601	765,143	144	2,224,888
2026	1,385,000	-	724,643	-	2,109,643
2027	1,425,000	-	683,093	-	2,108,093
2028	1,460,000	-	640,343	-	2,100,343
2029	1,515,000	-	596,018	-	2,111,018
2030	1,560,000	-	550,018	-	2,110,018
2031	1,600,000	-	501,408	-	2,101,408
2032	1,640,000	-	449,120	-	2,089,120
2033	1,725,000	-	395,000	-	2,120,000
2034	1,775,000	-	337,250	-	2,112,250
2035	1,850,000	-	277,343	-	2,127,343
2036	1,925,000	-	212,594	-	2,137,594
2037	2,000,000	-	145,219	-	2,145,219
2038	2,075,000	-	75,218	-	2,150,218
	<u>\$ 41,770,000</u>	<u>4,452,093</u>	<u>17,635,726</u>	<u>169,956</u>	<u>64,027,775</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Governmental Activity Debt

	Governmental Activity Debt			Balance 6/30/14
	Balance 7/01/13	Additions	Retirements	
Series 2005 General Obligation Refunding Bonds Issue: \$3,085,000, Maturity 2015 Interest Rate: 3.00% - 3.50% Fixed, Partial Refunding of Series 1999 General Obligation Bonds	\$ 895,000	-	895,000	-
Series 2007 General Obligation Bonds Issue: \$7,750,000, Maturity 2023 Interest Rate: 4.00% - 4.125% Fixed, Funded School Projects	7,750,000	-	6,925,000	825,000
Series 2007 General Obligation Bonds Issue: \$550,000, Maturity 2014 Interest Rate: 4.00% Fixed, Funded Demolition Landfill Expansion	90,000	-	90,000	-
Series 2008 General Obligation Bonds Issue: \$5,150,000, Maturity 2020 Interest Rate: 3.00% Fixed, Funded School and Capital Projects	1,375,000	-	1,375,000	-
Energy Efficiency Capital Outlay Note Issue: \$500,000, Maturity 2016 Interest Rate: 0%, Energy Projects	181,715	-	60,571	121,144
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	2,160,000	-	160,000	2,000,000
Series 2011 General Obligation Bonds \$4,450,000, Maturity 2023 Interest Rate: 3.00% - 4.00% Fixed, Funded School and Capital Projects	3,845,000	-	325,000	3,520,000

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Governmental Activity Debt (Continued)

	Governmental Activity Debt			Balance 6/30/14
	Balance 7/01/13	Additions	Retirements	
Energy Efficient Schools Initiative Loan \$5,000,000, Plus \$37,689 of Accrued Construction Interest, Interest Rate: 0.75%, Energy Projects	4,735,937	-	404,988	4,330,949
Series 2012 General Obligation Bonds \$420,000, Maturity 2018 Interest Rate: 2.00% Fixed, Funded Capital Projects	420,000	-	75,000	345,000
Series 2013A General Obligation Bonds \$9,800,000, Maturity 2038 Interest Rate: 2.00% - 4.00% Fixed, Funded Chapter 420 Project	9,800,000	-	-	9,800,000
Series 2013B General Obligation Bonds \$8,065,000, Maturity 2023 Interest Rate: 2.25% - 4.00% Fixed, Partial Refunding of Series 2007 General Obligation Bonds, Refunding of 2005 and 2008 Series General Obligation Bonds	-	8,065,000	135,000	7,930,000
Series 2014 General Obligation Bonds \$17,350,000, Maturity 2038 Interest Rate: 2.375% - 5.00% Fixed, Funded Chapter 420 Project	-	17,350,000	-	17,350,000
	<u>\$ 31,252,652</u>	<u>25,415,000</u>	<u>10,445,559</u>	<u>46,222,093</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Debt service requirements to maturity for governmental activity debt for the fiscal year ended June 30, 2014, are as follows:

Series 2007 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 175,000	33,000	208,000
2016	<u>650,000</u>	<u>26,000</u>	<u>676,000</u>
Total	\$ <u>825,000</u>	<u>59,000</u>	<u>884,000</u>

Energy Efficiency State Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 60,572	-	60,572
2016	<u>60,572</u>	<u>-</u>	<u>60,572</u>
Total	\$ <u>121,144</u>	<u>-</u>	<u>121,144</u>

Series 2009 General Obligation Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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>2,000,000</u>	<u>443,126</u>	<u>2,443,126</u>

The Series 2009 General Obligation Refunding Bonds were issued at a premium of \$65,911. The remaining unamortized amount of the premium as of June 30, 2014, was \$44,311.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Series 2011 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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>3,520,000</u>	<u>592,500</u>	<u>4,112,500</u>

The Series 2011 General Obligation Bonds were issued at a premium of \$215,254. The remaining unamortized amount of the premium as of June 30, 2014, was \$156,208.

Energy Efficient Schools Initiative Loan

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 408,036	31,080	439,116
2016	411,108	28,008	439,116
2017	414,204	24,912	439,116
2018	417,312	21,804	439,116
2019	420,456	18,660	439,116
2020	423,624	15,492	439,116
2021	426,804	12,312	439,116
2022	430,020	9,096	439,116
2023	433,260	5,856	439,116
2024	436,524	2,592	439,116
2025	<u>109,601</u>	<u>144</u>	<u>109,745</u>
Total	\$ <u>4,330,949</u>	<u>169,956</u>	<u>4,500,905</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Series 2012 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 75,000	6,900	81,900
2016	100,000	5,400	105,400
2017	100,000	3,400	103,400
2018	<u>70,000</u>	<u>1,400</u>	<u>71,400</u>
Total	<u>\$ 345,000</u>	<u>17,100</u>	<u>362,100</u>

The Series 2012 General Obligation Bonds were issued at a premium of \$104,705. The remaining unamortized amount of the premium as of June 30, 2014, was \$88,597.

2013A General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 25,000	319,880	344,880
2016	25,000	319,380	344,380
2017	25,000	318,880	343,880
2018	50,000	318,380	368,380
2019	75,000	317,380	392,380
2020	125,000	315,880	440,880
2021	150,000	312,130	462,130
2022	175,000	306,130	481,130
2023	250,000	299,130	549,130
2024	475,000	291,630	766,630
2025	485,000	277,380	762,380
2026	500,000	262,830	762,830
2027	515,000	247,830	762,830
2028	525,000	232,380	757,380
2029	550,000	216,105	766,105
2030	560,000	199,055	759,055
2031	575,000	181,695	756,695
2032	590,000	162,720	752,720
2033	625,000	143,250	768,250
2034	650,000	122,625	772,625
2035	675,000	100,687	775,687
2036	700,000	77,063	777,063
2037	725,000	52,563	777,563
2038	<u>750,000</u>	<u>27,187</u>	<u>777,187</u>
Total	<u>\$ 9,800,000</u>	<u>5,422,170</u>	<u>15,222,170</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

2013B General Obligation Bonds

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$	675,000	266,837	941,837
2016		300,000	251,650	551,650
2017		1,000,000	239,650	1,239,650
2018		1,025,000	199,650	1,224,650
2019		1,075,000	158,650	1,233,650
2020		1,075,000	115,650	1,190,650
2021		900,000	83,400	983,400
2022		930,000	56,400	986,400
2023		<u>950,000</u>	<u>28,500</u>	<u>978,500</u>
Total	\$	<u>7,930,000</u>	<u>1,400,387</u>	<u>9,330,387</u>

The Series 2013B General Obligation Bonds were issued at a premium of \$499,580. The remaining unamortized amount of the premium as of June 30, 2014, was \$457,228.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

2014 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 100,000	633,330	733,330
2016	100,000	580,612	680,612
2017	100,000	576,612	676,612
2018	150,000	574,112	724,112
2019	175,000	570,550	745,550
2020	200,000	565,737	765,737
2021	275,000	555,737	830,737
2022	275,000	541,987	816,987
2023	275,000	532,363	807,363
2024	840,000	521,363	1,361,363
2025	865,000	487,763	1,352,763
2026	885,000	461,813	1,346,813
2027	910,000	435,263	1,345,263
2028	935,000	407,963	1,342,963
2029	965,000	379,913	1,344,913
2030	1,000,000	350,963	1,350,963
2031	1,025,000	319,713	1,344,713
2032	1,050,000	286,400	1,336,400
2033	1,100,000	251,750	1,351,750
2034	1,125,000	214,625	1,339,625
2035	1,175,000	176,656	1,351,656
2036	1,225,000	135,531	1,360,531
2037	1,275,000	92,656	1,367,656
2038	<u>1,325,000</u>	<u>48,031</u>	<u>1,373,031</u>
Total	<u>\$ 17,350,000</u>	<u>9,701,443</u>	<u>27,051,443</u>

The Series 2014 General Obligation Bonds were issued at a premium of \$226,508. The remaining unamortized amount of the premium as of June 30, 2014, was \$224,945.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Annual Debt Service Requirements – Business-type Activity Debt

The annual requirements to amortize all debt outstanding as of June 30, 2014, for the business-type activities are as follows:

June 30	Principal			Interest			Business-type Activity Debt Service
	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	
2015	\$ 450,000	675,000	10,857	95,301	1,128,550	-	1,982,207
2016	465,000	700,000	10,858	83,188	1,107,925	-	1,990,383
2017	465,000	720,000	-	70,488	1,086,625	-	1,806,625
2018	465,000	740,000	-	57,788	1,064,725	-	1,804,725
2019	285,000	765,000	-	45,088	1,042,150	-	1,807,150
2020	200,000	785,000	-	36,188	1,018,900	-	1,803,900
2021	200,000	810,000	-	32,188	994,975	-	1,804,975
2022	200,000	835,000	-	28,188	970,300	-	1,805,300
2023	225,000	865,000	-	24,188	944,800	-	1,809,800
2024	225,000	890,000	-	19,688	918,475	-	1,808,475
2025	225,000	915,000	-	14,906	891,400	-	1,806,400
2026	225,000	945,000	-	10,125	862,319	-	1,807,319
2027	225,000	990,000	-	5,063	822,213	-	1,812,213
2028	-	1,040,000	-	-	771,463	-	1,811,463
2029	-	1,085,000	-	-	725,118	-	1,810,118
2030	-	1,130,000	-	-	680,762	-	1,810,762
2031	-	1,180,000	-	-	631,675	-	1,811,675
2032	-	1,230,000	-	-	580,463	-	1,810,463
2033	-	1,275,000	-	-	528,825	-	1,803,825
2034	-	1,325,000	-	-	476,825	-	1,801,825
2035	-	1,380,000	-	-	422,725	-	1,802,725
2036	-	1,440,000	-	-	364,525	-	1,804,525
2037	-	710,000	-	-	318,838	-	1,028,838
2038	-	745,000	-	-	285,125	-	1,030,125
2039	-	780,000	-	-	247,000	-	1,027,000
2040	-	820,000	-	-	207,000	-	1,027,000
2041	-	865,000	-	-	164,875	-	1,029,875
2042	-	910,000	-	-	120,500	-	1,030,500
2043	-	955,000	-	-	73,875	-	1,028,875
2044	-	1,000,000	-	-	25,000	-	1,025,000
	<u>\$ 3,855,000</u>	<u>28,505,000</u>	<u>21,715</u>	<u>522,387</u>	<u>19,477,951</u>	<u>-</u>	<u>48,344,066</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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, 2014	Electric Fund	Waterworks Fund
Bonds Payable							
General Obligation Bonds:							
Series 2007 General Obligation Bonds	2007	1,550,000	2010 - 2019	4% - 4.125%	\$ 320,000	-	320,000
Series 2012 General Obligation Bonds	2012	3,580,000	2013 - 2027	0.4% - 2.25%	3,025,000	-	3,025,000
Series 2013B General Obligation Bonds	2013	520,000	2014 - 2019	2.5% - 4%	510,000	-	510,000
Total General Obligation Bonds					<u>3,855,000</u>	<u>-</u>	<u>3,855,000</u>
Revenue Bonds:							
Series 2013 Electric System Revenue Bonds	2013	28,505,000	2015-2044	3% - 5%	28,505,000	28,505,000	-
Total Revenue Bonds					<u>28,505,000</u>	<u>28,505,000</u>	<u>-</u>
Total Bonds					<u>32,360,000</u>	<u>28,505,000</u>	<u>3,855,000</u>
Notes Payable							
Energy Efficiency State Capital Outlay Note			2016	0%	21,715	-	21,715
Total Notes Payable					<u>21,715</u>	<u>-</u>	<u>21,715</u>
Total Business-type Activity Bonds and Notes Payable					<u>\$ 32,381,715</u>	<u>28,505,000</u>	<u>3,876,715</u>

Debt service requirements to maturity for business-type activity debt for the fiscal year ended June 30, 2014, are as follows:

Series 2007 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 155,000	12,800	167,800
2016	<u>165,000</u>	<u>6,600</u>	<u>171,600</u>
Total	\$ <u>320,000</u>	<u>19,400</u>	<u>339,400</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Series 2012 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 290,000	62,188	352,188
2016	295,000	56,388	351,388
2017	295,000	50,488	345,488
2018	295,000	44,588	339,588
2019	125,000	38,688	163,688
2020	200,000	36,188	236,188
2021	200,000	32,188	232,188
2022	200,000	28,188	228,188
2023	225,000	24,188	249,188
2024	225,000	19,688	244,688
2025	225,000	14,906	239,906
2026	225,000	10,125	235,125
2027	<u>225,000</u>	<u>5,063</u>	<u>230,063</u>
Total	\$ <u>3,025,000</u>	<u>422,874</u>	<u>3,447,874</u>

The Series 2012 General Obligation Bonds were issued at a premium of \$131,781. The remaining unamortized amount of the premium as of June 30, 2014, was \$111,529.

Energy Efficiency State Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 10,857	-	10,857
2016	<u>10,858</u>	<u>-</u>	<u>10,858</u>
Total	\$ <u>21,715</u>	<u>-</u>	<u>21,715</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Series 2013 Electric System Revenue Refunding and Improvement Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 675,000	1,128,550	1,803,550
2016	700,000	1,107,925	1,807,925
2017	720,000	1,086,625	1,806,625
2018	740,000	1,064,725	1,804,725
2019	765,000	1,042,150	1,807,150
2020	785,000	1,018,900	1,803,900
2021	810,000	994,975	1,804,975
2022	835,000	970,300	1,805,300
2023	865,000	944,800	1,809,800
2024	890,000	918,475	1,808,475
2025	915,000	891,400	1,806,400
2026	945,000	862,319	1,807,319
2027	990,000	822,213	1,812,213
2028	1,040,000	771,463	1,811,463
2029	1,085,000	725,118	1,810,118
2030	1,130,000	680,762	1,810,762
2031	1,180,000	631,675	1,811,675
2032	1,230,000	580,463	1,810,463
2033	1,275,000	528,825	1,803,825
2034	1,325,000	476,825	1,801,825
2035	1,380,000	422,725	1,802,725
2036	1,440,000	364,525	1,804,525
2037	710,000	318,838	1,028,838
2038	745,000	285,125	1,030,125
2039	780,000	247,000	1,027,000
2040	820,000	207,000	1,027,000
2041	865,000	164,875	1,029,875
2042	910,000	120,500	1,030,500
2043	955,000	73,875	1,028,875
2044	<u>1,000,000</u>	<u>25,000</u>	<u>1,025,000</u>
Total	<u>\$ 28,505,000</u>	<u>19,477,951</u>	<u>47,982,951</u>

The Series 2013 Electric System Revenue Refunding and Improvement Bonds were issued in 2013 at a premium of \$708,101. The remaining unamortized amount of the premium as of June 30, 2014, was \$692,365.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Series 2013B General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 5,000	20,313	25,313
2016	5,000	20,200	25,200
2017	170,000	20,000	190,000
2018	170,000	13,200	183,200
2019	<u>160,000</u>	<u>6,400</u>	<u>166,400</u>
Total	\$ <u>510,000</u>	<u>80,113</u>	<u>590,113</u>

The Series 2013B General Obligation Bonds were issued at a premium of \$57,652. The remaining unamortized amount of the premium as of June 30, 2014, was \$49,287.

Advance Debt Refunding

During 2009, the City refunded \$2,775,000 of its outstanding Series VI-D-4 Local Government Public Improvement Bonds that carried a variable interest rate with new Series 2009 General Obligation Refunding Bonds of \$2,760,000 that were issued at fixed rates ranging from 3% to 4%. The Series 2009 bonds payable mature June 1, 2024. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates and to reduce variable interest rate risk. The bonds were issued at a premium of \$65,911. As of June 30, 2014, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements was \$44,311. The difference in debt service between the refunding debt and the refunded debt was \$362,155. The net present value benefit of the transaction was \$290,005. The outstanding amount of the Series 2009 General Obligation Refunding Bonds at June 30, 2014, was \$2,000,000.

During 2005, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2014, the following bonds outstanding were considered to be defeased:

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

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, 2014, no amount remained as the unamortized amount of the premium since this issue was included as part of the Series 2013B refunding. The new bonds were more than the debt defeased and related costs by \$196,207 which was being deferred over the life of the new bonds. 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.

The City closed the Series 2013 Electric Revenue Refunding and Improvement Bonds for \$28,505,000 to refund the Series 2005 Electric System Revenue Bonds of \$22,230,043 and to provide additional funding of \$7,000,649 for capital improvements in October 2013. The new debt obligation was issued at a premium of \$708,101. The refunding resulted in a defeasance of which the difference between the reacquisition price and the net carrying value resulted in a loss of approximately \$1,200,000 that is being reported as a deferred outflow of resources. The debt refunding resulted in a net present value benefit to the City of \$134,532. The Series 2013 Electric Revenue Refunding and Improvement Bonds are payable over thirty years with fixed interest rates ranging from 3% to 5%. For 2014, the effective annual interest rate was 3.995%. The bonds are secured by the net power revenues of the Electric Fund. The refunding resulted in the recognition of an accounting loss of approximately \$1,217,434 that is reported as a deferred outflow of resources. The amount is being amortized over the life of the old debt and recognized as a component of interest expense. The Electric Fund in effect reduced its aggregate debt service payments by approximately \$2,800,000 over the next 21 years and obtained an economic gain of approximately \$2,500,000.

The City issued Series 2013B General Obligation Refunding Bonds of \$8,585,000 to refund, in whole or in part, its outstanding Series 2005 General Obligation Bonds, Series 2007 General Obligation Bonds, and Series 2008 General Obligation Bonds with fixed rate bonds that have lower interest rates ranging from 2.25% to 4%. The new bonds mature June 1, 2023. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates. The bonds were issued at a premium of \$557,232. As of June 30, 2014, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements was \$506,515. The difference in debt service between the refunding debt and the refunded debt was \$526,126. The net present value benefit of the transaction was \$254,988. The outstanding amount of the Series 2013 General Obligation Refunding Bonds at June 30, 2014, was \$8,440,000.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

E. Long-term Debt (Continued)

Current Debt Refunding

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

Conduit Debt

The Industrial Development Board of Bristol, Tennessee entered into two debt related transactions related to the Chapter 420 Project, The Pinnacle, during the fiscal year. In September 2013, the Industrial Development Board of Bristol, Tennessee issued a Tennessee Tax Increment Revenue Note Payable in an amount not to exceed \$20,500,000. The notes are to be paid from the increase in tax revenue in the plan area. The developer shall pay on behalf of the Board, directly to the lender, an amount equal to the difference, if any, between the amount of debt service due with respect to the debt and the tax increment revenues available. However, the aggregate amount payable by the Developer shall not exceed \$10,000,000. The proceeds were used by Pinnacle Partners Tennessee, LLC to construct improvements related to the North Pad Area. As of June 30, 2014, the amount outstanding related to this note payable was \$18,446,316.

In August 2013, Revenue Bonds (Johnson Pinnacle Project) Series 2013 were issued by the Industrial Development Board for \$1,700,000. The proceeds were used by Johnson Pinnacle, LLC to finance the cost of constructing a commercial facility in the City as part of the Chapter 420 Project. The bonds are secured by the lease revenue from the constructed facility. As of June 30, 2014, principal payments had not been made and the amount outstanding related to these bonds payable were \$1,608,114.

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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, 2014:

	Balance Beginning of Year	Additions	Retirements/ Reductions	Balance End of Year	Due Within One Year
Governmental Activities					
General Obligation Bonds:	\$ 26,335,000	25,415,000	9,980,000	41,770,000	1,565,000
Less Deferred Amounts:					
For Issuance Premium	321,256	726,088	76,055	971,289	-
Total General Obligation Bonds	26,656,256	26,141,088	10,056,055	42,741,289	1,565,000
Notes Payable	4,917,652	-	465,559	4,452,093	468,608
Compensated Absences	2,085,594	972,529	995,400	2,062,723	890,540
Landfill Closure Costs	358,165	-	118,186	239,979	-
Net Other Post Employment Benefit Obligation	1,745,570	624,993	502,028	1,868,535	-
Governmental Activity Long-term Liabilities	<u>35,763,237</u>	<u>27,738,610</u>	<u>12,137,228</u>	<u>51,364,619</u>	<u>2,924,148</u>
Business-type Activities					
General Obligation Bonds:	4,320,000	520,000	985,000	3,855,000	450,000
Less Deferred Amounts:					
For Issuance Premium	125,174	57,652	22,010	160,816	-
Total General Obligation Bonds Payable	4,445,174	577,652	1,007,010	4,015,816	450,000
Revenue Bonds:	21,035,000	28,505,000	21,035,000	28,505,000	675,000
Less Deferred Amounts:					
For Issuance Premium	336,463	371,638	15,736	692,365	-
Total Revenue Bonds Payable	21,371,463	28,876,638	21,050,736	29,197,365	675,000
Notes Payable	32,572	-	10,857	21,715	10,857
Compensated Absences	154,876	82,001	76,668	160,209	76,700
Net Other Post Employment Benefit Obligation	578,722	491,363	796,498	273,587	-
Business-type Activity Long-term Liabilities	<u>26,582,807</u>	<u>30,027,654</u>	<u>22,941,769</u>	<u>33,668,692</u>	<u>1,212,557</u>
Total Changes in Long-term Debt	<u>\$ 62,346,044</u>	<u>57,766,264</u>	<u>35,078,997</u>	<u>85,033,311</u>	<u>4,136,705</u>

Other long-term liabilities have been liquidated through the use of the General, Waterworks, 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.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

F. Other Post Employment Benefits Than Pensions (OPEB)

City of Bristol, Tennessee OPEB

Plan Description

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

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

As of June 30, 2014, the Plan did not issue a stand alone financial report because the Other Post Employment Benefits Trust Fund is included in the financial statements for the City of Bristol, Tennessee.

Benefits Provided

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

Membership

The number of participants at June 30, 2014, was as follows:

Retiree Participants	77	
Active Participants	380	
Total	457	

Funding Policy

In March 2009, the City implemented a Medicare Advantage Program for Medicare eligible employees. The City contributes 50% of the premiums as part of the program for these retired employees. The percentage contributed has increased from 35% since the last full valuation which was for the fiscal year ending June 30, 2012. This change increased the City's liabilities. Retired employees not Medicare eligible pay 100% of the calculated insurance premiums.

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

Annual OPEB Cost and Net OPEB Obligation

	2014	2013
Annual Required Contribution	\$ 351,619	278,850
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	351,619	278,850
Actual Contributions	(351,619)	(278,850)
Increase in Net OPEB Obligation	-	-
Net OPEB Obligation – Beginning of Fiscal Year	-	-
Net OPEB Obligation – End of Fiscal Year	\$ -	-

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

The City's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014, and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 351,619	351,619	100%	-
June 30, 2013	278,850	278,850	100%	-
June 30, 2012	272,102	272,102	100%	-

Funding Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$ 1,248,691	\$4,143,621	\$2,894,930	30.1%	\$13,012,069	22.2%

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

Actuarial Methods and Assumptions

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

In the July 1, 2013, actuarial valuation for the plan, the actuarial asset valuation method was market value. The projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. Actuarial assumptions included a discount rate of 7.5%, an investment rate of return (net of administrative expenses) of 7.5%, an annual healthcare cost trend of 3.0%, an annual payroll growth rate of 5.0%, and projected salary increase rates from the TCRS PSPP plan. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2014, is 23 years.

Financial Statements

STATEMENT OF FIDUCIARY NET POSITION
CITY OPEB TRUST FUND
JUNE 30, 2014

<u>Assets</u>	
Investments Held in Trust, At Fair Value	
Mutual Funds	\$ 1,481,599
Other Receivables	<u>3,683</u>
Total Assets	<u>1,485,282</u>
<u>Liabilities</u>	
Accrued Liabilities	48,000
Due to General Fund	<u>62</u>
Total Liabilities	<u>48,062</u>
<u>Net Position</u>	
Net Position Held In Trust for OPEB Benefits	<u><u>\$ 1,437,220</u></u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OPEB TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>ADDITIONS</u>	
Employer Contributions	\$ 351,619
Retiree Contributions	91,520
Net Appreciation (Depreciation) in Value of Investments	208,154
Other Revenue	<u>83,809</u>
Total Additions	<u>735,102</u>
<u>DEDUCTIONS</u>	
Retiree Benefits	446,919
Administrative Expenses	<u>15,356</u>
Total Deductions	<u>462,275</u>
Change in Net Position	272,827
Net Position - Beginning	<u>1,164,393</u>
Net Position - Ending	<u><u>\$ 1,437,220</u></u>

Electric Fund OPEB

Plan Description

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

As of June 30, 2014, the Plan did not issue a stand alone financial report because the BTES Other Post Employment Benefits Trust Fund is included in the financial statements for the City of Bristol, Tennessee.

Benefits Provided

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

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

Membership

There were 28 retirees eligible to receive benefits under the healthcare portion of the plan as of June 30, 2014. As of year-end, there were also 23 retirees eligible to receive life insurance benefits. There were 65 active employees eligible to participate in the plan as of year-end.

Funding Policy

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

Annual OPEB Cost and Net OPEB Obligation

	2014	2013
Annual Required Contribution	\$ 480,953	499,200
Interest on Net OPEB Obligation	40,511	27,715
Adjustment to Annual Required Contribution	<u>(39,966)</u>	<u>(25,117)</u>
Annual OPEB Cost	481,498	501,798
Actual Contributions	(388,116)	(319,005)
Retroactive Change in Estimate of OPEB	<u>(398,517)</u>	<u>-</u>
Increase / (Decrease) in Net OPEB Obligation	(305,135)	182,793
Net OPEB Obligation – Beginning of Fiscal Year	<u>578,722</u>	<u>395,929</u>
Net OPEB Obligation – End of Fiscal Year	\$ <u>273,587</u>	<u>578,722</u>

The Electric Fund's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014, and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 481,498	81%	273,587
June 30, 2013	501,798	64%	578,722
June 30, 2012	645,518	88%	395,929

Funding Status and Funding Progress

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the plan, the actuarial asset valuation method was market value. The projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used an investment rate of return (net of administrative expenses) of 7%, an annual healthcare cost trend of 7% initially, reduced by decrements to an ultimate rate of 5% after three years, an annual payroll growth rate of 2.5%, projected salary increases of 4%, and an inflation rate of 2.5%. The ultimate trend rate will be reached in 2015. The unfunded actuarial accrued liability is being amortized on a closed basis over a thirty year period. The remaining amortization period at June 30, 2014, is 22.54 years.

Financial Statements

STATEMENT OF FIDUCIARY NET POSITION
BTES OPEB TRUST FUND
JUNE 30, 2014

<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,188
Investments Held in Trust, At Fair Value	
Mutual Funds	1,607,254
Total Assets	1,608,442
 <u>Net Position</u>	
Net Position Held In Trust for OPEB Benefits	\$ 1,608,442

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
BTES OPEB TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>ADDITIONS</u>	
Employer Contributions	\$ 388,116
Investment Income	80,087
Net Appreciation (Depreciation) in Value of Investments	<u>117,074</u>
Total Additions	<u>585,277</u>
<u>DEDUCTIONS</u>	
Retiree Benefits	272,152
Administrative Expenses	<u>4,290</u>
Total Deductions	<u>276,442</u>
Change in Net Position	308,835
Net Position - Beginning	<u>1,299,607</u>
Net Position - Ending	<u><u>\$ 1,608,442</u></u>

School Funds OPEB

Plan Description

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

Benefits Provided

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

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

Membership

For the fiscal year ended June 30, 2014, 217 retired employees were receiving benefits through either the Teacher Group Insurance Plan or the Medicare Supplemental Plan. There were 415 active employees eligible to participate in the plan as of year-end.

Funding Policy

The Schools currently fund postemployment health care benefits for both plans on a pay-as-you-go basis. Actual contributions were \$418,996 for the 2014 year. The Schools do not intend to establish a trust to pre-fund this liability. For the Teacher Group Insurance Plan, the premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

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

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 428,000	112,808	540,808
Interest on Net OPEB Obligation	62,435	7,387	69,822
Adjustment to Annual Required Contribution	<u>(60,827)</u>	<u>(7,842)</u>	<u>(68,669)</u>
Annual OPEB Cost	429,608	112,353	541,961
Actual Contributions	<u>(340,150)</u>	<u>(78,846)</u>	<u>(418,996)</u>
Increase in Net OPEB Obligation	89,458	33,507	122,965
Net OPEB Obligation – Beginning of Fiscal Year	<u>1,560,883</u>	<u>184,687</u>	<u>1,745,570</u>
Net OPEB Obligation – End of Fiscal Year	\$ <u>1,650,341</u>	<u>218,194</u>	<u>1,868,535</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

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

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014, and the preceding two years are as follows:

Fiscal Year Ending	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	Teacher Group Ins.	\$ 429,608	79.2%	1,650,341
June 30, 2014	Medicare Supplemental Plan	<u>112,353</u>	<u>70.2%</u>	<u>218,194</u>
	Total	<u>\$ 541,961</u>	<u>56.2%</u>	<u>1,868,535</u>
June 30, 2013	Teacher Group Ins.	\$ 642,866	55.5%	1,560,883
June 30, 2013	Medicare Supplemental Plan	<u>111,340</u>	<u>63.2%</u>	<u>184,687</u>
	Total	<u>\$ 754,206</u>	<u>57.2%</u>	<u>1,745,570</u>
June 30, 2012	Teacher Group Ins.	\$ 637,613	52.3%	1,274,615
June 30, 2012	Medicare Supplemental Plan	<u>108,175</u>	<u>64.3%</u>	<u>143,700</u>
	Total	<u>\$ 745,788</u>	<u>61.6%</u>	<u>1,418,315</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

Funding Status and Funding Progress

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

Valuation Date of 7/1/13	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 4,135,000	1,647,394	5,782,394
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,135,000	1,647,394	5,782,394
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,864,946	20,864,946	20,864,946
UAAL as a Percentage of Covered Payroll	19.8%	7.9%	27.7%

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, actuarial valuation for the Teacher Group Insurance Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.0% investment rate of return (net of administrative expenses), a 3.0% payroll growth rate, and an annual healthcare cost trend of 7.5% initially to an ultimate rate of 4.7% after thirty years. Both rates include a 2.5% inflation adjustment. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2014, is 23 years.

In the July 1, 2013, actuarial valuation for the Medicare Supplemental Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.0% investment rate of return (net of administrative expenses), a 3.0% payroll growth rate, and an annual healthcare cost trend of 2.0% initially to an ultimate rate of 4.2% after thirty years. 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, 2014, is 23 years.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

G. Demolition Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its demolition landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The City commissioned the preparation of closure and post-closure cost estimates based on the use of an outside contractor; however, the City intends to utilize City resources to the maximum extent possible. The City reported a liability for closure and post-closure care in the government-wide financial statements for governmental activities of \$239,979 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 \$477,461. These costs will be recognized over the future life of the landfill as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, changes in regulations, or if the work is performed internally by City staff. Areas 1 and 4 are currently filled to 28.57% and 35.29% 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, 2014, of 60 and 11 years, respectively.

During the 2013 fiscal year, Council decided to close the demolition landfill to outside customers as of the end of the fiscal year. The Demolition Landfill Fund had accepted waste from the public until that time and activity was accounted for in an enterprise fund. The remaining available space is being utilized by the Public Works Department for the disposal of solid waste as deemed necessary. Therefore, the enterprise fund was closed as of June 30, 2013, and the related assets and liabilities were transferred to governmental activities where the Public Works Department is now accounting for this activity as part of the General Fund.

NOTE V. OTHER INFORMATION:

A. Commitments

Beginning in 2005, Sullivan County Economic Development Commission d/b/a Networks Sullivan Partnership issued \$2,500,000 Revenue Bonds, Series 2005, of which the City is contingently liable for 17% or \$425,000. During May 2007, Networks issued an additional \$6,500,000 Revenue Bonds, of which the City is contingently liable for \$1,105,000. The 2005 Series was issued to finance the acquisition of considerable acreage near the Tri-Cities Regional Airport for the purpose of establishing a new industrial park. The 2007 Series was issued to finance the development of a 225 acre industrial park off State Route 394 in Bristol, referred to as Partnership Park II. Both bonds are secured by the assignment of the revenue from the industrial parks. The related liability is on the books of Sullivan County. Networks Sullivan Partnership is responsible for making the bond payments. In the event of default, the City would have to payoff the bonds if they wanted to retain the project. As of June 30, 2014, \$6,750,000 was outstanding in total for these bonds. The City's portion of the total outstanding debt at year end is \$1,147,500.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

A. Commitments (Continued)

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

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

B. Concentration of Credit Risk

The Electric Fund provides electric, cable, internet, and telephone services primarily to customers in northeastern Tennessee. Customers include residential, commercial, and industrial service. Residential and commercial customers are required to have satisfactory credit reports or place deposits that approximate two month's highest expected bill. Industrial customers are generally required to either place deposits that approximate two month's highest expected bill or obtain a letter of credit or surety bond as security. Interest accrues on any deposits at the passbook interest rate of the bank where the funds are deposited and totaled \$13,037 in 2014. Unearned revenue in the amount of \$1,199,630 is recorded, of which \$731,774 relates to cable, Internet, and telephone services in the ABS and \$467,856 relates to electronic services for customers participating in level monthly billing in the EBU. Service loans are also made to customers for heat pump and insulation costs. A subordinate deed of trust is obtained on the related property for these loans. Loss experience on accounts and notes receivable has historically not been significant to the Electric Fund's operations.

C. Contingent Liabilities

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

C. Contingent Liabilities (Continued)

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans

City of Bristol, Tennessee Plan Description

Employees of the City of Bristol are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

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

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

Funding Policy

The City had previously adopted a noncontributory retirement plan for its employees by assuming contributions up to 5.0% of annual covered payroll. As of October 1, 2011, the City elected to discontinue the noncontributory provision for all future hires. This requires all new hires to contribute 5.0% of earnable compensation. Employees who were employed prior to October 1, 2011, were still considered eligible for the noncontributory provision.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014, was 17.27% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Cost

For the year ending June 30, 2014, the City's annual pension cost of \$2,650,546 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2013, was six years. An actuarial valuation was performed as of July 1, 2013, which established contribution rates effective July 1, 2014.

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, 2014	\$ 2,650,546	100.00%	0.00
June 30, 2013	2,719,413	100.00%	0.00
June 30, 2012	2,783,069	100.00%	0.00

Funding Status and Funding Process

As of July 1, 2013, the most recent actuarial valuation date, the plan was 89.37% funded. The actuarial accrued liability for benefits was \$70.88 million, and actuarial value of assets was \$63.35 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$7.53 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.46 million, and the ratio of the UAAL to the covered payroll was 48.72%.

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2013	\$63,348	70,881	7,532	89.37%	15,460	48.72%

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

Electric Fund Plan Description

Employees of Bristol Tennessee Essential Services (Electric Fund) are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Policy

The Electric Fund requires employees to contribute 5% of earnable compensation. The Electric Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014, was 13.01% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Electric Fund is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, the Electric Fund's annual pension cost was \$898,453 to TCRS. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 10-year period. The Electric Fund's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2013, was 18 years. An actuarial valuation was performed July 1, 2013, which established contribution rates effective July 1, 2014.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Asset
June 30, 2014	\$ 898,453	68.07%	-
June 30, 2013	636,831	91.29%	286,906
June 30, 2012	574,901	90.35%	342,364

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 78.83% funded. The actuarial accrued liability for benefits was \$21.42 million, and the actuarial value of assets was \$15.89 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.54 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.24 million, and the ratio of the UAAL to the covered payroll was 107.11%.

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2013	\$ 15,888	21,424	4,536	78.83%	4,235	107.11%

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

Prepaid Pension Cost

Employers who contribute to a pension plan in excess of the annual pension cost are required to record an asset. The Electric Fund has previously contributed amounts in excess of the annual pension costs to the PSPP and recorded these amounts as a prepaid pension cost. Activity in the prepaid pension cost is as follows for the year ended June 30, 2014:

Balance at beginning of year	\$ 286,906
Annual pension cost:	
Annual required contribution	(898,453)
Interest on prepaid pension costs	-
Adjustment to required annual contribution	-
Total annual pension cost	(898,453)
Contributions made	<u>611,547</u>
Balance at end of year	\$ <u> -</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

School Funds Plan Description

The Bristol Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly.

Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than 0.5 %. The annual COLA is capped at 3.0%.

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Bristol Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2014, was 8.88% of annual covered payroll. The employer contribution requirement for Bristol Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2014, 2013, and 2012 were \$1,617,296, \$1,567,247, and \$1,534,775, respectively, and equal to the required contributions for each year. Other employees of the Board are required to contribute 5% of payroll if hired after October 1, 2011, and the Board is responsible for the remaining contribution. The related contributions are included in the plan for the City of Bristol, Tennessee.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

401(k) Retirement Plan

Bristol Tennessee Essential Services (Electric Fund) administers a defined contribution plan in the form of a 401(k) plan (Bristol Tennessee Electric System 401(k) Retirement Plan) available to all employees who have completed six months of employment. The plan is managed by the Board of Directors for BTES who has the authority for establishing and amending the plan's provisions. During 2014, the amount of payroll covered by the plan was \$3,915,719 of total payroll of \$4,825,629. 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 2014, the Electric Fund contributed \$119,612 to the plan, which represents 3.0% of the covered payroll and 100% of the required contribution for each year. The participants contributed \$416,188 which represents 10% of the covered payroll.

Deferred Compensation Plan

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

E. Leases

Operating Leases

In July 2013, the School Board approved a contract renewal for the operations of school buses. The term is four years ending June 30, 2017, with an unstated number of renewal options of four-year periods. The base contract price is adjusted annually based upon the Consumer's Price Index as of the commencement of each school year. The annual contract price is paid in ten monthly installments over the school year. Total payments under the contract in the current year were \$714,999 with additional payments of \$3,173 for a total of \$718,172.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

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

STATEMENT OF NET POSITION BY BUSINESS UNIT

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 10,729,140	2,665,797	2,435,279	15,830,216
Investments	26,400,000	-	-	26,400,000
Accounts Receivable, (Net)	8,782,568	1,386,039	-	10,168,607
Customer Notes Receivable (Net) - Current	400,000	-	-	400,000
Other Receivables	1,209,704	-	-	1,209,704
Due from Other Funds	62,262	-	-	62,262
Inventories	3,639,375	41,003	-	3,680,378
Prepays	2,275,828	128,688	6,449	2,410,965
Total Current Assets	53,498,877	4,221,527	2,441,728	60,162,132
Noncurrent Assets:				
Capital Assets:				
Capital Assets	129,728,248	14,793,353	1,235,737	145,757,338
Construction in Progress	2,396,812	-	-	2,396,812
Total Capital Assets	132,125,060	14,793,353	1,235,737	148,154,150
Less: Accumulated Depreciation	62,667,918	6,265,457	858,487	69,791,862
Net Capital Assets	69,457,142	8,527,896	377,250	78,362,288
Other Noncurrent Assets:				
Customer Notes Receivable - Less Current	2,079,985	-	-	2,079,985
Property Held For Resale	260,846	-	-	260,846
Total Other Noncurrent Assets	2,340,831	-	-	2,340,831
Total Noncurrent Assets	71,797,973	8,527,896	377,250	80,703,119
Total Assets	125,296,850	12,749,423	2,818,978	140,865,251
DEFERRED OUTFLOWS OF RESOURCES				
	1,217,434	-	-	1,217,434

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF NET POSITION BY BUSINESS UNIT (CONTINUED)

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable	989,384	709,746	70,289	1,769,419
Accrued Interest	382,209	-	-	382,209
Accrued Liabilities	1,220,248	261,576	-	1,481,824
Deposits	1,764,317	-	-	1,764,317
Due to Other Funds	-	49,526	-	49,526
Unearned Revenue	467,856	731,774	-	1,199,630
Bonds Payable	675,000	-	-	675,000
Total Current Liabilities	<u>5,499,014</u>	<u>1,752,622</u>	<u>70,289</u>	<u>7,321,925</u>
Long-term Liabilities:				
Bonds Payable	28,522,365	-	-	28,522,365
OPEB Obligation Payable	273,587	-	-	273,587
Total Long-term Liabilities	<u>28,795,952</u>	<u>-</u>	<u>-</u>	<u>28,795,952</u>
Total Liabilities	<u>34,294,966</u>	<u>1,752,622</u>	<u>70,289</u>	<u>36,117,877</u>
NET POSITION				
Net Investment in Capital Assets	41,477,211	8,527,896	377,250	50,382,357
Unrestricted	50,742,107	2,468,905	2,371,439	55,582,451
Total Net Position	<u>\$ 92,219,318</u>	<u>10,996,801</u>	<u>2,748,689</u>	<u>105,964,808</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

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

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
OPERATING REVENUES				
Charges for Services (Net)	\$ 84,098,246	18,164,921	-	102,263,167
Interunit Revenue	3,826,095	-	965,995	4,792,090
Other Revenue	3,574,914	693,038	-	4,267,952
Total Operating Revenues	<u>91,499,255</u>	<u>18,857,959</u>	<u>965,995</u>	<u>111,323,209</u>
OPERATING EXPENSES				
Purchased Power	71,364,808	-	-	71,364,808
Operations	3,383,361	8,678,926	579,991	12,642,278
Maintenance and Administrative	5,843,966	1,194,904	160,185	7,199,055
Interunit Cost of Sales	-	4,792,090	-	4,792,090
Depreciation	3,510,295	1,319,369	122,092	4,951,756
Total Operating Expenses	<u>84,102,430</u>	<u>15,985,289</u>	<u>862,268</u>	<u>100,949,987</u>
Operating Income (Loss)	<u>7,396,825</u>	<u>2,872,670</u>	<u>103,727</u>	<u>10,373,222</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	319,051	-	1,875	320,926
Interest Expense	(1,319,042)	(1,875)	-	(1,320,917)
Other	(2,214,495)	(80,010)	-	(2,294,505)
Total Nonoperating Revenues (Expenses)	<u>(3,214,486)</u>	<u>(81,885)</u>	<u>1,875</u>	<u>(3,294,496)</u>
Income Before Capital Contributions and Transfers	<u>4,182,339</u>	<u>2,790,785</u>	<u>105,602</u>	<u>7,078,726</u>
TRANSFERS				
Transfer to General	(1,793,796)	(67,427)	(33,499)	(1,894,722)
Total Transfers	<u>(1,793,796)</u>	<u>(67,427)</u>	<u>(33,499)</u>	<u>(1,894,722)</u>
Capital Contributions and Grants	<u>2,214,495</u>	<u>-</u>	<u>-</u>	<u>2,214,495</u>
Change in Net Position	4,603,038	2,723,358	72,103	7,398,499
Net Position - Beginning	<u>87,616,280</u>	<u>8,273,443</u>	<u>2,676,586</u>	<u>98,566,309</u>
Net Position - Ending	<u>\$ 92,219,318</u>	<u>10,996,801</u>	<u>2,748,689</u>	<u>105,964,808</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 83,205,090	18,656,939	962,968	102,824,997
Receipts for Interfund Services Provided	2,575,035	61,613	-	2,636,648
Payments to Suppliers	(77,673,886)	(14,656,108)	(684,930)	(93,014,924)
Payments for Employees	(4,775,789)	-	-	(4,775,789)
Net Cash Provided by/(Used for) Operating Activities	<u>3,330,450</u>	<u>4,062,444</u>	<u>278,038</u>	<u>7,670,932</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Income Tax	-	(80,010)	-	(80,010)
Transfers from/(to) Other Funds	(1,793,796)	(67,427)	(33,499)	(1,894,722)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(1,793,796)</u>	<u>(147,437)</u>	<u>(33,499)</u>	<u>(1,974,732)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond Issuance	7,000,648	-	-	7,000,648
Purchase of Capital Assets	(3,446,379)	(649,217)	(12,171)	(4,107,767)
Principal Paid on Capital Debt	(881,371)	-	-	(881,371)
Interest Paid on Capital Debt	(997,600)	(1,875)	1,875	(997,600)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>1,675,298</u>	<u>(651,092)</u>	<u>(10,296)</u>	<u>1,013,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	26,400,000	-	-	26,400,000
Purchases of Investments	(26,400,000)	-	-	(26,400,000)
Interest and Dividends Received	320,926	-	-	320,926
Sale of Property Held for Resale	9,737	-	-	9,737
Net Receipts from Interunit Loans	-	(1,223,297)	1,223,297	-
Net Cash Provided by/(Used for) Investing Activities	<u>330,663</u>	<u>(1,223,297)</u>	<u>1,223,297</u>	<u>330,663</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,542,615	2,040,618	1,457,540	7,040,773
Cash and Cash Equivalents - Beginning	<u>7,186,525</u>	<u>625,179</u>	<u>977,739</u>	<u>8,789,443</u>
Cash and Cash Equivalents - Ending	<u>\$ 10,729,140</u>	<u>2,665,797</u>	<u>2,435,279</u>	<u>15,830,216</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 7,396,825	2,872,670	103,727	10,373,222
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation Expense	3,510,295	1,319,369	122,092	4,951,756
Provision for Losses on Accounts Receivable	59,701	72,000	-	131,701
(Increase) Decrease:				
Accounts Receivable	(1,442,789)	(82,719)	-	(1,525,508)
Inventories	(2,440,163)	(7,189)	-	(2,447,352)
Prepays and Other	610,234	(128,688)	(3,027)	478,519
Customer Notes Receivable	51,185	-	-	51,185
Increase (Decrease):				
Accounts Payable	(3,978,307)	(143,679)	55,246	(4,066,740)
Accrued Liabilities	(519,379)	160,680	-	(358,699)
Deposits	70,639	-	-	70,639
Unearned Revenue	12,209	-	-	12,209
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 3,330,450</u>	<u>4,062,444</u>	<u>278,038</u>	<u>7,670,932</u>

SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES

Refunding of Debt	<u>\$ 21,981,922</u>
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CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

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

STATEMENT OF NET POSITION BY BUSINESS UNIT

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
ASSETS			
Current Assets:			
Investments	\$ 122,913	2,698,283	2,821,196
Accounts Receivable, (Net)	555,346	598,263	1,153,609
Customer Notes Receivable (Net) - Current	-	505	505
Other Receivables	15	5,640	5,655
Due from Joint Venture	-	212,098	212,098
Due from Other Funds	477,989	1,459,737	1,937,726
Due from Other Governments	918	1,512	2,430
Inventories	326,341	58,431	384,772
Total Current Assets	<u>1,483,522</u>	<u>5,034,469</u>	<u>6,517,991</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets	41,653,583	31,463,549	73,117,132
Construction in Progress	402,483	169,011	571,494
Total Capital Assets	<u>42,056,066</u>	<u>31,632,560</u>	<u>73,688,626</u>
Less: Accumulated Depreciation	21,606,179	9,366,171	30,972,350
Net Capital Assets	<u>20,449,887</u>	<u>22,266,389</u>	<u>42,716,276</u>
Other Noncurrent Assets:			
Investment in Joint Venture	-	6,953,284	6,953,284
Due from Joint Venture	-	8,428	8,428
Restricted Cash	95,948	-	95,948
Restricted Investments	874,964	125,000	999,964
Total Other Noncurrent Assets	<u>970,912</u>	<u>7,086,712</u>	<u>8,057,624</u>
Total Noncurrent Assets	<u>21,420,799</u>	<u>29,353,101</u>	<u>50,773,900</u>
Total Assets	<u>22,904,321</u>	<u>34,387,570</u>	<u>57,291,891</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF NET POSITION BY BUSINESS UNIT (CONTINUED)

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	34,635	-	34,635
Total Deferred Outflow of Resources	<u>34,635</u>	<u>-</u>	<u>34,635</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	97,963	37,947	135,910
Accrued Interest	6,289	1,652	7,941
Accrued Payroll	49,268	14,576	63,844
Deposits	2,550	2,450	5,000
Due to Others	23,811	-	23,811
Compensated Absences Payable	56,700	20,000	76,700
Bonds Payable	283,232	166,768	450,000
Notes Payable	2,429	8,428	10,857
Total Current Liabilities	<u>522,242</u>	<u>251,821</u>	<u>774,063</u>
Long-term Liabilities:			
Compensated Absences Payable	61,465	22,044	83,509
Bonds Payable, Net of Unamortized			
Deferred Amounts	2,720,279	845,537	3,565,816
Notes Payable	2,429	8,429	10,858
Total Long-term Liabilities	<u>2,784,173</u>	<u>876,010</u>	<u>3,660,183</u>
Total Liabilities	<u>3,306,415</u>	<u>1,127,831</u>	<u>4,434,246</u>
NET POSITION			
Net Investment in Capital Assets	18,442,021	21,362,227	39,804,248
Unrestricted	1,190,520	11,897,512	13,088,032
Total Net Position	<u>\$ 19,632,541</u>	<u>33,259,739</u>	<u>52,892,280</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

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

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
OPERATING REVENUES			
Charges for Services (Net)	\$ 4,113,738	4,600,192	8,713,930
Other Revenue	141,233	44,590	185,823
Total Operating Revenues	<u>4,254,971</u>	<u>4,644,782</u>	<u>8,899,753</u>
OPERATING EXPENSES			
Maintenance and Administrative	67,670	1,468,336	1,536,006
Water Filtration Plant	1,398,624	-	1,398,624
Water Distribution	962,741	-	962,741
Sewer Collection	-	1,068,716	1,068,716
Depreciation	374,812	309,042	683,854
Loss on Investment in Joint Venture	-	206,349	206,349
Other	706,363	745,422	1,451,785
Total Operating Expenses	<u>3,510,210</u>	<u>3,797,865</u>	<u>7,308,075</u>
Operating Income (Loss)	<u>744,761</u>	<u>846,917</u>	<u>1,591,678</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	3,412	3,625	7,037
Loss on Disposal of Capital Assets	(7,570)	-	(7,570)
Interest Expense	(64,583)	(15,359)	(79,942)
Fiscal Agent Fees	(696)	-	(696)
Other	(7,139)	-	(7,139)
Total Nonoperating Revenues (Expenses)	<u>(76,576)</u>	<u>(11,734)</u>	<u>(88,310)</u>
Income Before Capital Contributions and Transfers	<u>668,185</u>	<u>835,183</u>	<u>1,503,368</u>
TRANSFERS			
Transfer to General	(251,277)	(276,142)	(527,419)
Total Transfers	<u>(251,277)</u>	<u>(276,142)</u>	<u>(527,419)</u>
Capital Contributions and Grants	<u>32,750</u>	<u>39,500</u>	<u>72,250</u>
Change in Net Position	449,658	598,541	1,048,199
Net Position - Beginning	19,182,883	32,661,198	51,844,081
Net Position - Ending	<u>\$ 19,632,541</u>	<u>33,259,739</u>	<u>52,892,280</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 4,210,994	4,639,582	8,850,576
Receipts from Joint Venture	-	9,752	9,752
Receipts from Others	17,740	22,723	40,463
Receipts for Interfund Services Provided	112,624	-	112,624
Payments to Suppliers	(1,745,455)	(801,812)	(2,547,267)
Payments for Employees	(784,865)	(306,794)	(1,091,659)
Payments to Joint Venture	-	(1,718,336)	(1,718,336)
Payments for Interfund Services Used	(706,363)	(698,814)	(1,405,177)
Net Cash Provided by/(Used for) Operating Activities	<u>1,104,675</u>	<u>1,146,301</u>	<u>2,250,976</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due From/To General Fund	(763,613)	(705,134)	(1,468,747)
Transfers from/(to) Other Funds	(251,277)	(276,142)	(527,419)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(1,014,890)</u>	<u>(981,276)</u>	<u>(1,996,166)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bonds Payable Issued	520,000	-	520,000
Premium on Bonds Payable	57,652	-	57,652
Bond Issuance Costs	(7,139)	-	(7,139)
Capital Contributions	32,750	39,500	72,250
Purchase of Capital Assets	(882,112)	(303,819)	(1,185,931)
Principal Paid on Capital Debt	(290,661)	(175,196)	(465,857)
Payment to Escrow Account	(570,513)	-	(570,513)
Interest Paid on Capital Debt	(79,259)	(23,165)	(102,424)
Fiscal Agent Fees Paid	(448)	(248)	(696)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(1,219,730)</u>	<u>(462,928)</u>	<u>(1,682,658)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	1,139,849	278,528	1,418,377
Interest and Dividends Received	3,412	3,625	7,037
Net Cash Provided by/(Used for) Investing Activities	<u>1,143,261</u>	<u>282,153</u>	<u>1,425,414</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,316	(15,750)	(2,434)
Cash and Cash Equivalents - Beginning	<u>82,632</u>	<u>15,750</u>	<u>98,382</u>
Cash and Cash Equivalents - Ending	<u>\$ 95,948</u>	<u>-</u>	<u>95,948</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 744,761	846,917	1,591,678
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Capital Contribution to Joint Venture	-	(250,000)	(250,000)
Depreciation Expense	374,812	309,042	683,854
Loss on Investment in Joint Venture	-	206,349	206,349
Provision for Losses on Accounts Receivable	32,488	36,394	68,882
(Increase) Decrease:			
Accounts Receivable	(78,005)	(41,399)	(119,404)
Other Receivables	17,740	22,723	40,463
Due from Joint Venture	-	9,752	9,752
Inventories	744	(16,976)	(16,232)
Customer Notes Receivable	-	(345)	(345)
Increase (Decrease):			
Accounts Payable	16,913	15,890	32,803
Accrued Payroll	(5,689)	1,842	(3,847)
Deposits	750	150	900
Due to Others	790	-	790
Compensated Absences Payable	(629)	5,962	5,333
	<u>\$ 1,104,675</u>	<u>1,146,301</u>	<u>2,250,976</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 1,104,675</u>	<u>1,146,301</u>	<u>2,250,976</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

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

For fiscal year 2014, the State of Tennessee contributed payments on behalf of City employees of \$36,000 to Police Department staff and \$34,200 to Fire Department staff. The State also contributed \$235,444 to the General Purpose School Fund on behalf of employees of the Bristol Tennessee School System.

H. Pledged Revenue

The City has pledged a portion of future tax revenues in tax increment financing agreements for the Southgate and West Ridge Redevelopment Projects. In 2004, Council approved the Southgate Redevelopment Project for approximately \$4,779,451 of tax increment financing. This amount was 25% of the total project cost of \$18,730,000. During the approved fifteen-year tax increment financing period, the City agreed to forego taxes on the improvements projected at an average of \$242,289 annually. During the 2014 year, the City paid \$206,201 to the Bristol Housing Authority to pay debt service on the outstanding debt related to this project.

Also in 2004, Council approved the West Ridge Redevelopment Project for approximately \$1,148,672 of tax increment financing. This amount was 19% of the total project cost of \$6,000,000. During the approved fifteen-year tax increment financing period, the City agreed to forego taxes on the improvements projected at an average of \$52,205 annually. During the 2014 year, the City paid \$58,010 to the Bristol Housing Authority to pay debt service on the outstanding debt related to this project.

During 2013, the City issued \$28,505,000 in 2013 Electric System Revenue Bonds (the “Bonds”) on behalf of Bristol Tennessee Essential Services. The Bonds were issued for the purposes of refunding 2005 Electric System Revenue Bonds and providing funds to construct capital improvements. The Bonds are secured by the net power revenues of the Electric Fund. Annual principal and interest payments in 2014 of \$1,487,000 were 14% of the net revenue available for debt service of \$10,907,120.

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

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries of employees for which commercial insurance is purchased from independent third parties. The City purchases conventional insurance coverage through TML for certain policies. Even though the TML policies contain an assessment clause, no assessment has been levied during the years the City has participated in this program. There has been no significant reduction in insurance coverage from the prior year. The City had one settlement during the fiscal year that was not covered by insurance. There were no settlements in the prior fiscal year that were not covered by insurance.

CITY OF BRISTOL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED):

I. Risk Management (Continued)

Litigation was filed against the City questioning the time keeping practices for compensation time owed to employees in the Communication Division of the Police Department. Since the litigation dealt with the Fair Standards Labor Act, the matter was outside the scope of liability insurance coverage and the City incurred the costs of all attorney fees. Two lawsuits were filed, one of which was a class action suit. Ultimately, a decision was made to settle the matters rather than incur the excessive cost of continued litigation. The individual lawsuit was settled with the plaintiff receiving \$3,798 and the plaintiff's attorney receiving \$33,682 for a total of \$37,480. The U.S. District Court issued the judgment on December 11, 2013, settling this matter. The class action suit was settled on May 1, 2014, in the U. S. District Court issuing a judgment with the claimants receiving \$23,006 and the plaintiffs' attorney receiving \$24,500 for a total of \$47,506. The total litigation costs incurred by the City for both lawsuits including attorney fees totaled \$152,830.

J. Self-Insurance Plans

The City is self-insured for employee group health and dental benefits, other than the school funds. A liability has been established for those claims incurred but not paid prior to year-end, both reported and unreported, based on prior experience and claims reported subsequent to year-end. Changes in estimates for claims incurred but not reported are recorded in the year that the estimates are revised. The City has purchased specific stop-loss insurance with an independent third party for the City in the amount of \$183,000 per person covered for the first claim and \$105,000 per person covered for each additional claim. The City accounts for these benefits in the Internal Service Fund. The Electric Fund's risk is \$75,000 per covered employee up to an annual maximum of \$991,099. An insurance company has insured all claims exceeding the annual maximum.

Activity in the estimated liability for claims incurred but not paid were as follows for the years ended June 30, 2014, and 2013:

	<u>2014</u>	<u>2013</u>
Balance at Beginning of Year	\$ 423,119	506,427
Claims Incurred	3,457,939	3,370,045
Claims Paid	<u>(3,529,421)</u>	<u>(3,453,353)</u>
Balance at End of Year	\$ <u>388,167</u>	<u>423,119</u>

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLANS
For the Fiscal Year Ended June 30, 2014

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2013	\$63,348	70,881	7,532	89.37%	15,460	48.72%
July 01, 2011	58,071	65,735	7,664	88.34%	15,193	50.45%
July 01, 2009	48,379	49,823	1,444	97.10%	15,064	9.59%

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2013	\$16,888	21,424	4,536	78.83%	4,235	107.11%
July 01, 2011	15,907	19,384	3,477	82.06%	3,745	92.84%
July 01, 2009	13,951	17,603	3,652	79.26%	3,533	103.36%

See Note V.D. for actuarial assumptions.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2014

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

The funded status of the plan as of June 30, 2014, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$1,248,691	\$4,143,621	\$2,894,930	30.1%	\$13,012,069	22.2%
7/01/12	\$1,064,724	\$3,552,848	\$2,488,124	30.0%	\$13,062,788	19.0%
7/01/11	\$ 851,057	\$3,291,136	\$2,440,079	25.9%	\$12,440,751	19.6%

Bristol Tennessee Essential Services Schedule of Funding Progress – OPEB Plan

The funded status of the plan as of June 30, 2014, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$ 1,317,158	\$6,422,374	\$5,105,216	20.50%	\$3,971,482	128.50%
7/01/11	\$ 829,431	\$5,239,148	\$4,409,717	15.38%	\$3,624,818	121.65%
7/01/09	\$ -	\$3,841,608	\$3,841,608	0.00%	\$3,231,177	118.89%

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

The funded status of the plans as of June 30, 2014, was as follows:

Valuation Date of 7/1/13	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
Actuarial Accrued Liability (AAL)	\$ 4,135,000	1,647,394	5,782,394
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,135,000	1,647,394	5,782,394
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,864,946	20,864,946	20,864,946
UAAL as a Percentage of Covered Payroll	19.8%	7.9%	27.7%

(Continued)

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2014

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

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

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

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB PLANS
For the Fiscal Year Ended June 30, 2014

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

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2014	\$ 351,619	351,619	100%
2013	278,850	278,850	100%
2012	272,102	272,102	100%

Bristol Tennessee Essential Services Schedule of Employer Contributions – OPEB Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2014	\$ 480,953	388,116	81%
2013	499,200	319,005	64%
2012	395,929	319,075	81%

Bristol Tennessee City School System Schedule of Employer Contributions – OPEB Plan

Teacher Group Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2014	\$ 428,000	340,150	79%
2013	646,000	356,598	55%
2012	640,000	333,581	52%

Medicare Supplemental Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2014	\$ 112,808	78,846	70%
2013	112,012	70,353	63%
2012	108,617	69,550	64%

See Note IV.F. for actuarial assumptions.

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 restricted for use by Council.

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

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

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

Debt Service Fund

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

Capital Project Funds

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

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

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

CITY OF BRISTOL, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds							
	Community Development Grant	Drug	Grant	HOME Consortium	School Federal Projects	School Nutrition	Solid Waste	State Street Aid
ASSETS								
Cash and Cash Equivalents	\$ -	4,043	-	-	191,320	1,100,893	-	-
Investments	-	-	-	-	-	-	-	74,072
Accounts Receivable	-	-	-	-	-	-	294,552	-
Notes Receivable	60,700	-	-	23,045	-	-	-	-
Other Receivables	116	-	-	-	-	-	-	-
Due from Other Funds	38,103	82,134	-	-	-	-	-	374,721
Due from Other Governments & Agencies	113,397	731	57,910	135,860	555,115	-	25,294	125,209
Inventory	-	-	-	-	-	35,969	-	-
Restricted Cash	-	-	-	-	-	-	-	-
Restricted Investment	-	-	-	-	-	-	-	-
Total Assets	\$ 212,316	86,908	57,910	158,905	746,435	1,136,862	319,846	574,002
LIABILITIES								
Accounts Payable	\$ 5,775	5,802	4,436	34,350	2,063	141	31,064	193,699
Contracts Payable	4,000	-	-	6,000	-	-	-	-
Accrued Payroll and Deductions	971	-	3,208	1,070	-	-	24,701	-
Due to Other Funds	-	-	50,266	94,440	744,372	-	879	-
Due to Others	9,585	-	-	-	-	-	-	-
Unearned Revenue	60,700	-	-	23,045	-	21,494	-	-
Total Liabilities	81,031	5,802	57,910	158,905	746,435	21,635	56,644	193,699
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable:								
Inventory	-	-	-	-	-	35,969	-	-
Restricted:								
Capital Outlay	-	-	-	-	-	-	-	-
Community and Economic Development	131,285	-	-	-	-	-	-	-
Drug Control	-	49,789	-	-	-	-	-	-
Federal Forfeitures	-	26,831	-	-	-	-	-	-
School Nutrition	-	-	-	-	-	1,079,258	-	-
Solid Waste	-	-	-	-	-	-	263,202	-
Virginia Forfeitures	-	4,486	-	-	-	-	-	-
Assigned:								
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	380,303
Total Fund Balances (Deficits)	131,285	81,106	-	-	-	1,115,227	263,202	380,303
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 212,316	86,908	57,910	158,905	746,435	1,136,862	319,846	574,002

(Continued)

CITY OF BRISTOL, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds (Continued)				Capital Projects Funds			Total Nonmajor Governmental Funds
	Transportation Grant	Viking Hall	Total Special Revenue Funds	Debt Service	Capital Equipment	Capital Facilities	Total Capital Projects	
ASSETS								
Cash and Cash Equivalents	-	6,865	1,303,121	-	-	-	-	1,303,121
Investments	-	-	74,072	-	-	-	-	74,072
Accounts Receivable	-	-	294,552	-	-	-	-	294,552
Notes Receivable	-	-	83,745	-	-	-	-	83,745
Other Receivables	919	-	1,035	-	-	14,418	14,418	15,453
Due from Other Funds	-	-	494,958	36,593	-	-	-	531,551
Due from Other Governments & Agencies	163,655	223	1,177,394	-	-	1,382,746	1,382,746	2,560,140
Inventory	-	-	35,969	-	-	-	-	35,969
Restricted Cash	-	-	-	-	17,688	-	17,688	17,688
Restricted Investment	-	-	-	-	299,997	-	299,997	299,997
Total Assets	164,574	7,088	3,464,846	36,593	317,685	1,397,164	1,714,849	5,216,288
LIABILITIES								
Accounts Payable	2,917	444	280,691	-	-	232	232	280,923
Contracts Payable	-	-	10,000	-	-	835,471	835,471	845,471
Accrued Payroll and Deductions	20,952	-	50,902	-	-	-	-	50,902
Due to Other Funds	136,419	6,144	1,032,520	-	-	490,543	490,543	1,523,063
Due to Others	4,286	-	13,871	-	-	-	-	13,871
Unearned Revenue	-	500	105,739	-	-	-	-	105,739
Total Liabilities	164,574	7,088	1,493,723	-	-	1,326,246	1,326,246	2,819,969
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	15,918	15,918	15,918
Total Deferred Inflows of Resources	-	-	-	-	-	15,918	15,918	15,918
FUND BALANCES (DEFICITS)								
Nonspendable:								
Inventory	-	-	35,969	-	-	-	-	35,969
Restricted:								
Capital Outlay	-	-	-	-	317,685	-	317,685	317,685
Community and Economic Development	-	-	131,285	-	-	-	-	131,285
Drug Control	-	-	49,789	-	-	-	-	49,789
Federal Forfeitures	-	-	26,831	-	-	-	-	26,831
School Nutrition	-	-	1,079,258	-	-	-	-	1,079,258
Solid Waste	-	-	263,202	-	-	-	-	263,202
Virginia Forfeitures	-	-	4,486	-	-	-	-	4,486
Assigned:								
Capital Outlay	-	-	-	-	-	55,000	55,000	55,000
Debt Service	-	-	-	36,593	-	-	-	36,593
State Street Aid	-	-	380,303	-	-	-	-	380,303
Total Fund Balances (Deficits)	-	-	1,971,123	36,593	317,685	55,000	372,685	2,380,401
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	164,574	7,088	3,464,846	36,593	317,685	1,397,164	1,714,849	5,216,288

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, 2014

	Special Revenue Funds							
	Community Development Grant	Drug	Grant	HOME Consortium	School Federal Projects	School Nutrition	Solid Waste	State Street Aid
REVENUES								
Intergovernmental	\$ 183,816	4,035	208,509	1,044,030	2,428,250	1,207,957	-	690,836
Charges for Services	-	-	-	-	-	615,778	1,798,777	-
Revenue from Use of Facilities	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	23,587	-	-	-	-	-	-
Investment Income	-	25	-	-	-	2,636	-	126
Other	30,106	978	-	51,413	-	61	32,716	-
Total Revenues	<u>213,922</u>	<u>28,625</u>	<u>208,509</u>	<u>1,095,443</u>	<u>2,428,250</u>	<u>1,826,432</u>	<u>1,831,493</u>	<u>690,962</u>
EXPENDITURES								
Current:								
General Government	213,922	-	8,679	1,095,443	-	-	-	-
Community Relations	-	-	-	-	-	-	-	-
Education	-	-	-	-	2,394,443	1,831,927	-	-
Parks and Recreation	-	-	53,340	-	-	-	-	-
Public Safety	-	44,535	156,964	-	-	-	-	-
Public Works	-	-	3,088	-	-	-	1,533,505	736,149
Capital Outlay	-	-	8,092	-	33,807	-	-	-
Debt Service:								
Principal Retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-
Total Expenditures	<u>213,922</u>	<u>44,535</u>	<u>230,163</u>	<u>1,095,443</u>	<u>2,428,250</u>	<u>1,831,927</u>	<u>1,533,505</u>	<u>736,149</u>
Excess (Deficiency) of Revenues over Expenditures	-	(15,910)	(21,654)	-	-	(5,495)	297,988	(45,187)
OTHER FINANCING SOURCES (USES)								
Bonds Issued	-	-	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-
Bonds Refunded	-	-	-	-	-	-	-	-
Transfer from General	-	9,402	21,654	-	-	-	-	125,624
Transfer from Chapter 420	-	-	-	-	-	-	-	-
Transfer from General Purpose School	-	-	-	-	-	-	-	-
Transfer from Solid Waste	-	-	-	-	-	-	-	-
Transfer to General	-	-	-	-	-	-	-	-
Transfer to Capital Equipment	-	-	-	-	-	-	(70,000)	-
Total Other Financing Sources (Uses)	-	9,402	21,654	-	-	-	(70,000)	125,624
Net Change in Fund Balances	-	(6,508)	-	-	-	(5,495)	227,988	80,437
Fund Balance - Beginning	131,285	87,614	-	-	-	1,127,342	35,214	299,866
Purchase Method Inventory Adjustment	-	-	-	-	-	(6,620)	-	-
Fund Balance - Ending	<u>\$ 131,285</u>	<u>81,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,115,227</u>	<u>263,202</u>	<u>380,303</u>

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds (Continued)				Capital Projects Funds			Total Nonmajor Governmental Funds
	Transportation Grant	Viking Hall	Total Special Revenue Funds	Debt Service	Capital Equipment	Capital Facilities	Total Capital Projects	
REVENUES								
Intergovernmental	652,653	-	6,420,086	-	-	1,556,730	1,556,730	7,976,816
Charges for Services	32,402	13,574	2,460,531	-	-	-	-	2,460,531
Revenue from Use of Facilities	-	94,499	94,499	-	-	-	-	94,499
Fines and Forfeitures	-	-	23,587	-	-	-	-	23,587
Investment Income	-	17	2,804	3	360	-	360	3,167
Other	-	43	115,317	-	-	79,983	79,983	195,300
Total Revenues	<u>685,055</u>	<u>108,133</u>	<u>9,116,824</u>	<u>3</u>	<u>360</u>	<u>1,636,713</u>	<u>1,637,073</u>	<u>10,753,900</u>
EXPENDITURES								
Current:								
General Government	175,946	-	1,493,990	-	-	-	-	1,493,990
Community Relations	-	219,397	219,397	-	-	-	-	219,397
Education	-	-	4,226,370	-	-	-	-	4,226,370
Parks and Recreation	66,713	-	120,053	-	-	-	-	120,053
Public Safety	-	-	201,499	-	-	-	-	201,499
Public Works	477,253	-	2,749,995	-	-	1,500	1,500	2,751,495
Capital Outlay	-	-	41,899	-	700,741	1,786,269	2,487,010	2,528,909
Debt Service:								
Principal Retirement	-	-	-	2,475,559	-	-	-	2,475,559
Interest	-	-	-	912,166	-	-	-	912,166
Bond Issuance Costs	-	-	-	105,530	-	-	-	105,530
Other Costs	-	-	-	2,750	-	-	-	2,750
Total Expenditures	<u>719,912</u>	<u>219,397</u>	<u>9,053,203</u>	<u>3,496,005</u>	<u>700,741</u>	<u>1,787,769</u>	<u>2,488,510</u>	<u>15,037,718</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(34,857)</u>	<u>(111,264)</u>	<u>63,621</u>	<u>(3,496,002)</u>	<u>(700,381)</u>	<u>(151,056)</u>	<u>(851,437)</u>	<u>(4,283,818)</u>
OTHER FINANCING SOURCES (USES)								
Bonds Issued	-	-	-	8,065,000	-	-	-	8,065,000
Premium on Bonds Issued	-	-	-	499,580	-	-	-	499,580
Bonds Refunded	-	-	-	(8,455,612)	-	-	-	(8,455,612)
Transfer from General	126,512	107,179	390,371	2,244,116	631,090	81,056	712,146	3,346,633
Transfer from Chapter 420	-	-	-	365,196	-	-	-	365,196
Transfer from General Purpose School	-	-	-	777,722	-	-	-	777,722
Transfer from Solid Waste	-	-	-	-	70,000	-	70,000	70,000
Transfer to General	(91,655)	-	(91,655)	-	-	-	-	(91,655)
Transfer to Capital Equipment	-	-	(70,000)	-	-	-	-	(70,000)
Total Other Financing Sources (Uses)	<u>34,857</u>	<u>107,179</u>	<u>228,716</u>	<u>3,496,002</u>	<u>701,090</u>	<u>81,056</u>	<u>782,146</u>	<u>4,506,864</u>
Net Change in Fund Balances	-	(4,085)	292,337	-	709	(70,000)	(69,291)	223,046
Fund Balance - Beginning	-	4,085	1,685,406	36,593	316,976	125,000	441,976	2,163,975
Purchase Method Inventory Adjustment	-	-	(6,620)	-	-	-	-	(6,620)
Fund Balance - Ending	<u>-</u>	<u>-</u>	<u>1,971,123</u>	<u>36,593</u>	<u>317,685</u>	<u>55,000</u>	<u>372,685</u>	<u>2,380,401</u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 325,113	325,113	183,816	(141,297)
Other	12,000	212,000	30,106	(181,894)
Total Revenues	<u>337,113</u>	<u>537,113</u>	<u>213,922</u>	<u>(323,191)</u>
EXPENDITURES				
General Government	468,398	668,398	213,922	454,476
Total Expenditures	<u>468,398</u>	<u>668,398</u>	<u>213,922</u>	<u>454,476</u>
Excess (Deficiency) of Revenues over Expenditures	(131,285)	(131,285)	-	131,285
Fund Balance - Beginning	<u>131,285</u>	<u>131,285</u>	<u>131,285</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>-</u>	<u>131,285</u>	<u>131,285</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 650	4,035	3,385
Fines and Forfeitures	21,000	23,587	2,587
Investment Income	19	25	6
Other	5,000	978	(4,022)
Total Revenues	<u>26,669</u>	<u>28,625</u>	<u>1,956</u>
EXPENDITURES			
Public Safety	95,620	44,535	51,085
Capital Outlay	10,000	-	10,000
Total Expenditures	<u>105,620</u>	<u>44,535</u>	<u>61,085</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(78,951)</u>	<u>(15,910)</u>	<u>63,041</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General	6,000	9,402	3,402
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>9,402</u>	<u>3,402</u>
Net Change in Fund Balances	(72,951)	(6,508)	66,443
Fund Balance, Beginning	<u>72,951</u>	<u>87,614</u>	<u>14,663</u>
Fund Balance, Ending	<u>\$ -</u>	<u>81,106</u>	<u>81,106</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 332,564	208,509	(124,055)
Total Revenues	<u>332,564</u>	<u>208,509</u>	<u>(124,055)</u>
EXPENDITURES			
Economic and Community Development	-	5,679	(5,679)
Finance	3,000	3,000	-
Parks and Recreation	62,636	53,340	9,296
Public Safety	228,049	156,964	71,085
Public Works	92,000	3,088	88,912
Capital Outlay	-	8,092	(8,092)
Total Expenditures	<u>385,685</u>	<u>230,163</u>	<u>155,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(53,121)</u>	<u>(21,654)</u>	<u>31,467</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General	53,121	21,654	(31,467)
Total Other Financing Sources (Uses)	<u>53,121</u>	<u>21,654</u>	<u>(31,467)</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
HOME CONSORTIUM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental:			
City of Bluff City, Tennessee	\$ 188,845	106,194	(82,651)
City of Bristol, Tennessee	56,480	78,682	22,202
City of Bristol, Virginia	157,000	18,500	(138,500)
City of Johnson City, Tennessee	147,176	163,095	15,919
City of Kingsport, Tennessee	136,000	114,739	(21,261)
Sullivan County, Tennessee	106,740	173,279	66,539
Washington County, Virginia	232,812	166,616	(66,196)
CHDO	252,849	130,417	(122,432)
Administration	170,185	92,508	(77,677)
Other	40,000	51,413	11,413
Total Revenues	<u>1,488,087</u>	<u>1,095,443</u>	<u>(392,644)</u>
EXPENDITURES			
General Government:			
City of Bluff City, Tennessee	188,845	106,194	82,651
City of Bristol, Tennessee	66,480	87,525	(21,045)
City of Bristol, Virginia	157,000	18,500	138,500
City of Johnson City, Tennessee	167,176	180,595	(13,419)
City of Kingsport, Tennessee	146,000	122,239	23,761
Sullivan County, Tennessee	106,740	180,848	(74,108)
Washington County, Virginia	232,812	176,616	56,196
CHDO	252,849	130,417	122,432
Administration	170,185	92,509	77,676
Total Expenditures	<u>1,488,087</u>	<u>1,095,443</u>	<u>392,644</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHOOL FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 2,718,825	2,428,250	(290,575)
Total Revenues	<u>2,718,825</u>	<u>2,428,250</u>	<u>(290,575)</u>
EXPENDITURES			
Education:			
Instruction:			
Regular Education	1,177,841	919,571	258,270
Special Education	802,426	710,225	92,201
Vocational Education	45,945	11,098	34,847
Total Instruction	<u>2,026,212</u>	<u>1,640,894</u>	<u>385,318</u>
Support Services:			
Health Services	51,500	47,719	3,781
Other Student Support	155,127	146,551	8,576
Regular Instruction	411,986	487,720	(75,734)
Special Education	16,500	17,862	(1,362)
Vocational Education	2,000	2,476	(476)
Student Transportation	500	1,221	(721)
Total Support Services	<u>637,613</u>	<u>703,549</u>	<u>(65,936)</u>
Total Education	<u>2,663,825</u>	<u>2,344,443</u>	<u>319,382</u>
Non-Instructional Services:			
Community Services	55,000	50,000	5,000
Total Non-Instructional Services	<u>55,000</u>	<u>50,000</u>	<u>5,000</u>
Capital Outlay	-	33,807	(33,807)
Total Expenditures	<u>2,718,825</u>	<u>2,428,250</u>	<u>290,575</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHOOL NUTRITION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 1,298,000	1,207,957	(90,043)
Charges for Services	670,500	615,778	(54,722)
Investment Income	3,000	2,636	(364)
Other	-	61	61
Total Revenues	<u>1,971,500</u>	<u>1,826,432</u>	<u>(145,068)</u>
EXPENDITURES			
Education	2,047,400	1,831,927	215,473
Capital Outlay	100,100	-	100,100
Total Expenditures	<u>2,147,500</u>	<u>1,831,927</u>	<u>315,573</u>
Net Change in Fund Balances	(176,000)	(5,495)	(460,641)
Fund Balance - Beginning	975,385	1,127,342	151,957
Purchase Method Inventory Adjustment	-	(6,620)	(6,620)
Fund Balance - Ending	<u>\$ 799,385</u>	<u>1,115,227</u>	<u>(315,304)</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for Services	\$ 1,761,334	1,798,777	37,443
Other	27,500	32,716	5,216
Total Revenues	<u>1,788,834</u>	<u>1,831,493</u>	<u>42,659</u>
EXPENDITURES			
Public Works:			
Refuse Collection:			
Personnel	251,177	260,165	(8,988)
Operating Expenditures	586,130	466,137	119,993
Other Expenditures	8,000	4,694	3,306
Total Refuse Collection	<u>845,307</u>	<u>730,996</u>	<u>114,311</u>
Brush and Bulk Collection:			
Personnel	615,410	594,430	20,980
Operating Expenditures	235,573	198,197	37,376
Other Expenditures	13,735	9,882	3,853
Total Brush and Bulk Collection	<u>864,718</u>	<u>802,509</u>	<u>62,209</u>
Total Expenditures	<u>1,710,025</u>	<u>1,533,505</u>	<u>176,520</u>
Excess (Deficiency) of Revenues over Expenditures	<u>78,809</u>	<u>297,988</u>	<u>219,179</u>
OTHER FINANCING SOURCES (USES)			
Transfer To Capital Equipment	(70,000)	(70,000)	-
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Net Change in Fund Balances	8,809	227,988	219,179
Fund Balance, Beginning	<u>37,931</u>	<u>35,214</u>	<u>(2,717)</u>
Fund Balance, Ending	<u>\$ 46,740</u>	<u>263,202</u>	<u>216,462</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 695,000	690,836	(4,164)
Investment Income	300	126	(174)
Total Revenues	<u>695,300</u>	<u>690,962</u>	<u>(4,338)</u>
EXPENDITURES			
Guardrails	25,000	-	25,000
Pavement Markings	15,000	7,805	7,195
Resurfacing	673,647	449,155	224,492
Sidewalk Maintenance	25,000	29,189	(4,189)
Signage	3,000	-	3,000
Street Maintenance	250,000	250,000	-
Total Expenditures	<u>991,647</u>	<u>736,149</u>	<u>255,498</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(296,347)</u>	<u>(45,187)</u>	<u>251,160</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General	247,296	125,624	(121,672)
Total Other Financing Sources (Uses)	<u>247,296</u>	<u>125,624</u>	<u>(121,672)</u>
Net Change in Fund Balances	(49,051)	80,437	129,488
Fund Balance, Beginning	<u>265,706</u>	<u>299,866</u>	<u>34,160</u>
Fund Balance, Ending	<u>\$ 216,655</u>	<u>380,303</u>	<u>163,648</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 673,936	652,653	(21,283)
Charges for Services	33,000	32,402	(598)
Total Revenues	<u>706,936</u>	<u>685,055</u>	<u>(21,881)</u>
EXPENDITURES			
ADA Transit	50,772	48,200	2,572
Job Access	69,219	67,597	1,622
MPO	228,655	175,946	52,709
Senior Citizen Transportation	70,299	66,713	3,586
Transit	349,800	361,456	(11,656)
Capital Outlay	45,000	-	45,000
Total Expenditures	<u>813,745</u>	<u>719,912</u>	<u>93,833</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(106,809)</u>	<u>(34,857)</u>	<u>71,952</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General	182,855	126,512	(56,343)
Transfer to General	(76,046)	(91,655)	(15,609)
Total Other Financing Sources (Uses)	<u>106,809</u>	<u>34,857</u>	<u>(71,952)</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for Services	\$ 12,000	13,574	1,574
Revenue from Use of Facilities	430,000	94,499	(335,501)
Investment Income	15	17	2
Other	5,000	43	(4,957)
Total Revenues	<u>447,015</u>	<u>108,133</u>	<u>(338,882)</u>
EXPENDITURES			
Community Relations:			
Personnel	117,701	94,815	22,886
Operating Expenditures	61,976	33,554	28,422
Show Expenditures	400,000	91,028	308,972
Total Expenditures	<u>579,677</u>	<u>219,397</u>	<u>360,280</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(132,662)</u>	<u>(111,264)</u>	<u>21,398</u>
OTHER FINANCING SOURCES (USES)			
Transfer from General	<u>125,000</u>	<u>107,179</u>	<u>(17,821)</u>
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>107,179</u>	<u>(17,821)</u>
Net Change in Fund Balances	(7,662)	(4,085)	3,577
Fund Balance, Beginning	<u>9,423</u>	<u>4,085</u>	<u>5,338</u>
Fund Balance, Ending	<u>\$ 1,761</u>	<u>-</u>	<u>8,915</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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Income	\$ -	3	3
Total Revenues	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES			
Principal Retirement	2,665,559	2,475,559	190,000
Interest	1,334,929	912,166	422,763
Bond Issuance Costs	167,616	105,530	62,086
Other Costs	15,000	2,750	12,250
Total Expenditures	<u>4,183,104</u>	<u>3,496,005</u>	<u>687,099</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,183,104)</u>	<u>(3,496,002)</u>	<u>687,102</u>
OTHER FINANCING SOURCES (USES)			
Bonds Issued	9,320,000	8,065,000	(1,255,000)
Premium on Bonds Issued	-	499,580	499,580
Bonds Refunded	(9,152,384)	(8,455,612)	696,772
Transfer from General	2,412,250	2,244,116	(168,134)
Transfer from Chapter 420	825,517	365,196	(460,321)
Transfer from General Purpose School	777,721	777,722	1
Total Other Financing Sources (Uses)	<u>4,183,104</u>	<u>3,496,002</u>	<u>(687,102)</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>36,593</u>	<u>36,593</u>
Fund Balance, Ending	<u>\$ -</u>	<u>36,593</u>	<u>36,593</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Income	\$ -	360	360
Total Revenues	<u>-</u>	<u>360</u>	<u>360</u>
EXPENDITURES			
Capital Outlay	4,575,000	700,741	3,874,259
Bond Issuance Costs	82,500	-	82,500
Total Expenditures	<u>4,657,500</u>	<u>700,741</u>	<u>3,956,759</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,657,500)</u>	<u>(700,381)</u>	<u>3,957,119</u>
OTHER FINANCING SOURCES (USES)			
Bonds Issued	3,300,000	-	(3,300,000)
Transfer from General	963,525	631,090	(332,435)
Transfer from Solid Waste	70,000	70,000	-
Total Other Financing Sources (Uses)	<u>4,333,525</u>	<u>701,090</u>	<u>(3,632,435)</u>
Net Change in Fund Balances	(323,975)	709	324,684
Fund Balance, Beginning	<u>323,975</u>	<u>316,976</u>	<u>(6,999)</u>
Fund Balance, Ending	<u>\$ -</u>	<u>317,685</u>	<u>317,685</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 730,700	2,730,700	1,556,730	(1,173,970)
Other	-	-	79,983	79,983
Total Revenues	<u>730,700</u>	<u>2,730,700</u>	<u>1,636,713</u>	<u>(1,093,987)</u>
EXPENDITURES				
Public Works	-	-	1,500	(1,500)
Capital Outlay	1,793,500	3,793,500	1,786,269	2,007,231
Total Expenditures	<u>1,793,500</u>	<u>3,793,500</u>	<u>1,787,769</u>	<u>2,005,731</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,062,800)</u>	<u>(1,062,800)</u>	<u>(151,056)</u>	<u>911,744</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	615,000	615,000	-	(615,000)
Bond Issuance Costs	(15,000)	(15,000)	-	15,000
Transfer from General	262,800	262,800	81,056	(181,744)
Total Other Financing Sources (Uses)	<u>862,800</u>	<u>862,800</u>	<u>81,056</u>	<u>(781,744)</u>
Net Change in Fund Balances	(200,000)	(200,000)	(70,000)	130,000
Fund Balance, Beginning	<u>200,000</u>	<u>200,000</u>	<u>125,000</u>	<u>(75,000)</u>
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>

See Independent Auditors' Report.

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Fiduciary Funds

Agency Funds

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

Trust Funds

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

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL TRUST FUNDS
June 30, 2014

	Other Post Employment Benefits Trust Fund	BTES Other Post Employment Benefits Trust Fund	Total Other Post Employment Benefits Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ -	1,188	1,188
Investments Held in Trust, At Fair Value			
Mutual Funds	1,481,599	1,607,254	3,088,853
Other Receivables	3,683	-	3,683
Total Assets	<u>1,485,282</u>	<u>1,608,442</u>	<u>3,093,724</u>
LIABILITIES			
Accrued Liabilities	48,000	-	48,000
Due to General Fund	62	-	62
Total Liabilities	<u>48,062</u>	<u>-</u>	<u>48,062</u>
NET POSITION			
Net Position Held In Trust for OPEB Benefits	<u>1,437,220</u>	<u>1,608,442</u>	<u>3,045,662</u>
Total Net Position	<u>\$ 1,437,220</u>	<u>1,608,442</u>	<u>3,045,662</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL TRUST FUNDS
For the Fiscal Year Ended June 30, 2014

	Other Post Employment Benefits Trust Fund	BTES Other Post Employment Benefits Trust Fund	Total Other Post Employment Benefits Trust Funds
ADDITIONS			
Employer Contributions	\$ 351,619	388,116	739,735
Retiree Contributions	91,520	-	91,520
Investment Income	-	80,087	80,087
Net Appreciation (Depreciation) in Value of Investments	208,154	117,074	325,228
Other Revenue	83,809	-	83,809
Total Additions	<u>735,102</u>	<u>585,277</u>	<u>1,320,379</u>
DEDUCTIONS			
Retiree Benefits	446,919	272,152	719,071
Administrative Expenses	15,356	4,290	19,646
Total Deductions	<u>462,275</u>	<u>276,442</u>	<u>738,717</u>
Change in Net Position	272,827	308,835	581,662
Net Position - Beginning	<u>1,164,393</u>	<u>1,299,607</u>	<u>2,464,000</u>
Net Position - Ending	<u>\$ 1,437,220</u>	<u>1,608,442</u>	<u>3,045,662</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2014

	Internal Schools Fund	Joint Sewer System Fund	Youth Counselor Office Fund	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 829,540	723,630	-	1,553,170
Investments	-	2,978,878	-	2,978,878
Total Assets	<u>\$ 829,540</u>	<u>3,702,508</u>	<u>-</u>	<u>4,532,048</u>
LIABILITIES				
Due to Others	\$ 829,540	3,702,508	-	4,532,048
Total Liabilities	<u>\$ 829,540</u>	<u>3,702,508</u>	<u>-</u>	<u>4,532,048</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, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
INTERNAL SCHOOLS FUND				
ASSETS				
Cash and Cash Equivalents	\$ 738,548	1,619,699	1,528,707	829,540
TOTAL ASSETS	<u>\$ 738,548</u>	<u>1,619,699</u>	<u>1,528,707</u>	<u>829,540</u>
LIABILITIES				
Due to Others	\$ 738,548	1,619,699	1,528,707	829,540
	<u>\$ 738,548</u>	<u>1,619,699</u>	<u>1,528,707</u>	<u>829,540</u>
JOINT SEWER SYSTEM FUND				
ASSETS				
Cash and Cash Equivalents	\$ 754,381	3,644,672	3,675,423	723,630
Investments	2,609,868	369,010	-	2,978,878
TOTAL ASSETS	<u>\$ 3,364,249</u>	<u>4,013,682</u>	<u>3,675,423</u>	<u>3,702,508</u>
LIABILITIES				
Due to Others	\$ 3,364,249	4,013,682	3,675,423	3,702,508
	<u>\$ 3,364,249</u>	<u>4,013,682</u>	<u>3,675,423</u>	<u>3,702,508</u>
YOUTH COUNSELOR OFFICE FUND				
ASSETS				
Due from Other Funds	\$ -	3,693	3,693	-
	<u>\$ -</u>	<u>3,693</u>	<u>3,693</u>	<u>-</u>
LIABILITIES				
Due to Others	\$ -	3,693	3,693	-
	<u>\$ -</u>	<u>3,693</u>	<u>3,693</u>	<u>-</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 1,492,929	5,264,371	5,204,130	1,553,170
Due from Other Funds	-	3,693	3,693	-
Investments	2,609,868	369,010	-	2,978,878
TOTAL ASSETS	<u>\$ 4,102,797</u>	<u>5,637,074</u>	<u>5,207,823</u>	<u>4,532,048</u>
LIABILITIES				
Due to Others	\$ 4,102,797	5,637,074	5,207,823	4,532,048
	<u>\$ 4,102,797</u>	<u>5,637,074</u>	<u>5,207,823</u>	<u>4,532,048</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, 2014

	2014
Governmental Funds Capital Assets:	
Land	\$ 9,763,040
Land Improvements	5,448,242
Buildings and Building Improvements	64,989,348
Infrastructure	115,083,623
Machinery and Equipment	21,341,507
Other Improvements	1,375,695
Construction in Progress	19,201,602
Total Governmental Funds Capital Assets	\$ 237,203,057
Investments in Governmental Funds Capital Assets by Source:	
Bond Issue	\$ 96,916,614
Capital Outlay Notes	6,214,175
Capital Leases	467,557
Donated	88,103,715
Grant Funds	12,130,892
School Activity Funds	168,910
General Fund	17,401,054
Special Revenue/Capital Projects Funds	15,800,140
Total Governmental Funds Capital Assets	\$ 237,203,057

CITY OF BRISTOL, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2014

Function and Activity	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Infrastructure</u>	<u>Machinery & Equipment</u>	<u>Other Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government:								
General Administration	\$ 169,772	150,047	1,713,643	90,974	562,333	387,973	-	3,074,742
Community Development	68,265	-	571,019	-	186,280	-	-	825,564
Economic Development	4,589,271	173,955	-	-	-	-	16,951,557	21,714,783
Other Administrative	286,157	-	5,988,840	-	1,176,562	-	-	7,451,559
Total General Government	<u>5,113,465</u>	<u>324,002</u>	<u>8,273,502</u>	<u>90,974</u>	<u>1,925,175</u>	<u>387,973</u>	<u>16,951,557</u>	<u>33,066,648</u>
Community Relations	-	-	-	-	144,703	-	-	144,703
Education:								
General Operations	3,142,401	241,964	47,214,213	-	3,918,445	-	393,124	54,910,147
Child Nutrition	-	-	-	-	545,797	-	-	545,797
Total Education	<u>3,142,401</u>	<u>241,964</u>	<u>47,214,213</u>	<u>-</u>	<u>4,464,242</u>	<u>-</u>	<u>393,124</u>	<u>55,455,944</u>
Parks and Recreation	886,042	2,838,619	2,904,336	-	1,667,604	-	-	8,296,601
Public Safety:								
Fire	82,624	-	731,365	-	3,742,068	-	-	4,556,057
Police	6,925	-	3,842,271	-	3,175,021	-	-	7,024,217
Total Public Safety	<u>89,549</u>	<u>-</u>	<u>4,573,636</u>	<u>-</u>	<u>6,917,089</u>	<u>-</u>	<u>-</u>	<u>11,580,274</u>
Public Works:								
Public Services	531,583	2,043,657	2,023,661	114,992,649	3,820,640	987,722	1,856,921	126,256,833
Solid Waste	-	-	-	-	2,402,054	-	-	2,402,054
Total Public Works	<u>531,583</u>	<u>2,043,657</u>	<u>2,023,661</u>	<u>114,992,649</u>	<u>6,222,694</u>	<u>987,722</u>	<u>1,856,921</u>	<u>128,658,887</u>
Total Governmental Funds								
Capital Assets	<u>\$ 9,763,040</u>	<u>5,448,242</u>	<u>64,989,348</u>	<u>115,083,623</u>	<u>21,341,507</u>	<u>1,375,695</u>	<u>19,201,602</u>	<u>237,203,057</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2014

Function and Activity	Governmental Funds Capital Assets	Additions	Deductions	Transfers	Governmental Funds Capital Assets
	July 1, 2013				June 30, 2014
General Government:					
General Administration	\$ 3,062,960	77,619	-	(65,837)	3,074,742
Community Development	822,462	-	-	3,102	825,564
Economic Development	7,934,491	13,780,292	-	-	21,714,783
Other Administrative	7,372,763	81,796	3,000	-	7,451,559
Total General Government	<u>19,192,676</u>	<u>13,939,707</u>	<u>3,000</u>	<u>(62,735)</u>	<u>33,066,648</u>
Community Relations	<u>154,614</u>	<u>10,989</u>	<u>20,900</u>	<u>-</u>	<u>144,703</u>
Education:					
General Operations	51,741,544	3,168,603	-	-	54,910,147
Child Nutrition	551,710	-	5,913	-	545,797
Total Education	<u>52,293,254</u>	<u>3,168,603</u>	<u>5,913</u>	<u>-</u>	<u>55,455,944</u>
Parks and Recreation	<u>8,207,852</u>	<u>164,895</u>	<u>73,497</u>	<u>(2,649)</u>	<u>8,296,601</u>
Public Safety:					
Fire	4,586,507	-	30,450	-	4,556,057
Police	6,951,914	194,897	122,594	-	7,024,217
Total Public Safety	<u>11,538,421</u>	<u>194,897</u>	<u>153,044</u>	<u>-</u>	<u>11,580,274</u>
Public Works:					
Public Services	120,675,052	5,610,803	94,406	65,384	126,256,833
Solid Waste	2,294,893	218,349	111,188	-	2,402,054
Total Public Works	<u>122,969,945</u>	<u>5,829,152</u>	<u>205,594</u>	<u>65,384</u>	<u>128,658,887</u>
Total Governmental Funds Capital Assets	<u>\$ 214,356,762</u>	<u>23,308,243</u>	<u>461,948</u>	<u>-</u>	<u>237,203,057</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2013	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2014
DEPARTMENT OF AGRICULTURE							
<i>Child Nutrition Cluster</i>							
Pass Through State of Tennessee:							
10.553	National School Breakfast Program	ED0000HD13AAX13	\$ -	53,775	53,775	-	-
10.553	National School Breakfast Program	ED0000HD14AAX14	-	171,731	171,731	-	-
10.555	USDA: Commodity Supplemental Feeding- Commodities Distributed		-	136,278	136,278	-	-
10.555	National School Lunch Program	ED0000HC13AAX13	(6,585)	200,354	193,769	-	-
10.555	National School Lunch Program	ED0000HC14AAX14	-	634,406	634,406	-	-
<i>Total Child Nutrition Cluster</i>			<u>(6,585)</u>	<u>1,196,544</u>	<u>1,189,959</u>	<u>-</u>	<u>-</u>
<i>Total Department of Agriculture</i>			<u>(6,585)</u>	<u>1,196,544</u>	<u>1,189,959</u>	<u>-</u>	<u>-</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
<i>CDBG Entitlement Grants Cluster</i>							
14.218	Community Development Block Grant	U.S. Department of HUD	(79,756)	113,076	146,617	-	(113,297) *
14.218	Community Development Block Grant	U.S. Department of HUD	-	-	-	9,585	9,585 ¹
<i>Total CDBG Entitlement Grants Cluster</i>			<u>(79,756)</u>	<u>113,076</u>	<u>146,617</u>	<u>9,585</u>	<u>(103,712)</u>
14.239	HOME Investment Partnership Program	U.S. Department of HUD	(69,390)	977,560	1,044,030	-	(135,860) *
Pass Through State of Tennessee:							
14.231	Emergency Shelter Grant	ESG Program Year 2013-2014	(13,184)	50,382	37,198	-	-
<i>Total Department of Housing and Urban Development</i>			<u>(162,330)</u>	<u>1,141,018</u>	<u>1,227,845</u>	<u>9,585</u>	<u>(239,572)</u>

¹ Amount drawdown twice in error. Reflected in the financial statements as Due to Other Governments.

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2013	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2014
DEPARTMENT OF JUSTICE							
16.588	STOP Grant	22134	-	8,971	18,431	-	(9,460) *
16.607	Bulletproof Vest Partnership Grant	FY 11 Authorization	(1,955)	9,752	7,797	-	-
16.607	Bulletproof Vest Partnership Grant	FY 12 Authorization	-	-	1,872	-	(1,872) *
16.738	JAG - Law Enforcement Equipment Grant	22871	-	6,069	15,000	-	(8,931) *
<i>Total Department of Justice</i>			(1,955)	24,792	43,100	-	(20,263)
DEPARTMENT OF TRANSPORTATION							
<i>Highway Planning and Construction Cluster</i>							
Pass Through State of Tennessee:							
20.205	Section 112: Transportation Planning	GG-12-37136	(28,862)	52,451	23,589	-	-
20.205	Section 112: Transportation Planning	Z14MPO 001	-	47,114	68,009	-	(20,895) *
20.205	Section 113: Surface Transportation Program	STP-M/HPP-9102(6)	(7,200)	194,222	219,077	-	(32,055) *
20.205	Section 1404: Safe Routes to School	SRTS-9102(8)	-	-	140,355	-	(140,355) *
Pass Through State of Virginia:							
20.205	Section 112: Transportation	Planning FY 14 Authorization	-	22,402	28,445	-	(6,043) *
<i>Total Highway Planning and Construction Cluster</i>			(36,062)	316,189	479,475	-	(199,348)
<i>Metropolitan Transportation Planning Cluster</i>							
Pass Through State of Tennessee:							
20.505	Section 5303: Transit Planning	GG-13-34267	(10,203)	17,437	7,234	-	-
20.505	Section 5303: Transit Planning	GG-14-42034	-	-	12,024	-	(12,024) *
Pass Through State of Virginia:							
20.505	Section 5303: Transit Planning	46013-01	(13,051)	13,051	-	-	-
20.505	Section 5303: Transit Planning	46014-01	-	16,078	19,888	-	(3,810) *
<i>Total Metropolitan Transportation Planning Cluster</i>			(23,254)	46,566	39,146	-	(15,834)
<i>Federal Transit Cluster</i>							
20.507	Section 5307: Operating Assistance	TN-90-X356	(104,349)	253,740	149,391	-	-
20.507	Section 5307: Operating Assistance	TN-90-X371	-	82,268	161,034	-	(78,766) *
<i>Total Federal Transit Cluster</i>			(104,349)	336,008	310,425	-	(78,766)

* Receivable

** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2013	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2014
DEPARTMENT OF TRANSPORTATION (CONTINUED)							
<i>High Risk Crash and Alcohol Saturation Cluster</i>							
Pass Through State of Tennessee							
20.607	High Risk Crash and Alcohol Saturation	154AL-13-26	(8,142)	8,142	-	-	-
20.607	High Risk Crash and Alcohol Saturation	154AL-14-34	-	17,472	50,497	-	(33,025) *
<i>Total High Risk Crash and Alcohol Saturation Cluster</i>			<u>(8,142)</u>	<u>25,614</u>	<u>50,497</u>	<u>-</u>	<u>(33,025)</u>
<i>Total Department of Transportation</i>			<u>(171,807)</u>	<u>724,377</u>	<u>879,543</u>	<u>-</u>	<u>(326,973)</u>
DEPARTMENT OF EDUCATION							
<i>Title I Cluster</i>							
Pass Through State of Tennessee:							
84.010	Title I	ED0000CB13ABX13	(5,148)	5,148	-	-	-
84.010	Title I	ED0000CB14ABX14	-	754,465	885,607	-	(131,142) *
84.010	Title I, Part A (1003)a 2012		<u>(160,331)</u>	<u>200,000</u>	<u>208,855</u>	<u>-</u>	<u>(169,186)</u> *
<i>Total Title I Cluster</i>			<u>(165,479)</u>	<u>959,613</u>	<u>1,094,462</u>	<u>-</u>	<u>(300,328)</u>
<i>Special Education Cluster (IDEA)</i>							
Pass Through State of Tennessee:							
84.027	IDEA	ED0000LL13ABX13	(50,654)	50,654	-	-	-
84.027	IDEA	ED0000LL14ABX14	-	672,752	728,037	-	(55,285) *
84.027A	Special Education - Inclusion	ED0000LL13ACX13	(17,640)	17,640	-	-	-
84.027A	Special Education - Discretionary	ED0000LL13ACX13	-	24,184	27,274	-	(3,090) *
84.173	Preschool Incentive	ED0000LL14ABX14	-	21,795	21,795	-	-
<i>Total Special Education Cluster (IDEA)</i>			<u>(68,294)</u>	<u>787,025</u>	<u>777,106</u>	<u>-</u>	<u>(58,375)</u>
<i>Carl Perkins Cluster</i>							
Pass Through State of Tennessee:							
84.048	Carl Perkins (Vocational Program Improvements)	ED0000RA13BAX13	(36,588)	36,588	-	-	-
84.048	Carl Perkins (Vocational Program Improvements)	ED0000RA14BAX14	-	53,739	54,032	-	(293) *
<i>Total Carl Perkins Cluster</i>			<u>(36,588)</u>	<u>90,327</u>	<u>54,032</u>	<u>-</u>	<u>(293)</u>
<i>Title II Cluster</i>							
Pass Through State of Tennessee:							
84.367	Title II, Part A Project	ED0000CD14ABX14	-	130,467	130,467	-	-
<i>Total Title II Cluster</i>			<u>-</u>	<u>130,467</u>	<u>130,467</u>	<u>-</u>	<u>-</u>

* Receivable

** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2013	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2014
DEPARTMENT OF EDUCATION (CONTINUED)							
<i>Title IV Cluster</i>							
84.287	Title IV, Part B, Twenty-First Century Community Learning Centers		(55,000)	61,394	50,000	-	(43,606) *
<i>Total Title IV Cluster</i>			(55,000)	61,394	50,000	-	(43,606)
<i>Title X Cluster</i>							
84.196A	Title X - McKinney Vento	S196A120044	-	-	19,000	-	(19,000) *
<i>Total Title X Cluster</i>			-	-	19,000	-	(19,000)
<i>First to the Top Cluster</i>							
Pass Through State of Tennessee:							
84.395	Race to the Top	EDRTTTLEAFUND13	(34,000)	20,000	92,421	-	(106,421) *
84.395	Race to the Top	EDRTTTLEAFUND14	-	183,670	210,762	-	(27,092) *
<i>Total First to the Top Cluster</i>			(34,000)	203,670	303,183	-	(133,513)
<i>Total Department of Education</i>			(359,361)	2,232,496	2,428,250	-	(555,115)
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass Through Other Entities:							
93.044	Title III B Grants for Supportive Services and Senior Centers	(Subrecipient from First Tennessee Development District)	(1,211)	23,502	23,499	-	(1,208) *
93.052	Title III E National Family Caregiver	(Subrecipient from First Tennessee Development District)	(119)	1,410	1,410	-	(119) *
<i>Total Department of Health and Human Services</i>			(1,330)	24,912	24,909	-	(1,327)
DEPARTMENT OF HOMELAND SECURITY							
97.044	Assistance to Firefighters (AFG)	EMW-2012-FO-03072	(266,400)	266,400	-	-	-
Pass Through State of Tennessee:							
97.036	Federal Emergency Management Agency	34101-0000009706	(64,417)	-	-	-	(64,417) *
<i>Total Department of Homeland Security</i>			(330,817)	266,400	-	-	(64,417)
TOTAL FEDERAL AWARDS			<u>\$ (1,034,185)</u>	<u>5,610,539</u>	<u>5,793,606</u>	<u>9,585</u>	<u>(1,207,667)</u>

* Receivable

** Unused Revenue

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

NOTE A: BASIS OF PRESENTATION

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

NOTE B: FOOD DISTRIBUTION

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

NOTE C: PAYMENTS TO SUB-RECIPIENTS

Payments were made from the Community Development Block Grant to the YWCA and Believe in Bristol, Inc. in the amounts of \$22,000 and \$22,500, respectively.

Payments were made from proceeds of the Emergency Shelter Grant to Abuse Alternatives and Salvation Army in the amounts of \$19,540 and \$15,455, respectively.

Payments were made from the HOME Investment Partnership Program to Horizon Community Development Corporation in the amount of \$130,417.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2014

Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2013	Cash Receipts	Expenditures	Balance June 30, 2014
TENNESSEE COMMISSION ON CHILDREN AND YOUTH					
Juvenile Court Grant (Subrecipient of Sullivan County)	GG1029964	\$ -	3,000	3,000	-
TENNESSEE DEPARTMENT OF AGRICULTURE					
School Nutrition Fund - State Matching Funds		-	17,998	17,998	-
TAEP Community Tree Planting Project	DG1339727	(1,098)	1,098	-	-
TAEP Farmers Market		-	5,000	5,000	-
<i>Total Tennessee Department of Agriculture</i>		(1,098)	24,096	22,998	-
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT					
Dynamic Recycling Project		-	-	45,657	(45,657) *
<i>Total Tennessee Department of Economic and Community Development</i>		-	-	45,657	(45,657)
TENNESSEE DEPARTMENT OF EDUCATION					
Career Ladder Supplement	3311000000	(4,629)	111,358	107,884	(1,155) *
Coordinated School Health	3310902000	(8,103)	87,194	95,000	(15,909) *
Driver's Education	3314300000	(10,335)	10,335	18,375	(18,375) *
Early Childhood Grant	3313200000	(3,907)	282,637	327,548	(48,818) *
Extended Contract	3311000000	11,683	51,970	52,439	11,214 **
Internet Connectivity	3311100000	-	11,404	11,404	-
LEAPS	3311900000	(75,484)	279,037	218,902	(15,349) *
Safe Schools Act	3310901000	(15,500)	15,500	16,900	(16,900) *
<i>Total Tennessee Department of Education</i>		(106,275)	849,435	848,452	(105,292)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2014

Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2013	Cash Receipts	Expenditures	Balance June 30, 2014
TENNESSEE DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Service Coordination Funds	(Subrecipient from First Tennessee Development District)	(376)	4,433	4,431	(374) *
State Senior Center Operations Grant	(Subrecipient from First Tennessee Development District)	-	19,000	19,000	-
<i>Total Tennessee Department of Health and Human Services</i>		<u>(376)</u>	<u>23,433</u>	<u>23,431</u>	<u>(374)</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION					
Glenwood Road Bridge Project	82455-3509-04	-	-	17,319	(17,319) *
Local Interstate Connector - Pinnacle Parkway	82LPLM-S3-043	-	-	1,137,820	(1,137,820) *
Roadway Median Landscaping		(29)	-	781	(810) *
State Transit Operating Assistance Grant	GG-13-34063	(104,349)	187,853	83,504	-
State Transit Operating Assistance Grant	GG-13-34267	(1,276)	2,180	904	-
State Transit Operating Assistance Grant	GG-14-40477	-	74,077	113,460	(39,383) *
State Transit Operating Assistance Grant	GG-14-42034	-	-	1,503	(1,503) *
<i>Total Tennessee Department of Transportation</i>		<u>(105,654)</u>	<u>264,110</u>	<u>1,355,291</u>	<u>(1,196,835)</u>
TENNESSEE EMERGENCY MANAGEMENT AGENCY					
Public Assistance Grant	34101-0000009706	(11,897)	-	-	(11,897) *
<i>Total Tennessee Emergency Management Agency</i>		<u>(11,897)</u>	<u>-</u>	<u>-</u>	<u>(11,897)</u>
VIRGINIA DEPARTMENT OF TRANSPORTATION					
Section 112: Transportation	Planning FY 14 Authorization	-	2,801	3,556	(755) *
Section 5303: Transit Planning	46013-01	(1,632)	1,632	-	-
Section 5303: Transit Planning	46014-01	-	2,010	2,486	(476) *
<i>Total Virginia Department of Transportation</i>		<u>(1,632)</u>	<u>6,443</u>	<u>6,042</u>	<u>(1,231)</u>
TOTAL STATE AWARDS		<u>\$ (226,932)</u>	<u>1,170,517</u>	<u>2,304,871</u>	<u>(1,361,286)</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SUPPLEMENTARY INFORMATION
SCHEDULE OF UNACCOUNTED FOR WATER
 For the Fiscal Year Ended June 30, 2014
 (All Amounts in Gallons)

**AWWA Free Water Audit Software:
Reporting Worksheet**

[Click to access definition](#)

[Click to add a comment](#)

Water Audit Report for: City Of Bristol Tennessee (0000073)

Reporting Year: 2014 | 7/2013 - 6/2014

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

	+	?	10		
Volume from own sources:			10	1,950,015	MG/Yr
Water imported:			n/a	0.000	MG/Yr
Water exported:			9	57,809	MG/Yr
WATER SUPPLIED:				1,864,242	MG/Yr

Master Meter and Supply Error Adjustments

	+	?	9		
1.50%			9	1.50%	MG/Yr
1.50%			9	1.50%	MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered:	9	1,276,742	MG/Yr
Billed unmetered:	n/a	0.000	MG/Yr
Unbilled metered:	9	0.750	MG/Yr
Unbilled unmetered:	10	43,780	MG/Yr
<small>Unbilled Unmetered volume entered is greater than the recommended default value</small>			
AUTHORIZED CONSUMPTION:			1,321,272 MG/Yr

Click here: for help using option buttons below

	+	?	9		
1.25%			9	1.25%	MG/Yr
0.25%			9	0.25%	MG/Yr
1.00%			9	1.00%	MG/Yr
0.25%			9	0.25%	MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

542,970 MG/Yr

Apparent Losses

Unauthorized consumption:	10	4,661	MG/Yr
<small>Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed</small>			
Customer metering inaccuracies:	8	12,904	MG/Yr
Systematic data handling errors:	5	3,192	MG/Yr
<small>Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed</small>			
Apparent Losses:			20,756 MG/Yr

Real Losses (Current Annual Real Losses or CARR)

Real Losses = Water Losses - Apparent Losses: 522,214 MG/Yr

WATER LOSSES: **542,970** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 587,500 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	10	263.0	miles
Number of active AND inactive service connections:	10	14,690	
Service connection density:	?	56	conn/mile main
Are customer meters typically located at the curbstop or property line? Yes			
Average length of customer service line:	?	ft	(length of service line, beyond the property boundary, that is the responsibility of the utility)
Average length of customer service line has been set to zero and a data grading score of 10 has been applied			
Average operating pressure:	9	90.0	psi

COST DATA

Total annual cost of operating water system:	10	\$3,510,210	\$/Year
Customer retail unit cost (applied to Apparent Losses):	8	\$5.22	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	10	\$500.00	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 90 out of 100 ***

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Unauthorized consumption
- 2: Systematic data handling errors
- 3: Customer metering inaccuracies

(Continued)

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CITY OF BRISTOL, TENNESSEE
SUPPLEMENTARY INFORMATION
SCHEDULE OF UNACCOUNTED FOR WATER
For the Fiscal Year Ended June 30, 2014
(All Amounts in Gallons)

<u>System Attributes:</u>	
	Apparent Losses: <input type="text" value="20.756"/> MG/Yr
	+ Real Losses: <input type="text" value="522.214"/> MG/Yr
	= Water Losses: <input type="text" value="542.970"/> MG/Yr
<input type="checkbox"/>	Unavoidable Annual Real Losses (UARL): <input type="text" value="119.12"/> MG/Yr
	Annual cost of Apparent Losses: <input type="text" value="\$108,349"/>
	Annual cost of Real Losses: <input type="text" value="\$261,107"/> Valued at Variable Production Cost <small>Return to Reporting Worksheet to change this assumption</small>
<u>Performance Indicators:</u>	
Financial:	Non-revenue water as percent by volume of Water Supplied: <input type="text" value="31.5%"/>
	Non-revenue water as percent by cost of operating system: <input type="text" value="11.2%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day: <input type="text" value="3.87"/> gallons/connection/day
	Real Losses per service connection per day: <input type="text" value="97.39"/> gallons/connection/day
	Real Losses per length of main per day*: <input type="text" value="N/A"/>
	Real Losses per service connection per day per psi pressure: <input type="text" value="1.08"/> gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL): <input type="text" value="522.21"/> million gallons/year
<input type="checkbox"/>	Infrastructure Leakage Index (ILI) [CARL/UARL]: <input type="text" value="4.38"/>

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**STATISTICAL
SECTION**

STATISTICAL SECTION

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

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>	179
Revenue Capacity: <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax.</i>	187
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>	191
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>	196
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>	198

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 81,067,139	83,981,613	93,104,918	96,106,222	96,973,876	98,061,071	97,767,105	103,837,189	103,861,764	110,820,768
Restricted for:										
Capital Assets	302,716	371,487	111,896	114,854	40,767	-	1,513,636	123,962	-	317,685
Community and Economic Development	832,684	300	210,000	212,427	542	-	-	-	131,285	3,838,482
Debt Service	5,755	8,367	7,670	10,556	-	-	-	-	-	1,338,990
Education	72,567	56,278	66,841	254,772	34,415	109,885	21,375	44,061	26,870	28,876
Juvenile Court	-	-	-	-	-	-	4,020	3,835	3,745	3,745
Parks and Recreation	9,085	9,481	12,926	20,616	22,149	21,929	9,806	586	449	558
Police and Drug Control	29,328	15,173	75,793	66,519	95,315	103,414	123,302	111,609	113,273	110,386
School Nutrition	-	-	-	-	-	-	1,183,865	1,150,887	1,084,752	1,079,258
Solid Waste	-	-	-	-	-	-	285	7,379	35,214	263,202
State Street Aid	387,413	155,100	274,952	257,545	313,797	394,512	137,852	-	-	-
Unrestricted	14,898,035	15,743,113	17,737,719	19,628,771	22,421,022	24,679,361	24,200,216	23,851,919	23,510,886	14,744,807
Total Governmental Activities Net Position	<u>\$ 97,604,722</u>	<u>100,340,912</u>	<u>111,602,715</u>	<u>116,672,282</u>	<u>119,901,883</u>	<u>123,370,172</u>	<u>124,961,462</u>	<u>129,131,427</u>	<u>128,768,238</u>	<u>132,546,757</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 63,038,755	65,850,200	70,802,179	83,359,835	90,020,144	94,732,789	97,370,921	99,577,539	97,612,978	90,186,604
Restricted for:										
Capital Assets	-	-	-	85,552	-	-	-	-	-	-
Debt Service	17,367	22,201	19,728	21,471	-	-	-	-	-	-
Unrestricted	40,659,583	42,213,567	42,769,401	34,036,004	29,218,356	32,865,088	39,587,510	44,997,649	52,689,736	68,543,340
Total Business-type Activities Net Position	<u>\$ 103,715,705</u>	<u>108,085,968</u>	<u>113,591,308</u>	<u>117,502,862</u>	<u>119,238,500</u>	<u>127,597,877</u>	<u>136,958,431</u>	<u>144,575,188</u>	<u>150,302,714</u>	<u>158,729,944</u>
Primary Government										
Net Investment in Capital Assets	\$ 144,105,894	149,831,813	163,907,097	179,466,057	186,994,020	192,793,860	195,138,026	203,414,728	201,474,742	201,007,372
Restricted for:										
Capital Assets	302,716	371,487	111,896	200,406	40,767	-	1,513,636	123,962	-	317,685
Community Development	832,684	300	210,000	212,427	542	-	-	-	131,285	3,838,482
Debt Service	23,122	30,568	27,398	32,027	-	-	-	-	-	1,338,990
Education	72,567	56,278	66,841	254,772	34,415	109,885	21,375	44,061	26,870	28,876
Juvenile Court	-	-	-	-	-	-	4,020	3,835	3,745	3,745
Parks and Recreation	9,085	9,481	12,926	20,616	22,149	21,929	9,806	586	449	558
Police and Drug Control	29,328	15,173	75,793	66,519	95,315	103,414	123,302	111,609	113,273	110,386
School Nutrition	-	-	-	-	-	-	1,183,865	1,150,887	1,084,752	1,079,258
Solid Waste	-	-	-	-	-	-	285	7,379	35,214	263,202
State Street Aid	387,413	155,100	274,952	257,545	313,797	394,512	137,852	-	-	-
Unrestricted	55,557,618	57,956,680	60,507,120	53,664,775	51,639,378	57,544,449	63,787,726	68,849,568	76,200,622	83,288,147
Total Primary Government Net Position	<u>\$ 201,320,427</u>	<u>208,426,880</u>	<u>225,194,023</u>	<u>234,175,144</u>	<u>239,140,383</u>	<u>250,968,049</u>	<u>261,919,893</u>	<u>273,706,615</u>	<u>279,070,952</u>	<u>291,276,701</u>

See Independent Auditors' Report.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Community Relations	\$ 431,653	713,071	436,089	727,869	424,190	655,858	336,205	230,007	190,369	111,841
Education	959,619	1,017,952	1,034,228	1,062,804	1,104,559	993,765	981,072	974,526	912,354	913,974
Public Safety	968,232	940,308	1,024,723	1,096,054	1,130,864	1,280,204	1,195,597	1,219,182	1,237,115	1,279,337
Public Works	1,041,003	1,050,484	1,299,926	1,367,015	1,474,102	1,477,648	1,503,086	1,566,755	1,587,268	1,873,241
Other Activities	216,159	351,087	494,202	537,565	532,586	581,115	750,179	700,182	880,264	846,654
Operating Grants and Contributions	17,190,201	18,116,491	20,496,547	22,672,953	23,432,053	23,167,349	22,546,392	22,627,282	23,094,181	22,327,308
Capital Grants and Contributions	3,721,803	1,676,462	10,859,682	3,105,457	1,815,257	1,800,530	2,687,416	1,971,092	181,946	5,439,471
Total Governmental Activities Program Revenues	24,528,670	23,865,855	35,645,397	30,569,717	29,913,611	29,956,469	29,999,947	29,289,026	28,083,497	32,791,826
Business-type Activities:										
Charges for Services:										
Electric	57,323,729	66,375,813	69,850,039	74,105,047	86,116,901	76,634,117	90,400,573	87,475,104	87,906,086	88,366,198
Waterworks	-	-	-	-	-	-	-	9,140,319	8,817,975	8,899,753
Water	3,665,432	3,809,582	4,022,347	4,165,607	3,969,542	4,333,217	4,551,885	-	-	-
Sewer	4,261,403	4,316,970	4,494,021	4,543,321	4,402,386	4,611,349	4,863,871	-	-	-
Cable and Internet	-	353,441	2,322,091	4,137,724	6,727,008	9,501,469	11,040,654	12,314,751	14,139,479	14,353,361
Telephone	-	-	387,950	1,412,239	2,458,309	3,154,712	3,335,118	3,584,367	3,706,665	3,811,560
Demolition Landfill	183,976	128,252	126,749	144,780	136,633	324,476	140,480	299,348	96,851	-
Operating Grants and Contributions	-	-	-	-	-	-	-	1,393	-	-
Capital Grants and Contributions	824,657	1,356,555	443,301	1,435,843	353,026	2,844,275	1,837,330	977,103	990,443	2,286,745
Total Business-type Activities Program Revenues	66,259,197	76,340,613	81,646,498	89,944,561	104,163,805	101,403,615	116,169,911	113,792,385	115,657,499	117,717,617
Total Primary Government Program Revenues	90,787,867	100,206,468	117,291,895	120,514,278	134,077,416	131,360,084	146,169,858	143,081,411	143,740,996	150,509,443
EXPENSES										
Governmental Activities:										
General Government	4,757,598	5,139,301	4,844,996	5,725,884	5,886,703	5,742,353	6,119,207	6,767,956	7,400,014	6,945,580
Community Relations	777,834	1,011,156	878,437	1,231,929	990,187	1,021,044	806,526	785,992	744,539	702,163
Education	28,655,626	30,762,189	33,899,981	35,867,305	36,477,834	36,319,527	36,497,096	34,345,109	38,388,160	38,809,898
Parks and Recreation	2,083,955	2,380,400	2,719,955	2,777,750	3,098,924	3,379,825	3,751,378	3,459,276	3,931,765	3,847,114
Public Safety	9,127,336	9,801,256	10,666,085	10,482,040	10,936,224	10,896,643	11,154,395	11,199,071	10,973,581	11,568,506
Public Works	6,624,843	7,181,502	7,487,226	7,985,529	7,866,136	8,607,962	8,771,220	8,494,725	8,409,029	8,360,941
Interest on Long-Term Debt	288,457	362,144	354,645	663,021	688,148	709,656	686,811	787,533	969,560	1,617,402
Total Governmental Activities Expenses	52,315,649	56,637,948	60,851,325	64,733,458	65,944,156	66,677,010	67,786,633	65,839,662	70,816,648	71,851,604

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type Activities:										
Electric	54,779,542	64,250,450	67,115,121	72,017,098	82,867,552	76,642,189	88,320,850	89,191,957	86,196,336	92,454,981
Waterworks	-	-	-	-	-	-	-	8,625,518	7,702,123	7,422,890
Water	3,351,293	3,445,194	3,780,756	3,799,575	4,162,169	3,922,749	4,227,801	-	-	-
Sewer	3,997,785	4,069,436	4,247,002	3,986,849	4,087,508	4,212,119	4,447,561	-	-	-
Cable and Internet	-	287,785	2,006,040	3,556,780	5,986,284	5,319,340	6,784,251	5,651,531	11,281,780	6,738,347
Telephone	-	-	267,905	989,310	2,475,214	1,449,062	1,471,246	586,463	746,718	579,991
Demolition Landfill	205,875	235,954	297,023	521,450	309,878	573,344	448,652	528,697	463,975	-
Total Business-type Activities Expenses	62,334,495	72,288,819	77,713,847	84,871,062	99,888,605	92,118,803	105,700,361	104,584,166	106,390,932	107,196,209
Total Primary Government Expenses	114,650,144	128,926,767	138,565,172	149,604,520	165,832,761	158,795,813	173,486,994	170,423,828	177,207,580	179,047,813
NET (EXPENSE)/REVENUE:										
Governmental Activities	(27,786,979)	(32,772,093)	(25,205,928)	(34,163,741)	(36,030,545)	(36,720,541)	(37,786,686)	(36,550,636)	(42,733,151)	(39,059,778)
Business-type Activities	3,924,702	4,051,794	3,932,651	5,073,499	4,275,200	9,284,812	10,469,550	9,208,219	9,266,567	10,521,408
Total Primary Government Net Expense	(23,862,277)	(28,720,299)	(21,273,277)	(29,090,242)	(31,755,345)	(27,435,729)	(27,317,136)	(27,342,417)	(33,466,584)	(28,538,370)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Tax	18,444,597	19,707,656	20,368,771	21,570,386	22,672,187	23,786,875	23,445,917	23,898,070	24,098,806	24,852,090
Sales Tax	7,875,796	8,496,412	9,128,039	9,209,471	8,965,002	8,457,598	8,615,701	8,856,652	9,837,143	9,163,261
Payments in Lieu of Tax	44,747	169,114	49,633	68,188	71,763	57,601	31,169	118,970	80,429	66,781
Beer and Liquor Tax	599,166	633,125	684,167	743,257	763,540	761,487	772,930	795,954	768,538	724,043
Business Tax	444,651	408,536	434,742	459,760	549,846	455,662	514,496	586,303	566,913	537,107
Cable Franchise Tax	252,742	270,531	309,638	336,777	264,588	324,127	373,356	407,664	245,840	348,852
Gas Franchise Tax	383,611	465,381	449,630	306,354	448,978	286,077	281,099	268,235	225,205	286,920
Hotel/Motel Tax	173,756	381,292	412,529	467,276	442,883	417,098	394,732	361,031	366,890	341,129
State Revenue (Unrestricted)	2,000,732	3,210,502	2,945,885	3,003,642	2,577,203	2,620,546	2,488,186	2,683,525	2,819,519	2,817,037
Insurance Recoveries	-	-	-	-	-	-	242,639	-	-	-
Investment Earnings (Unrestricted)	259,373	471,877	620,085	844,732	337,543	97,925	18,854	28,121	28,726	22,665
Other General Revenue	417,167	460,039	446,679	700,723	455,964	621,309	543,133	744,116	685,434	1,256,271
Transfers	476,146	833,818	843,142	1,485,934	1,710,649	1,464,747	1,655,764	1,971,960	2,651,672	2,422,141
Total Governmental Activities	31,372,484	35,508,283	36,692,940	39,196,500	39,260,146	39,351,052	39,377,976	40,720,601	42,375,115	42,838,297

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type Activities:										
Investment Earnings (Unrestricted)	976,405	1,152,287	1,862,795	587,558	850,552	594,065	505,356	379,216	352,740	327,963
Insurance Recoveries	-	-	-	-	-	-	65,883	-	-	-
Other General Revenue	-	-	-	-	3,645	-	-	1,282	-	-
Transfers	(476,146)	(833,818)	(843,142)	(1,485,934)	(1,710,649)	(1,464,747)	(1,680,235)	(1,971,960)	(2,651,672)	(2,422,141)
Total Business-type Activities	<u>500,259</u>	<u>318,469</u>	<u>1,019,653</u>	<u>(898,376)</u>	<u>(856,452)</u>	<u>(870,682)</u>	<u>(1,108,996)</u>	<u>(1,591,462)</u>	<u>(2,298,932)</u>	<u>(2,094,178)</u>
Total Primary Government	<u>31,872,743</u>	<u>35,826,752</u>	<u>37,712,593</u>	<u>38,298,124</u>	<u>38,403,694</u>	<u>38,480,370</u>	<u>38,268,980</u>	<u>39,129,139</u>	<u>40,076,183</u>	<u>40,744,119</u>
CHANGE IN NET POSITION										
Governmental Activities	3,585,505	2,736,190	11,487,012	5,032,759	3,229,601	2,630,511	1,591,290	4,169,965	(358,036)	3,778,519
Business-type Activities	<u>4,424,961</u>	<u>4,370,263</u>	<u>4,952,304</u>	<u>4,175,123</u>	<u>3,418,748</u>	<u>8,414,130</u>	<u>9,360,554</u>	<u>7,616,757</u>	<u>6,967,635</u>	<u>8,427,230</u>
Total Primary Government	<u>\$ 8,010,466</u>	<u>7,106,453</u>	<u>16,439,316</u>	<u>9,207,882</u>	<u>6,648,349</u>	<u>11,044,641</u>	<u>10,951,844</u>	<u>11,786,722</u>	<u>6,609,599</u>	<u>12,205,749</u>

See Independent Auditors' Report.

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

Fiscal Year	Property Tax	Sales Tax	Payments in Lieu of Tax	Beer and Liquor Tax	Business Tax	Cable Franchise Tax	Gas Franchise Tax	Hotel/Motel Tax	Total
2005	\$ 18,444,597	7,875,796	44,747	599,166	444,651	252,742	383,611	173,756	28,219,066
2006	19,707,656	8,496,412	169,114	633,125	408,536	270,531	465,381	381,292	30,532,047
2007	20,368,771	9,128,039	49,633	684,167	434,742	309,638	449,630	412,529	31,837,149
2008	21,570,386	9,209,471	68,188	743,257	459,760	336,777	306,354	467,276	33,161,469
2009	22,672,187	8,965,002	71,763	763,540	549,846	264,588	448,978	442,883	34,178,787
2010	23,786,875	8,457,598	57,601	761,487	455,662	324,127	286,077	417,098	34,546,525
2011	23,445,917	8,615,701	31,169	772,930	514,496	373,356	281,099	394,732	34,429,400
2012	23,898,070	8,856,652	118,970	795,954	586,303	407,664	268,235	361,031	35,292,879
2013	24,098,806	9,837,143	80,429	768,538	566,913	245,840	225,205	366,890	36,189,764
2014	24,852,090	9,163,261	66,781	724,043	537,107	348,852	286,920	341,129	36,320,183

See Independent Auditors' Report.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable for:										
Inventory	\$ -	-	-	-	-	-	344,681	241,658	232,439	160,743
Restricted for:										
Juvenile Court	-	-	-	-	-	-	4,020	3,835	3,745	3,745
Parks and Recreation	-	-	-	-	-	-	9,806	586	449	558
Police and Drug Control	-	-	-	-	-	-	18,143	23,717	25,659	29,280
Assigned for:										
Birthplace of Country Music	-	-	-	-	-	-	-	-	200,000	300,000
Next Year's Budget	-	-	-	-	-	-	694,881	914,460	878,273	-
Unassigned	-	-	-	-	-	-	12,890,134	13,097,695	11,855,234	11,801,981
Total General Fund	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,961,665</u>	<u>14,281,951</u>	<u>13,195,799</u>	<u>12,296,307</u>
All Other Governmental Funds										
Nonspendable for:										
Inventory	\$ -	-	-	-	-	-	68,682	44,498	42,590	35,969
Restricted for:										
Capital Outlay	-	-	-	-	-	-	1,513,636	123,962	316,976	317,685
Community and Economic Development	-	-	-	-	-	-	-	-	2,002,940	3,838,482
Debt Service	-	-	-	-	-	-	-	-	-	1,338,990
Education	-	-	-	-	-	-	21,375	44,061	26,870	28,876
Police and Drug Control	-	-	-	-	-	-	105,159	87,892	87,614	81,106
School Nutrition	-	-	-	-	-	-	1,183,865	1,150,887	1,084,752	1,079,258
Solid Waste	-	-	-	-	-	-	285	7,379	35,214	263,202
State Street Aid	-	-	-	-	-	-	137,852	-	-	-
Committed for:										
Viking Hall Fund	-	-	-	-	-	-	13,274	16,908	4,085	-
Assigned for:										
Capital Outlay	-	-	-	-	-	-	945,251	358,671	125,000	55,000
Community Development	-	-	-	-	-	-	-	-	246,823	-
Debt Service	-	-	-	-	-	-	-	-	36,593	36,593
Education	-	-	-	-	-	-	9,225,036	10,480,301	9,915,771	8,778,569
State Street Aid	-	-	-	-	-	-	207,552	307,056	299,866	380,303
Unassigned	-	-	-	-	-	-	-	(484,317)	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,421,967</u>	<u>12,137,298</u>	<u>14,225,094</u>	<u>16,234,033</u>

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 27,908,857	30,588,527	31,690,741	33,139,066	34,061,218	34,589,335	34,589,362	35,615,164	35,801,642	36,133,445
Licenses and Permits	152,054	180,044	233,850	266,443	208,669	138,008	152,642	323,148	170,279	293,851
Intergovernmental	19,731,646	21,141,889	24,971,548	27,103,389	26,153,592	25,775,163	25,510,683	26,341,830	25,919,005	26,684,980
Charges for Services	2,758,197	2,912,522	3,260,413	3,554,961	3,554,587	3,556,771	3,537,824	3,648,245	3,607,574	3,886,908
Revenues from Use of Facilities	364,210	618,497	353,474	651,151	626,002	835,243	744,223	564,516	501,309	504,354
Fines and Forfeitures	453,706	417,834	532,898	456,877	436,468	443,434	471,269	461,731	436,135	499,834
Investment Income	259,373	471,877	620,086	844,732	337,543	70,725	46,055	28,121	28,726	22,665
Other	420,321	663,705	378,462	1,206,892	569,940	835,415	1,333,614	515,641	821,851	984,744
Total Revenues	52,048,364	56,994,895	62,041,472	67,223,511	65,948,019	66,244,094	66,385,672	67,498,396	67,286,521	69,010,781
EXPENDITURES										
General Government	4,456,212	4,731,009	4,502,006	5,308,254	5,466,955	5,263,518	5,178,458	6,855,466	7,237,691	6,626,876
Community Relations	774,916	1,001,575	868,050	1,228,660	1,000,991	1,011,166	788,484	766,782	727,676	698,262
Education	28,140,633	30,224,340	33,280,755	34,862,919	35,545,327	35,296,739	35,168,736	35,262,345	36,590,353	36,958,966
Parks and Recreation	1,978,440	2,192,522	2,571,850	2,638,797	2,926,362	3,219,908	3,440,821	3,457,346	3,610,672	3,567,195
Public Safety	8,746,803	9,320,840	10,123,040	10,202,548	10,490,276	10,195,665	10,436,462	10,655,798	10,583,638	10,975,234
Public Works	4,549,484	4,975,117	5,007,853	5,461,576	5,360,172	6,046,216	6,153,484	5,951,943	5,933,886	5,742,718
Capital Outlay	5,921,420	3,268,205	3,453,600	5,506,964	11,619,001	6,841,729	6,682,487	8,623,641	11,982,914	19,443,997
Debt Service:										
Principal	1,122,650	1,320,253	1,373,901	1,139,346	1,380,569	1,335,571	1,729,155	1,940,571	2,282,323	2,475,559
Interest	295,137	347,683	333,886	616,284	678,490	646,982	645,363	750,606	702,406	912,166
Bond Issuance Costs	-	-	-	197,805	-	50,911	65,107	-	265,690	613,783
Other Costs	123,155	22,124	21,503	18,453	18,109	4,593	1,906	2,547	2,589	2,750
Total Expenditures	56,108,850	57,403,668	61,536,444	67,181,606	74,486,252	69,912,998	70,290,463	74,267,045	79,919,838	88,017,506
Excess (Deficiency) of Revenues over Expenditures	(4,060,486)	(408,773)	505,028	41,905	(8,538,233)	(3,668,904)	(3,904,791)	(6,768,649)	(12,633,317)	(19,006,725)

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OTHER FINANCING SOURCES										
(USES)										
Bonds Issued	6,585,000	-	-	12,900,000	323,584	2,760,000	4,450,000	-	10,220,000	25,415,000
Premium on Bonds Issued	10,345	-	-	727	-	65,911	215,254	-	104,705	726,088
Notes Payable	-	-	-	-	424,000	-	1,378,410	3,148,342	510,937	-
Proceeds from County Bonds	253,050	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	242,640	658,398	276,254	66,223
Sale of Capital Assets	-	-	-	-	-	-	25,830	49,750	16,588	16,884
Payments to Refund Bonds & Escrow	(3,033,276)	-	-	-	(323,584)	(2,775,000)	-	-	-	(8,455,612)
Transfers In	6,684,907	8,025,416	8,142,449	9,413,843	8,623,229	11,209,910	10,138,655	11,551,300	19,722,023	25,505,208
Transfers Out	(6,208,761)	(6,842,198)	(7,170,000)	(7,927,909)	(6,912,580)	(9,645,163)	(8,482,891)	(9,579,340)	(17,446,198)	(23,083,067)
Total Other Financing Sources										
(Uses)	4,291,265	1,183,218	972,449	14,386,661	2,134,649	1,615,658	7,967,898	5,828,450	13,404,309	20,190,724
Net Change in Fund Balances	230,779	774,445	1,477,477	14,428,566	(6,403,584)	(2,053,246)	4,063,107	(940,199)	770,992	1,183,999
Debt Service as a Percentage of Noncapital Expenditures	2.82%	3.08%	2.94%	2.85%	3.28%	3.14%	3.73%	4.10%	4.39%	4.94%

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

Fiscal Year	Property Tax	County Property Tax	Payment in Lieu of Tax	Local Sales Tax	Beer and Liquor Taxes	Business Tax	Gas Franchise Tax	Cable Television Franchise Tax	Hotel and Motel Taxes	City Litigation Tax	Total
2005	10,702,871	7,767,721	6,873	7,561,966	599,166	444,651	399,111	252,742	173,756	-	27,908,857
2006	11,389,121	8,201,640	74,659	8,790,242	633,125	408,536	442,881	267,031	381,292	-	30,588,527
2007	11,749,320	8,479,043	44,633	9,118,039	684,167	434,742	447,130	321,138	412,529	-	31,690,741
2008	12,805,954	8,695,041	56,677	9,204,471	743,256	459,759	350,277	356,355	467,276	-	33,139,066
2009	13,464,973	9,007,115	71,763	8,975,533	763,540	549,846	415,977	369,588	442,883	-	34,061,218
2010	14,463,056	9,101,993	297,068	8,439,767	761,487	455,662	329,077	324,127	417,098	-	34,589,335
2011	14,440,726	9,171,698	71,179	8,598,770	772,930	514,496	294,485	330,346	394,732	-	34,589,362
2012	14,793,210	9,168,016	72,970	9,215,883	795,954	586,303	279,849	341,948	361,031	-	35,615,164
2013	14,122,750	9,853,601	80,429	9,449,073	764,215	566,913	243,205	354,566	366,890	-	35,801,642
2014	14,434,762	10,228,534	55,781	9,147,329	728,366	537,107	272,920	348,852	341,129	38,665	36,133,445

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)
 Last Ten Fiscal Years
 (In Thousands of Dollars)

Fiscal Year Ended June 30	Real Property			Personal Property	Public Utility Property	Total Taxable Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
	Residential Property	Commercial and Industrial Property	Other Real Property						
2005	185,490	175,882	6,712	71,035	18,060	457,179	2.35	1,477,999	30.93%
2006	212,465	203,952	7,958	56,935	19,473	500,783	2.30	1,616,706	30.98%
2007	220,370	214,699	8,570	58,252	17,635	519,526	2.30	1,678,705	30.95%
2008	226,299	221,936	8,416	63,807	15,110	535,568	2.42	1,769,471	30.27%
2009	234,354	226,234	8,756	61,164	14,550	545,058	2.50	1,801,620	30.25%
2010	281,179	285,413	9,241	72,970	16,467	665,269	2.19	2,148,387	30.97%
2011	280,548	286,832	9,401	66,929	16,673	660,383	2.19	2,130,288	31.00%
2012	282,750	289,345	9,160	66,328	15,086	662,669	2.19	2,147,718	30.85%
2013	284,251	284,456	8,733	55,655	14,747	647,842	2.19	2,106,102	30.76%
2014	282,435	274,681	9,488	52,370	15,133	634,107	2.25	2,056,476	30.83%

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

Notes: Property in Sullivan County, Tennessee is reassessed once every four years. The most recent reassessment occurred in Fiscal Year 2014 prior to the levy of property taxes for the 2013 Tax Year. Commercial and industrial properties are assessed at 40 percent of actual taxable value. Residential and other real properties are assessed at 25 percent of actual value. Personal property is assessed at 30 percent of actual value. Public Utility (ad valorem) property is assessed at 55 percent of actual value. Actual taxable value is computed by dividing assessed values by these percentages.

See Independent Auditors' Report.

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

Fiscal Year	Total City of Bristol, Tennessee Millage	<u>Overlapping Rates</u> Sullivan County, Tennessee Millage	Direct & Overlapping Rates
2005	2.3500	2.5600	4.9100
2006	2.3000	2.5300	4.8300
2007	2.3000	2.5300	4.8300
2008	2.4200	2.5300	4.9500
2009	2.5000	2.5300	5.0300
2010	2.1900	2.1300	4.3200
2011	2.1900	2.1300	4.3200
2012	2.1900	2.3307	4.5207
2013	2.1900	2.3300	4.5200
2014	2.2500	2.3054	4.5554

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

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

CITY OF BRISTOL, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2014

Taxpayer:	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bristol Motor Speedway, Inc.	44,473,063	1	7.01%	5,732,294	8	1.30%
Godsey Leasing	12,686,295	2	2.00%	-	-	-
King Pharmaceutical, Inc.	11,413,172	3	1.80%	30,469,312	1	6.70%
Royal Mouldings Ltd.	9,631,873	4	1.52%	-	-	-
Exide Corporation	8,570,029	5	1.35%	8,413,565	5	1.90%
Highlands Wellmont Health Network	8,537,687	6	1.35%	5,962,855	7	1.30%
United Telephone Southeast	8,411,313	7	1.33%	12,863,218	3	2.80%
Bristol Metals, LP	8,114,434	8	1.28%	3,474,711	9	0.80%
Dr. Reddy's Laboratories	7,641,586	9	1.21%	-	-	-
Wal-Mart	5,391,171	10	0.85%	-	-	-
National Raceways, Inc.	-	-	-	26,203,450	2	5.80%
Beecham Lab, Inc.	-	-	-	11,257,045	4	2.50%
SmithKline Beecham	-	-	-	6,009,094	6	1.30%
Comprehensive Care	-	-	-	3,175,480	10	0.70%
	<u>\$ 124,870,623</u>		<u>19.69%</u>	<u>113,561,024</u>		<u>25.10%</u>

See Independent Auditors' Report.

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

Fiscal Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes at June 30, 2014
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2005	10,764,095	(69,372)	10,694,723	10,362,411	96.3%	297,441	10,659,852	99.7%	34,871
2006	11,518,027	(40,862)	11,477,165	11,068,858	96.1%	372,732	11,441,590	99.7%	35,575
2007	11,955,217	24,128	11,979,345	11,516,911	96.3%	410,337	11,927,248	99.6%	52,097
2008	12,980,029	793	12,980,822	12,507,378	96.4%	426,838	12,934,216	99.6%	46,606
2009	13,628,721	54,843	13,683,564	13,065,284	95.9%	532,219	13,597,503	99.4%	86,061
2010	14,569,729	(28,535)	14,541,194	13,795,578	94.7%	611,001	14,406,579	99.1%	134,615
2011	14,464,758	(41,006)	14,423,752	13,684,810	94.6%	594,223	14,279,033	99.0%	144,719
2012	14,512,491	(21,549)	14,490,942	13,796,991	95.1%	470,249	14,267,240	98.5%	223,702
2013	14,187,921	(60,881)	14,127,040	13,432,991	94.7%	412,352	13,845,343	98.0%	281,697
2014	14,309,646	(15,763)	14,293,883	13,532,181	94.6%	-	13,532,181	94.7%	761,702
Total	132,890,634	(198,204)	132,692,430	126,763,393	95.5%	4,127,392	130,890,785	98.6%	1,801,646

Notes: As of June 30, 2014, tax years prior to 2013 had been turned over to Sullivan County, Tennessee Clerk and Master for collections.

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

Fiscal Year	Government Activities			Business Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Electric System Revenue Bonds	Water, Sewer, and Demolition Landfill Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Notes Payable	Capital Leases			
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%	1,825
2010	17,043,584	363,429	-	22,545,000	2,731,416	-	1,705,887	-	44,389,316	9.36%	1,736
2011	19,825,000	1,681,267	-	22,060,000	1,540,000	-	1,519,842	-	46,626,109	8.24%	1,746
2012	17,945,000	4,769,038	-	21,555,000	1,320,000	-	1,328,625	-	46,917,663	8.29%	1,757
2013	26,335,000	4,917,652	-	21,035,000	4,320,000	-	32,572	-	56,640,224	9.59%	2,123
2014	41,770,000	4,452,093	-	28,505,000	3,855,000	-	21,715	-	78,603,808	13.61%	2,946

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

1 See the Schedule of Demographic and Economic Statistics on page 196 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
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
2012	17,945,000	-	17,945,000	0.84%	672
2013	26,335,000	-	26,335,000	1.23%	987
2014	41,770,000	-	41,770,000	1.96%	1,566

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 187 for property value data.

³ See the Schedule of Demographic and Economic Statistics on page 196 for population data.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
June 30, 2014

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ¹	<u>Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: Sullivan County, Tennessee Subtotal, Overlapping Debt	\$ 39,575,432	17%	<u>\$ 6,838,635</u> 6,838,635
City of Bristol, Tennessee Direct Debt			32,837,193
Total Direct and Overlapping Debt			<u><u>\$ 39,675,828</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.

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

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

See Independent Auditors' Report.

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

Fiscal Year	Electric System Bonds						Water and Sewer Bonds					
	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2005	-	-	-	-	-	-	8,006,620	5,180,928	2,825,692	1,205,000	258,481	1.93
2006	66,375,813	62,283,217	4,092,596	-	627,198	6.53	8,270,249	5,316,514	2,953,735	1,255,000	210,534	2.02
2007	69,850,039	64,934,000	4,916,039	-	1,055,100	4.66	8,707,786	5,772,486	2,935,300	1,300,000	164,003	2.00
2008	74,007,325	70,699,290	3,308,035	440,000	1,046,738	2.23	8,855,477	5,838,172	3,017,305	1,370,000	88,967	2.07
2009	88,046,906	81,373,139	6,673,767	455,000	1,031,738	4.49	8,409,916	6,107,153	2,302,763	1,425,000	33,250	1.58
2010	80,464,925	72,465,366	7,999,559	470,000	1,016,000	5.38	-	-	-	-	-	-
2011	94,277,806	82,819,693	11,458,113	485,000	998,837	7.72	-	-	-	-	-	-
2012	90,332,236	80,213,447	11,668,434	505,000	982,807	7.84	-	-	-	-	-	-
2013	91,249,092	80,916,037	10,333,055	520,000	949,649	7.03	-	-	-	-	-	-
2014	91,499,255	80,592,135	10,907,120	540,000	947,000	7.33	-	-	-	-	-	-

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

See Independent Auditors' Report.

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

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2005	25,259	420,915,000	*	39.9	3,675	4.9%
2006	25,435	431,080,000	*	39.9	3,675	5.6%
2007	25,435	455,206,700	*	39.7	3,864	4.1%
2008	25,435	471,437,725	18,535	39.9	3,898	5.3%
2009	25,573	473,995,555	18,535	39.9	3,908	11.6%
2010	25,573	473,995,555	18,535	39.9	3,843	9.0%
2011	26,702	565,868,784	21,192	42.3	3,859	8.3%
2012	26,702	565,868,784	21,192	42.3	3,819	7.8%
2013	26,675	590,611,175	22,141	41.9	3,896	8.3%
2014	26,681	577,430,202	21,642	42.3	3,896	7.4%

*Comparable information was not available for prior years.

Source: Per 2010 US Census Report at Census.gov and Tennessee Department of Labor and Workforce Development

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

EMPLOYER:	2014			2005		
	<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	1,848	1	15.69%	1,095	1	9.41%
Century Link	640	2	5.43%			
U.S. Solutions Groups	582	3	4.94%			
Sprint Telecenters	475	4	4.03%	775	3	6.66%
Bristol, Tennessee School System	415	5	3.52%	407	5	3.50%
City of Bristol, Tennessee	337	6	2.86%	319	6	2.74%
Robinette Company	338	7	2.87%	250	8	2.15%
Bristol Metals LP	320	8	2.72%	291	7	2.50%
Walmart	300	9	2.55%			
Lowe's Home Improvement	250	10	2.12%			
Exide Corporation				872	2	7.49%
King Pharmaceuticals				552	4	4.74%
GlaxoSmithKline Laboratories				247	9	2.12%
Seaman Corporation				140	10	1.20%
	<u>5,505</u>		<u>46.73%</u>	<u>4,948</u>		<u>42.51%</u>

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

See Independent Auditors' Report.

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

FUNCTION	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	30	31	31	37	41	41	42	43	43	43
Community Relations	6	5.5	5.5	5.5	7	5	6	6	6	6
Education	518	531	540	544.67	536.3	542.4	539.8	529.6	523	524
Parks and Recreation	32	33	33	34	34	36	36	37	38	38
Public Safety										
Police	91	91	92	92	89	91	90	90	90	91
Fire	47	50.5	50.5	51.5	58	58	58	58	58	58
Public Works										
Engineering & GIS	7	8	8	8	8	8	7	7	7	7
Fleet Maintenance	10	10	10	10	10	10	10	9	9	9
Street Maintenance	24.5	24.5	24.5	25	25	23	24	24	24	24
Solid Waste	16	16	16	16	16	15	15	17	15	15
Other	8.5	8.5	8.5	7.7	7.7	7.7	7.7	10	10	10
Electric	60	60	60	60	60	58	59	62.5	65	64
Water	26.5	26.5	26.5	25	26.5	24.5	24.5	23	23	24
Sewer	12.5	12.5	12.5	14	12.5	11.5	11.5	12	12	11
Demolition Landfill	2	2	2	2.3	2.3	2.3	2.3	2.3	1	1
Total	<u>891</u>	<u>910</u>	<u>920</u>	<u>932.67</u>	<u>933.3</u>	<u>933.4</u>	<u>932.8</u>	<u>930.4</u>	<u>924</u>	<u>925</u>

Source: Summarized from internal records.

See Independent Auditors' Report.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Education										
Average Daily Membership	3,675	3,675	3,864	3,898	3,908	3,843	3,859	3,819	3,896	3,896
Public Safety										
Police:										
Average Emergency Response Time	4.5 min.	6 min.	6.24 min.	6.32 min.	6.35 min.	6.05 min.	6.33 min.	6.21 min.	6.22 min.	6.42 min.
Number of Calls for Service	55,729	53,591	47,097	47,156	47,292	67,225	80,375	68,005	74,426	64,501
Number of Arrests	1,454	2,088	2,313	2,507	2,758	2,035	2,106	2,171	1,991	2,296
Fire:										
Average Response Time	4.59 min.	5.02 min.	4.46 min.	5.05 min.	3.27 min.	4.18 min.	4.57 min.	4.5 min.	4.01 min.	3.54 min.
Number of Alarms Answered	3,914	4,085	4,192	4,569	4,988	5,011	5,281	5,389	4,938	5,366
Number of Code Inspections	6,813	6,288	7,381	1,210	892	1,024	216	1,439	1,364	1,391
Public Works										
Refuse Collected (Cubic Yards or Tons)	11,272 T	10,821 T	10,656 T	10,569 T	10,306 T	10,162 T	9,900 T	10140 T	9839 T	9952 T
Brush Collection (Cubic Yards)	41,928	42,280	40,943	41,311	39,902	39,902	44,734	50,751	38,302	35,360
Junk Collection (Cubic Yards)	29,052	27,899	24,196	25,205	24,266	21,958	19,072	17,500	15,900	18,952
Leaf Collection (Cubic Yards or Tons)	5,782 CY	5,249 CY	1,031 T	5,101 CY	1,092 T	944 T	976 T	589.16 T	940 T	852 T
Number of Customers	9,741	9,873	10,041	10,074	9,661	9,682	9,768	9,769	9,756	9,771
Water										
Daily Average Treatment (Million Gallons)	5.7	5.7	5.5	6.1	5.7	5.9	5.7	5.6	5.6	5.6
Number of Customers	11,820	11,938	12,256	12,298	12,368	12,451	12,405	12,384	12,415	12,411
Sewer										
Daily Average Treatment (Bristol, VA/TN) (Million Gallons)	11.75	9.5	9.5	8.3	9.3	10.7	10.8	10.6	11.5	10.3
Number of Customers	10,335	10,425	10,584	10,865	11,021	11,402	11,417	11,455	11,175	11,500
Demolition Landfill										
Waste Received (Cubic Yards)	49,102	52,935	51,479	63,423	22,000	26,000	20,000	18,000	19,000	18,952

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Education										
Number of Elementary Schools	6	6	6	5	5	6	5	5	5	5
Number of Junior High Schools	1	1	1	1	1	1	1	1	1	1
Number of High Schools	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	24	24	27	27	27	27	28	28
Parks Acreage	2,388	2,388	2,388	2,388	2,388	2,388	2,388	2,388	2,388	2,388
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Court Facilities	4	4	4	4	4	4	4	4	4	4
Golf Courses	-	1	1	1	1	1	1	1	1	1
Basketball Court Facilities	6	6	6	6	6	7	7	7	7	7
Disc Golf Courses	-	-	-	-	1	1	1	1	1	1
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	43	43	43	43	43	43	43	43	46
Fire:										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	346	347	351	352	353	353	356	356	360	360
Electric										
Miles of Service Lines	1,226	1,239	1,251	1,272	1,276	1,276	1,280	1,280	1,280	1,284
Miles of Cable Lines	69.8	69.8	69.8	937.0	878.0	944.2	946.5	946.8	946.8	971.0
Water										
Water Mains (Miles)	250	250	259	261	393	265	272	272	263	263
Fire Hydrants	1,050	1,050	1,067	1,212	1,214	1,191	1,242	1,194	1,241	1,241
Maximum Daily Capacity (Millions of Gallons)	10	10	10	10	10	10	10	10	10	10
Number of Booster Stations	5	5	5	5	6	7	5	5	5	5
Number of Water Reservoirs	8	8	8	8	9	9	9	9	9	9
Sewer										
Sanitary Sewers (Miles)	210	210	228	229	241	241	249	249	260	260
Maximum Daily Treatment Capacity (Million of Gallons)	15	15	15	15	15	15	15	15	15	15
Number of Wastewater Lift Stations	28	28	28	29	32	32	32	32	32	32

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Residential										
Monthly Customer Charge	6.29	6.29	6.29	6.42	6.42	6.42	8.42	8.42	8.42	8.42
Energy Charge:										
Summer	-	-	-	-	-	-	0.08712	0.08897	0.08885	0.09318
Winter	-	-	-	-	-	-	0.08438	0.08615	0.08603	0.09028
Transition	-	-	-	-	-	-	0.08267	0.08438	0.08426	0.08847
First 1,000 kWh Per Month	0.05374	0.06352	0.06157	0.07212	0.07407	0.07661	-	-	-	-
Additional kWh Per Month	0.05918	0.06896	0.06701	0.07767	0.07962	0.08216	-	-	-	-
Commercial, Industrial, Governmental and Institutional										
Plan A-1 (Demand up to 50 kW and usage up to 15,000 kWh):										
Monthly Customer Charge	14.00	14.00	14.00	14.29	14.29	14.29	-	-	-	-
Customer Charge Per Month:										
Single Phase Self Contained	-	-	-	-	-	-	13.86	13.86	13.86	13.86
Single Phase CT	-	-	-	-	-	-	13.86	13.86	13.86	13.86
Three Phase Self Contained	-	-	-	-	-	-	40.90	40.90	40.90	40.90
Three Phase CT	-	-	-	-	-	-	40.90	40.90	40.90	40.90
Energy Charge	0.06240	0.07346	0.07112	0.08236	0.08461	0.08799	-	-	-	-
Summer	-	-	-	-	-	-	0.09821	0.10020	0.10008	0.10448
Winter	-	-	-	-	-	-	0.09547	0.09737	0.09725	0.10158
Transition	-	-	-	-	-	-	0.09376	0.09561	0.09549	0.09977
Plan A-2 (Demand of 50 kW to 1,000 kW or demand less than 50kW but usage in excess of 15,000 kWh):										
Monthly Customer Charge	25.00	25.00	25.00	25.51	25.51	25.51	-	-	-	-
Customer Charge Per Month:										
Single Phase Self Contained	-	-	-	-	-	-	48.43	48.43	48.43	48.43
Single Phase CT	-	-	-	-	-	-	48.43	48.43	48.43	48.43
Three Phase Self Contained	-	-	-	-	-	-	71.99	71.99	71.99	71.99
Three Phase CT	-	-	-	-	-	-	71.99	71.99	71.99	71.99
Demand Charge:										
Excess of 50kW	8.56	10.06	9.63	10.49	10.83	11.76	-	-	-	-
Summer	-	-	-	-	-	-	10.15	10.45	10.45	10.45
Winter	-	-	-	-	-	-	9.33	9.60	9.60	9.84
Transition	-	-	-	-	-	-	9.33	9.60	9.60	9.84

* In April of 2011 BTES went to seasonal billing
 The seasonal rates above include the June 2014 Fuel Cost Adjustment

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Energy Charge:										
First 15,000 kWh Per Month	0.06194	0.07300	0.07066	0.08189	0.08414	0.08752	-	-	-	-
Summer	-	-	-	-	-	-	0.09491	0.09682	0.09670	0.10104
Winter	-	-	-	-	-	-	0.09217	0.09400	0.09388	0.09814
Transition	-	-	-	-	-	-	0.09046	0.09223	0.09211	0.09633
Additional kWh Per Month	0.03420	0.04042	0.03947	0.04785	0.04900	0.04945	-	-	-	-
Summer	-	-	-	-	-	-	0.06377	0.06484	0.06473	0.06828
Winter	-	-	-	-	-	-	0.06106	0.06204	0.06193	0.06540
Transition	-	-	-	-	-	-	0.05990	0.06085	0.06074	0.06418
Plan A-3 (Demand of 1,001 kW to 5,000 kW):										
Monthly Customer Charge	25.00	25.00	25.00	25.51	25.51	25.51	100.00	100.00	100.00	100.00
Demand Charge:										
First 1,000 kW	8.56	10.14	9.67	10.58	10.94	11.92	-	-	-	-
Excess of 1,000 kW	10.06	11.94	11.39	12.45	12.88	14.04	-	-	-	-
Summer	-	-	-	-	-	-	10.50	10.82	10.82	11.11
Winter	-	-	-	-	-	-	9.68	9.98	9.98	10.24
Transition	-	-	-	-	-	-	9.68	9.98	9.98	10.24
Energy Charge	0.03420	0.04042	0.03947	0.04785	0.04900	0.04945	-	-	-	-
Summer	-	-	-	-	-	-	0.06377	0.06479	0.06468	0.06819
Winter	-	-	-	-	-	-	0.06106	0.06200	0.06189	0.06532
Transition	-	-	-	-	-	-	0.05990	0.06080	0.06069	0.06409
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	-	-	-	-
Demand Charge	10.96	12.89	12.33	13.16	13.59	14.78	-	-	-	-
Energy Charge:										
First 620 kWh Per Month	0.03050	0.03588	0.03514	0.04234	0.04333	0.04336	-	-	-	-
Additional kWh Per Month	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	-	-	-	-
Demand Charge	11.07	13.00	12.44	13.27	13.70	14.89	-	-	-	-
Energy Charge:										
First 620 kWh Per Month	0.03050	0.03588	0.03514	0.04234	0.04333	0.04336	-	-	-	-
Additional kWh Per Month	0.02477	0.02928	0.02883	0.03559	0.03636	0.03576	-	-	-	-

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2014 Fuel Cost Adjustment

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
TOU GSB										
Monthly Customer Charge	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	350.00	350.00	350.00	350.00
Demand Charge:										
Summer										
OnPeak KW	-	-	-	-	-	15.45	15.38	15.83	15.83	16.22
OffPeak KW Excess Onpeak	-	-	-	-	-	3.36	3.30	3.38	3.38	3.45
KW Excess Contract KW	-	-	-	-	-	15.45	15.38	15.83	15.83	16.22
Winter										
OnPeak KW	-	-	-	-	-	8.54	8.49	8.73	8.73	8.94
OffPeak KW Excess Onpeak	-	-	-	-	-	3.36	3.30	3.38	3.38	3.45
KW Excess Contract KW	-	-	-	-	-	8.54	8.49	8.73	8.73	8.94
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	-	3.36	3.30	3.38	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	3.36	3.30	3.38	3.38	8.94
Energy Charge										
Summer OnPeak	-	-	-	-	-	0.09158	0.09483	0.09694	0.09683	0.10127
Summer OffPeak-First 425 HUD	-	-	-	-	-	0.05793	0.06119	0.06226	0.06215	0.06568
Summer OffPeak-Next 195 HUD	-	-	-	-	-	0.03982	0.04308	0.04360	0.04349	0.04653
Summer OffPeak-Over 620 HUD	-	-	-	-	-	0.02445	0.02771	0.02775	0.02764	0.03026
Winter OnPeak	-	-	-	-	-	0.06183	0.06509	0.06628	0.06617	0.06981
Winter OffPeak- First 425 HUD	-	-	-	-	-	0.05793	0.06119	0.06226	0.06215	0.06568
Winter OffPeak- Next 195 HUD	-	-	-	-	-	0.03982	0.04308	0.04360	0.04349	0.04653
Winter OffPeak- Over 620 HUD	-	-	-	-	-	0.02445	0.02771	0.02775	0.02764	0.03026
Transition OffPeak- First 425 HUD	-	-	-	-	-	0.05793	0.06119	0.06226	0.06215	0.06568
Transition OffPeak- Next 195 HUD	-	-	-	-	-	0.03982	0.04308	0.04360	0.04349	0.04653
Transition OffPeak- Over 620 HUD	-	-	-	-	-	0.02445	0.02771	0.02775	0.02764	0.03026
TOU MSB										
Monthly Customer Charge	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	350.00	350.00	350.00	350.00
Demand Charge:										
Summer										
OnPeak KW	-	-	-	-	-	15.46	15.38	15.83	15.83	16.22
OffPeak KW Excess Onpeak	-	-	-	-	-	3.37	3.30	3.38	3.38	3.45
KW Excess Contract KW	-	-	-	-	-	15.46	15.38	15.83	15.83	16.22

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2014 Fuel Cost Adjustment

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Winter										
OnPeak KW	-	-	-	-	-	8.55	8.49	8.73	8.73	8.94
OffPeak KW Excess Onpeak	-	-	-	-	-	3.37	3.30	3.38	3.38	3.45
KW Excess Contract KW	-	-	-	-	-	8.55	8.49	8.73	8.73	8.94
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	-	3.37	3.30	3.38	3.38	3.45
KW Excess Contract KW	-	-	-	-	-	3.37	3.30	3.38	3.38	8.94
Energy Charge										
Summer OnPeak	-	-	-	-	-	0.07685	0.08011	0.08177	0.08166	0.08571
Summer OffPeak-First 425 HUD	-	-	-	-	-	0.04357	0.04685	0.04748	0.04737	0.05051
Summer OffPeak-Next 195 HUD	-	-	-	-	-	0.02546	0.02874	0.02882	0.02871	0.03136
Summer OffPeak-Over 620 HUD	-	-	-	-	-	0.01009	0.01337	0.01297	0.01286	0.01510
Winter OnPeak	-	-	-	-	-	0.04771	0.05097	0.05173	0.05162	0.05488
Winter OffPeak- First 425 HUD	-	-	-	-	-	0.04357	0.04685	0.04748	0.04737	0.05051
Winter OffPeak- Next 195 HUD	-	-	-	-	-	0.02546	0.02874	0.02882	0.02871	0.03136
Winter OffPeak- Over 620 HUD	-	-	-	-	-	0.01009	0.01337	0.01297	0.01286	0.01510
Transition OffPeak- First 425 HUD	-	-	-	-	-	0.04357	0.04685	0.04748	0.04737	0.05051
Transition OffPeak- Next 195 HUD	-	-	-	-	-	0.02546	0.02874	0.02882	0.02871	0.03136
Transition OffPeak- Over 620 HUD	-	-	-	-	-	0.01009	0.01337	0.01297	0.01286	0.01510
SDE SMSB										
Monthly Customer Charge	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	350.00	350.00	350.00	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	17.60	18.12	18.12	18.57
Winter	-	-	-	-	-	-	11.46	11.79	11.79	12.08
Transition	-	-	-	-	-	-	6.85	7.03	7.03	7.19
Energy Charge										
Summer	-	-	-	-	-	-	0.04170	0.04217	0.04206	0.04506
Winter	-	-	-	-	-	-	0.03719	0.03753	0.03742	0.04030
Transition	-	-	-	-	-	-	0.03614	0.03644	0.03633	0.03918
SDE SMSC										
Monthly Customer Charge	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	350.00	350.00	350.00	350.00

* In April of 2011 BTES went to seasonal billing
 The seasonal rates above include the June 2014 Fuel Cost Adjustment

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Demand Charge:										
Summer	-	-	-	-	-	-	17.71	18.23	18.23	18.68
Winter	-	-	-	-	-	-	11.57	11.90	11.90	12.19
Transition	-	-	-	-	-	-	6.96	7.14	7.14	7.30
Energy Charge										
Summer	-	-	-	-	-	-	0.04140	0.04186	0.04175	0.04475
Winter	-	-	-	-	-	-	0.03718	0.03751	0.03740	0.04028
Transition	-	-	-	-	-	-	0.03617	0.03647	0.03647	0.03921

* In April of 2011 BTES went to seasonal billing
 The seasonal rates above include the June 2014 Fuel Cost Adjustment

Source: Summarized from internal records.

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

	2007	2008	2009	2010	2011	2012	2013	2014
Telephone								
Basic Telephone Service	\$ 22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90
Enhanced Telephone Service	28.90	28.90	28.90	28.90	28.90	28.90	28.90	30.90
100 Minutes Long Distance	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
200 Minutes Long Distance	12.95	12.95	12.95	12.95	12.95	12.95	12.95	12.95
500 Minutes Long Distance	24.95	24.95	24.95	24.95	24.95	24.95	24.95	24.95
Unlimited Minutes Long Distance	29.95	29.95	29.95	29.95	29.95	29.95	29.95	29.95
Cable Television								
Expanded Basic	39.95	39.95	39.95	39.95	39.95	42.95	42.95	49.95
Expanded Basic (IPTV)	-	-	-	-	-	49.95	49.95	49.95
Digital:								
Basic	49.95	50.95	50.95	51.95	51.95	55.95	55.95	55.95
IPTV	-	-	-	-	-	74.95	74.95	75.15
Bronze	59.95	59.95	59.95	62.95	62.95	62.95	62.95	89.10
Silver	67.95	67.95	67.95	70.95	70.95	70.95	70.95	105.05
Gold	72.95	72.95	72.95	78.95	78.95	78.95	78.95	138.95
Spanish Tier	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95
High Definition Tier	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95
Sports Tier	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Pay-Per-View Movies:								
New Release	3.95	3.95	3.95	3.99	3.99	3.99	3.99	3.99
Premium Packages:								
Cinemax	9.95	9.95	9.95	12.95	12.95	15.95	15.95	15.95
HBO	11.95	11.95	11.95	14.95	14.95	17.95	17.95	17.95
Showtime	11.95	11.95	11.95	12.95	12.95	15.95	15.95	15.95
Starz	9.95	9.95	9.95	10.95	10.95	13.95	13.95	13.95
Internet								
Fiber Optic:								
512K Tier (512K prior to June 2014, 64K prior to 2012)	16.95	16.95	16.95	16.95	16.95	16.95	16.95	16.95
2 Mbps Tier (1.5 Mbps in 2007)	29.95	29.95	29.95	29.95	29.95	29.95	29.95	-
10 Mbps Tier (8 Mbps prior to June 2014, 4 Mbps prior to 2012, 3 Mbps in 2007)	39.95	39.95	39.95	39.95	39.95	39.95	39.95	39.95
30 Mbps Tier (16 Mbps prior to June 2014, 6 Mbps prior to 2012, 5 Mbps in 2007)	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95
60 Mbps Tier (30 Mbps prior to June 2014, 12 Mbps prior to 2012)	-	-	59.95	59.95	59.95	59.95	59.95	59.95
80 Mbps Tier (50 Mbps prior to June 2014)	-	-	-	-	-	69.95	69.95	69.95
1 G Tier	-	-	-	-	-	-	-	299.95

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

Source: Summarized from internal records.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)
For the Fiscal Year Ended June 30, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
WATER RATES										
Residential:										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	5.00	-	-	-	-	-	-	-	-	-
From 1,001 to 50,000	2.10	-	-	-	-	-	-	-	-	-
From 50,001 to 100,000	2.00	-	-	-	-	-	-	-	-	-
Over 100,000	1.80	-	-	-	-	-	-	-	-	-
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	10.00	-	-	-	-	-	-	-	-	-
From 1,001 to 50,000	4.20	-	-	-	-	-	-	-	-	-
From 50,001 to 100,000	4.00	-	-	-	-	-	-	-	-	-
Over 100,000	4.00	-	-	-	-	-	-	-	-	-
Commercial:										
Inside the City:										
First 100,000 Gallons	240.00	-	-	-	-	-	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	1.20	-	-	-	-	-	-	-	-	-
Rural/Outside the City:										
First 100,000 Gallons	400.00	-	-	-	-	-	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	2.60	-	-	-	-	-	-	-	-	-
All Customers:										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	5.30	5.62	5.93	5.93	6.43	6.98	6.98	6.98	6.98
From 1,001 to 50,000	-	2.23	2.36	2.49	2.49	2.70	2.93	2.93	2.93	2.93
From 50,001 to 100,000	-	2.12	2.25	2.38	2.38	2.58	2.80	2.80	2.80	2.80
From 100,001 to 250,000	-	1.91	2.02	2.13	2.13	2.31	2.51	2.51	2.51	2.51
Over 250,001	-	1.35	1.43	1.51	1.51	1.64	1.78	1.78	1.78	1.78

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)
For the Fiscal Year Ended June 30, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	10.60	11.24	11.87	11.87	12.86	13.96	13.96	13.96	13.96
From 1,001 to 50,000	-	4.46	4.72	4.98	4.98	5.40	5.86	5.86	5.86	5.86
From 50,001 to 100,000	-	4.24	4.50	4.75	4.75	5.16	5.60	5.60	5.60	5.60
From 100,001 to 250,000	-	3.82	4.04	4.27	4.27	4.62	5.02	5.02	5.02	5.02
Over 250,001	-	2.70	2.86	3.03	3.03	3.28	3.56	3.56	3.56	3.56
Blountville Utility District (Per 1,000 Gallon)	2.60	2.60	2.60	1.50	1.50	1.50	1.50	1.55	1.55	1.55
Intermont Utility District (Per 1,000 Gallon)	2.60	2.60	2.60	1.50	1.50	2.20	2.20	2.20	2.20	2.25
Other Utility Districts (Per 1,000 Gallon)	2.60	2.60	2.60	2.60	2.60	2.95	2.95	2.95	2.95	2.95
SEWER RATES										
Monthly Charge for Cost of Supplying Service	3.00	3.09	3.18	3.18	3.18	3.50	3.50	3.50	3.50	3.50
Monthly Charge for I/I Rehabilitation	2.00	2.06	2.12	2.12	2.12	2.50	2.50	2.50	2.50	2.50
Inside Rates:										
Monthly Customer Charge (Per 1,000 Gallon)										
Minimum Bill of 2,000 Gallons and Up to 2,500,000 Gallons	3.30	3.40	3.50	3.50	3.50	3.64	3.79	3.79	3.79	3.79
Over 2,500,000 Gallons	2.20	2.31	2.38	2.38	2.38	2.48	2.58	2.58	2.58	2.58
Outside Rates (Per 1,000 Gallon):										
Monthly Residential Customer Charge										
Minimum Bill of 3,000 Gallons	4.95	5.10	5.25	5.25	5.25	5.46	5.68	5.68	5.68	5.68
Monthly Non-residential Customer Charge										
Minimum Bill of 3,000 Gallons	5.50	5.67	5.84	5.84	5.84	6.07	6.31	6.31	6.31	6.31
City of Johnson City, Tennessee (Per 1,000 Gallon)	1.60	1.70	1.80	1.83	1.90	2.01	1.97	2.05	2.14	2.18
Town of Bluff City, Tennessee (Per 1,000 Gallon)	1.60	1.70	1.80	1.83	1.90	2.01	1.97	2.05	2.14	2.18

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.

**COMPLIANCE
SECTION**



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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2014. Our report includes a reference to other auditors who audited the financial statements of the Electric Fund and the BTES Other Post Employment Benefits Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee
December 23, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Bristol, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Bristol, Tennessee's major federal programs for the year ended June 30, 2014. The City of Bristol, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Bristol, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Chattanooga, Tennessee
December 23, 2014

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular?

yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.395	Race to the Top
20.205	Highway Planning and Construction Cluster
20.507	Federal Transit Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes no

CITY OF BRISTOL, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION II
FINANCIAL STATEMENT FINDINGS**

None reported

CITY OF BRISTOL, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

**SECTION IV
STATUS OF PRIOR AUDIT FINDINGS**

None reported

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