



Financial Statements
December 31, 2016 and 2015
City of Bristol

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LEGISLATIVE AUDIT

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Independent Auditor's Report

The City Council
City of Bristol
Bristol, SD

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities and each major fund of the City of Bristol (the "City") as of December 31, 2016 and 2015, and for the years then ended 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 the modified cash basis described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstance. Management is also responsible for 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 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis - of the governmental activities, the business-type activities, and each major fund of the City of Bristol as of December 31, 2016 and 2015, and the respective changes in financial position - modified cash basis and, where applicable, cash flows - modified cash basis thereof and for the years then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City's financial statements. The budgetary comparison schedules and long-term debt schedule are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison schedules and long-term debt schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017 on our consideration of the City of Bristol'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 Governmental Audit Standards in considering the City's internal control over financial reporting and compliance.



Aberdeen, South Dakota
October 25, 2017

City of Bristol
Statement of Net Position—Modified Cash Basis
December 31, 2016 and 2015

2016			
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 468,598	\$ 116,004	\$ 584,602
	\$ 468,598	\$ 116,004	\$ 584,602
Net Position			
Restricted for:			
Debt service	\$ -	\$ 105,654	\$ 105,654
Streets	13,737	-	13,737
Unrestricted	454,861	10,350	465,211
	\$ 468,598	\$ 116,004	\$ 584,602
2015			
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 413,403	\$ 84,829	\$ 498,232
	\$ 413,403	\$ 84,829	\$ 498,232
Net Position			
Restricted for:			
Debt service	\$ -	\$ 62,106	\$ 62,106
Streets	9,165	-	9,165
Unrestricted	404,238	22,723	426,961
	\$ 413,403	\$ 84,829	\$ 498,232

City of Bristol
Statements of Activities—Modified Cash Basis
Year Ended December 31, 2016

Functions/Programs	2016						
	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions, and Loan Proceeds	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 29,649	\$ 8,270	\$ -	\$ -	\$ (21,379)	\$ -	\$ (21,379)
Public safety	11,322	50	-	-	(11,272)	-	(11,272)
Public works	63,059	-	27,850	-	(35,209)	-	(35,209)
Health and welfare	1,156	-	-	-	(1,156)	-	(1,156)
Culture and recreation	27,066	-	-	-	(27,066)	-	(27,066)
Conservation and development	800	-	-	-	(800)	-	(800)
Debt service	-	-	-	4,572	4,572	-	4,572
Miscellaneous	76	-	-	-	(76)	-	(76)
Total governmental activities	133,128	8,320	27,850	4,572	(92,386)	-	(92,386)
Business-type activities:							
Water fund	161,701	87,804	-	-	-	(73,897)	(73,897)
Sewer fund	55,942	86,772	-	-	-	30,830	30,830
Garbage fund	28,534	34,688	-	-	-	6,154	6,154
Total business-type activities	246,177	209,264	-	-	-	(36,913)	(36,913)
Total primary government	\$ 379,305	\$ 217,584	\$ 27,850	\$ 4,572	(92,386)	(36,913)	(129,299)
General Revenues							
Taxes:							
Property taxes					95,420	-	95,420
Sales taxes					92,835	-	92,835
Amusement taxes					108	-	108
Penalties & interest on delinquent taxes					232	-	232
State shared revenues					3,211	-	3,211
Unrestricted investment earnings					3,097	-	3,097
Miscellaneous revenue					2,556	-	2,556
Transfers					(53,744)	53,744	-
Sale of Municipal Property					675	-	675
Compensation for Damage to Capital Assets					3,191	14,344	17,535
Total general revenues					147,581	68,088	215,669
Change in Net Position					55,195	31,175	86,370
Net Position - Beginning					413,403	84,829	498,232
Net Position - Ending					\$ 468,598	\$ 116,004	\$ 584,602

See Notes to Financial Statements

City of Bristol
Statements of Activities--Modified Cash Basis
Year Ended December 31, 2015

Functions/Programs	2015						
	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions, and Loan Proceeds	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 25,603	\$ 19,939	\$ -	\$ -	\$ (5,664)	\$ -	\$ (5,664)
Public safety	11,869	592	-	-	(11,277)	-	(11,277)
Public works	50,007	-	26,221	-	(23,786)	-	(23,786)
Culture and recreation	34,613	-	-	-	(34,613)	-	(34,613)
Conservation and development	90	-	-	-	(90)	-	(90)
Debt service	-	-	-	3,899	3,899	-	3,899
Miscellaneous	8,970	-	-	-	(8,970)	-	(8,970)
Total governmental activities	<u>131,152</u>	<u>20,531</u>	<u>26,221</u>	<u>3,899</u>	<u>(80,501)</u>	<u>-</u>	<u>(80,501)</u>
Business-type activities:							
Water fund	774,301	80,069	-	713,922	-	19,690	19,690
Sewer fund	255,299	66,980	-	192,156	-	3,837	3,837
Garbage fund	28,169	30,284	-	-	-	2,115	2,115
Total business-type activities	<u>1,057,769</u>	<u>177,333</u>	<u>-</u>	<u>906,078</u>	<u>-</u>	<u>25,642</u>	<u>25,642</u>
Total primary government	<u>\$ 1,188,921</u>	<u>\$ 197,864</u>	<u>\$ 26,221</u>	<u>\$ 909,977</u>	<u>(80,501)</u>	<u>25,642</u>	<u>(54,859)</u>
General Revenues							
Taxes:							
Property taxes					98,854	-	98,854
Sales taxes					79,346	-	79,346
Penalties & interest on delinquent taxes					423	-	423
State shared revenues					3,010	-	3,010
Unrestricted investment earnings					2,276	-	2,276
Miscellaneous revenue					2,500	-	2,500
Transfers					(28,645)	28,645	-
Total general revenues					<u>167,014</u>	<u>28,645</u>	<u>195,659</u>
Change in Net Position					<u>86,513</u>	<u>54,287</u>	<u>140,800</u>
Net Position - Beginning					<u>326,890</u>	<u>30,542</u>	<u>357,432</u>
Net Position - Ending					<u>\$ 413,403</u>	<u>\$ 84,829</u>	<u>\$ 498,232</u>

See Notes to Financial Statements

City of Bristol
Balance Sheet—Modified Cash Basis—Governmental Funds
December 31, 2016

	General Fund	Special Assessment Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 454,861	\$ 13,737	\$ 468,598
	<u>\$ 454,861</u>	<u>\$ 13,737</u>	<u>\$ 468,598</u>
Fund Balances			
264 Restricted for streets	\$ -	\$ 13,737	\$ 13,737
267 Unassigned	454,861	-	454,861
	<u>\$ 454,861</u>	<u>\$ 13,737</u>	<u>\$ 468,598</u>
	General Fund	Special Assessment Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 404,238	\$ 9,165	\$ 413,403
	<u>\$ 404,238</u>	<u>\$ 9,165</u>	<u>\$ 413,403</u>
Fund Balances			
264 Restricted for streets	\$ -	\$ 9,165	\$ 9,165
267 Unassigned	404,238	-	404,238
	<u>\$ 404,238</u>	<u>\$ 9,165</u>	<u>\$ 413,403</u>

City of Bristol

Statements of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis—Governmental Funds
Year Ended December 31, 2016

	2016		
	General Fund	Special Assessment Fund	Total Governmental Funds
Revenues			
310 Taxes			
311 General property taxes	\$ 95,420	\$ -	\$ 95,420
313 General sales and use taxes	92,835	-	92,835
315 Amusement taxes	108	-	108
319 Penalties and interest on delinquent taxes	232	-	232
Total taxes	188,595	-	188,595
320 Licenses and permits	990	-	990
330 Intergovernmental revenue			
335 State shared revenue			
335.01 Bank franchise tax	986	-	986
335.02 Motor vehicle commercial prorate	1,266	-	1,266
335.03 Liquor tax reversion	2,225	-	2,225
335.04 Motor vehicle licenses (5%)	5,361	-	5,361
335.08 Local government highway and bridge fund	16,869	-	16,869
338 County shared revenue			
338.01 County road tax (25%)	1,058	-	1,058
338.02 County road and bridge tax (25%)	384	-	384
338.03 County wheel tax	1,974	-	1,974
339 Other intergovernmental revenues	938	-	938
Total intergovernmental revenue	31,061	-	31,061
340 Charges for goods and services			
341 General government	7,280	-	7,280
Total charges for good and services	7,280	-	7,280
350 Fines and forfeits			
351 Court fines and costs	50	-	50
Total fines and forfeits	50	-	50
360 Miscellaneous revenue			
361 Investment earnings	3,097	-	3,097
363 Special assessments	-	4,572	4,572
369 Other	2,556	-	2,556
Total miscellaneous revenue	5,653	4,572	10,225
Total revenues	233,629	4,572	238,201

City of Bristol

Statements of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis—Governmental Funds
Year Ended December 31, 2016

	2016		
	General Fund	Special Assessment Fund	Total Governmental Funds
Expenditures			
410 General government			
414 Financial administration	29,649	-	29,649
Total general government	29,649	-	29,649
420 Public safety			
422 Fire	6,529	-	6,529
429 Other protection	4,793	-	4,793
Total public safety	11,322	-	11,322
430 Public works			
431 Highways and streets	60,059	-	60,059
437 Cemeteries	3,000	-	3,000
Total public works	63,059	-	63,059
440 Health and welfare			
441 Health	1,156	-	1,156
Total health and welfare	1,156	-	1,156
450 Culture and recreation			
451 Recreation	27,066	-	27,066
Total culture and recreation	27,066	-	27,066
460 Conservation and development			
465 Economic development and assistance (industrial development)	800	-	800
Total conservation and development	800	-	800
490 Miscellaneous			
492 Other expenditures	76	-	76
Total miscellaneous	76	-	76
Total expenditures	133,128	-	133,128
Excess of revenue over expenditures	100,501	4,572	105,073
Other Financing Sources (Uses)			
511 Transfers out	(53,744)	-	(53,744)
391.03 Sale of municipal property	675	-	675
391.04 Compensation for loss/damage to capital assets	3,191	-	3,191
Total other financing sources (uses)	(49,878)	-	(49,878)
Net Change in Fund Balance	50,623	4,572	55,195
Fund Balance - Beginning	404,238	9,165	413,403
Fund Balance - Ending	\$ 454,861	\$ 13,737	\$ 468,598

City of Bristol

Statements of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis—Governmental Funds
Year Ended December 31, 2015

	2015		
	General Fund	Special Assessment Fund	Total Governmental Funds
Revenues			
310 Taxes			
311 General property taxes	\$ 98,854	\$ -	\$ 98,854
313 General sales and use taxes	79,346	-	79,346
315 Amusement taxes	-	-	-
319 Penalties and interest on delinquent taxes	423	-	423
Total taxes	178,623	-	178,623
320 Licenses and permits	1,174	-	1,174
330 Intergovernmental revenue			
335 State shared revenue			
335.01 Bank franchise tax	890	-	890
335.02 Motor vehicle commercial prorate	1,137	-	1,137
335.03 Liquor tax reversion	2,120	-	2,120
335.04 Motor vehicle licenses (5%)	4,609	-	4,609
335.08 Local government highway and bridge fund	17,014	-	17,014
338 County shared revenue			
338.01 County road tax (25%)	1,058	-	1,058
338.02 County road and bridge tax (25%)	429	-	429
338.03 County wheel tax	1,974	-	1,974
339 Other intergovernmental revenues	-	-	-
Total intergovernmental revenue	29,231	-	29,231
340 Charges for goods and services			
341 General government	18,765	-	18,765
Total charges for good and services	18,765	-	18,765
350 Fines and forfeits			
351 Court fines and costs	592	-	592
Total fines and forfeits	592	-	592
360 Miscellaneous revenue			
361 Investment earnings	2,276	-	2,276
363 Special assessments	-	3,899	3,899
369 Other	2,500	-	2,500
Total miscellaneous revenue	4,776	3,899	8,675
Total revenues	233,161	3,899	237,060

City of Bristol

Statements of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis—Governmental Funds
Year Ended December 31, 2015

	2015		
	General Fund	Special Assessment Fund	Total Governmental Funds
Expenditures			
410 General government			
414 Financial administration	25,603	-	25,603
Total general government	25,603	-	25,603
420 Public safety			
422 Fire	10,000	-	10,000
429 Other protection	1,869	-	1,869
Total public safety	11,869	-	11,869
430 Public works			
431 Highways and streets	47,007	-	47,007
437 Cemeteries	3,000	-	3,000
Total public works	50,007	-	50,007
440 Health and welfare			
441 Health	-	-	-
Total health and welfare	-	-	-
450 Culture and recreation			
451 Recreation	34,613	-	34,613
Total culture and recreation	34,613	-	34,613
460 Conservation and development			
465 Economic development and assistance (industrial development)	90	-	90
Total conservation and development	90	-	90
490 Miscellaneous			
492 Other expenditures	8,970	-	8,970
Total miscellaneous	8,970	-	8,970
Total expenditures	131,152	-	131,152
Excess (Deficiency) of revenue over expenditures	102,009	3,899	105,908
Other Financing Sources (Uses)			
511 Transfers out	(28,645)	-	(28,645)
391.03 Sale of municipal property	9,250	-	9,250
391.04 Compensation for loss/damage to capital assets	-	-	-
Total other financing sources (uses)	(19,395)	-	(19,395)
Net Change in Fund Balance	82,614	3,899	86,513
Fund Balance - Beginning	321,624	5,266	326,890
Fund Balance - Ending	\$ 404,238	\$ 9,165	\$ 413,403

City of Bristol
Balance Sheet—Modified Cash Basis—Proprietary Funds
December 31, 2016 and 2015

2016				
	Water Fund	Sewer Fund	Garbage Fund	Totals
Assets				
Current Assets				
Cash and cash equivalents	\$ 51,071	\$ 54,166	\$ 10,767	\$ 116,004
	<u>\$ 51,071</u>	<u>\$ 54,166</u>	<u>\$ 10,767</u>	<u>\$ 116,004</u>
Net Position				
253.20 Restricted net position for:				
Debt service	\$ 35,559	\$ 70,095	\$ -	\$ 105,654
253.90 Unrestricted	15,512	(15,929)	10,767	10,350
	<u>51,071</u>	<u>54,166</u>	<u>10,767</u>	<u>116,004</u>
Total net position	<u>\$ 51,071</u>	<u>\$ 54,166</u>	<u>\$ 10,767</u>	<u>\$ 116,004</u>
2015				
	Water Fund	Sewer Fund	Garbage Fund	Totals
Assets				
Current Assets				
Cash and cash equivalents	\$ 56,897	\$ 23,319	\$ 4,613	\$ 84,829
	<u>\$ 56,897</u>	<u>\$ 23,319</u>	<u>\$ 4,613</u>	<u>\$ 84,829</u>
Net Position				
253.20 Restricted net position for:				
Debt service	\$ 19,896	\$ 42,210	\$ -	\$ 62,106
253.90 Unrestricted	37,001	(18,891)	4,613	22,723
	<u>56,897</u>	<u>23,319</u>	<u>4,613</u>	<u>84,829</u>
Total net position	<u>\$ 56,897</u>	<u>\$ 23,319</u>	<u>\$ 4,613</u>	<u>\$ 84,829</u>

City of Bristol

Statements of Revenues, Expenses and Changes in Fund Net Position –Modified Cash Basis–Proprietary Funds
Years Ended December 31, 2016 and 2015

	2016				2015			
	Enterprise Funds				Enterprise Funds			
	Water Fund	Sewer Fund	Garbage Fund	Totals	Water Fund	Sewer Fund	Garbage Fund	Totals
Operating Revenue								
370 Charges for goods and services	\$ 62,194	\$ 29,666	\$ 34,688	\$ 126,548	\$ 60,173	\$ 24,770	\$ -	\$ 84,943
Revenue dedicated to servicing debt	25,610	57,106	-	82,716	19,896	42,210	30,284	92,390
Total operating revenue	87,804	86,772	34,688	209,264	80,069	66,980	30,284	177,333
Operating Expenses								
410 Personal services	10,336	23,356	1,512	35,204	7,369	19,771	-	27,140
420 Other current expense	82,268	3,366	27,022	112,656	49,509	5,883	28,169	83,561
430 Capital assets	720,298	258,273	-	978,571	1,053,578	935,433	-	1,989,011
Total operating expenses	812,902	284,995	28,534	1,126,431	1,110,456	961,087	28,169	2,099,712
Operating Income (Loss)	(725,098)	(198,223)	6,154	(917,167)	(1,030,387)	(894,107)	2,115	(1,922,379)
Nonoperating Revenue (Expense)								
330 Operating grants	-	66,118	-	66,118	-	239,470	-	239,470
441 Debt service (principal)	(50,756)	-	-	(50,756)	(7,277)	(36,716)	-	(43,993)
442 Interest expense	(11,965)	(29,221)	-	(41,186)	(2,599)	(773)	-	(3,372)
391.20 Long-term debt issued	713,922	192,156	-	906,078	1,059,953	695,963	-	1,755,916
Total nonoperating revenue (expense)	651,201	229,053	-	880,254	1,050,077	897,944	-	1,948,021
Income (Loss) Before Loan Advances	(73,897)	30,830	6,154	(36,913)	19,690	3,837	2,115	25,642
391.1 Transfers in	53,727	17	-	53,744	12,379	17,747	-	30,126
511 Transfers out	-	-	-	-	-	(1,481)	-	(1,481)
391.04 Compensation for loss or damage to capital assets	14,344	-	-	14,344	-	-	-	-
Change in Net Position	(5,826)	30,847	6,154	31,175	32,069	20,103	2,115	54,287
Net Position - Beginning	56,897	23,319	4,613	84,829	24,828	3,216	2,498	30,542
Net Position - Ending	\$ 51,071	\$ 54,166	\$ 10,767	\$ 116,004	\$ 56,897	\$ 23,319	\$ 4,613	\$ 84,829

See Notes to Financial Statements

City of Bristol
Statements of Cash Flows—Modified Cash Basis—Proprietary Funds
Years Ended December 31, 2016 and 2015

	2016				2015			
	Enterprise Funds				Enterprise Funds			
	Water Fund	Sewer Fund	Garbage Fund	Totals	Water Fund	Sewer Fund	Garbage Fund	Totals
Cash Flows from Operating Activities								
Receipt from customers	\$ 87,804	\$ 86,772	\$ 34,688	\$ 209,264	\$ 80,069	\$ 66,980	\$ 30,284	\$ 177,333
Payments to suppliers	(82,268)	(3,366)	(27,022)	(112,656)	(49,509)	(5,883)	(28,169)	(83,561)
Payments to employees	(10,336)	(23,356)	(1,512)	(35,204)	(7,369)	(19,771)	-	(27,140)
Net Cash from Operating Activities	(4,800)	60,050	6,154	61,404	23,191	41,326	2,115	66,632
Cash Flows from (used for) Noncapital and Related financing activity								
Transfers in	53,727	17	-	53,744	12,379	17,747	-	30,126
Transfers out	-	-	-	-	-	(1,481)	-	(1,481)
Net Cash from (used for) Noncapital and Related financing activities	53,727	17	-	53,744	12,379	16,266	-	28,645
Cash Flows used for Capital and Related Financing activities								
Proceeds from operating grants	-	66,118	-	66,118	-	239,470	-	239,470
Proceeds from capital debt	713,922	192,156	-	906,078	1,059,953	695,963	-	1,755,916
Purchase of capital assets	(720,298)	(258,273)	-	(978,571)	(1,053,578)	(935,433)	-	(1,989,011)
Principal paid on capital debt	(50,756)	-	-	(50,756)	(7,277)	(36,716)	-	(43,993)
Compensation for loss or damage to capital assets	14,344	-	-	14,344	-	-	-	-
Interest paid on capital debt	(11,965)	(29,221)	-	(41,186)	(2,599)	(773)	-	(3,372)
Net Cash used for Capital and Related Financing activity	(54,753)	(29,220)	-	(83,973)	(3,501)	(37,489)	-	(40,990)
Net Change in Cash and Cash Equivalents	(5,826)	30,847	6,154	31,175	32,069	20,103	2,115	54,287
Cash and Cash Equivalents - Beginning	56,897	23,319	4,613	84,829	24,828	3,216	2,498	30,542
Cash and Cash Equivalents - Ending	\$ 51,071	\$ 54,166	\$ 10,767	\$ 116,004	\$ 56,897	\$ 23,319	\$ 4,613	\$ 84,829
Cash and Cash Equivalents Consist of: Cash and cash equivalents	\$ 51,071	\$ 54,166	\$ 10,767	\$ 116,004	\$ 56,897	\$ 23,319	\$ 4,613	\$ 84,829
Reconciliation of Operating Income to Net Cash from Operating Activities								
Operating income (loss)	\$ (725,098)	\$ (198,223)	\$ 6,154	\$ (917,167)	\$ (1,030,387)	\$ (894,107)	\$ 2,115	\$ (1,922,379)
Adjustments to reconcile operating income to net cash from operating activities:								
Purchase of capital assets	720,298	258,273	-	978,571	1,053,578	935,433	-	1,989,011
Net Cash from Operating Activities	\$ (4,800)	\$ 60,050	\$ 6,154	\$ 61,404	\$ 23,191	\$ 41,326	\$ 2,115	\$ 66,632

See Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

As discussed further in Note 1.C, the financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The reporting entity of the City of Bristol (the City), consists of the primary government which includes all of the funds, organizations, institutions, agencies, departments and offices that make up the legal entity, those organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

The reporting entity is comprised of the primary government, City of Bristol.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

Based upon the application of these criteria, the City does not have any component units.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the City as a whole. They include all funds of the City. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year or because of public interest in the fund's operations.

The funds of the City of Bristol are described below:

Governmental Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures by local ordinance for specified purposes. The City has the following special revenue funds:

- **Special Assessment Fund** – A fund allowed to account for the receipts from the 25 cent per square foot within city limits that borders a street. The special assessment can be spent on improving the streets of the city. The special assessment fund is a major fund.

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City reports the following enterprise funds:

- Water Fund – A fund established to provide water to customers within the City of Bristol. Financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1) The water fund is a major fund.
- Sewer Fund – A fund established to provide sewer services to customers within the City of Bristol. Financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities. (SDCL 9-48-2) The sewer fund is a major fund.
- Garbage Fund – A fund established to provide garbage services to customers within the City of Bristol. (SDCL 9-32-11 and 34A-6) The garbage fund is a major fund.

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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is applied within the limitations of the modified cash basis of accounting.

Basis of Accounting

In the government-wide statement of net position and statement of activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting.

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. The only modification to the cash basis of accounting implemented by the City in these financial statements is the recording of long-term investments in certificates of deposit (those with maturities more than 90-days (three months) from the date of acquisition) acquired with cash assets at cost.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the City applied U.S. GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Deposits and Investments

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares or similar investments in external investment pools are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

E. Interfund Eliminations and Reclassifications

Government-Wide Financial Statements

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

- The City did not have any interfund receivables and payables which required elimination as of December 31, 2016 and 2015.
- The City did not have internal service fund activity which required elimination as of December 31, 2016 and 2015.

F. Capital Assets

Under the modified cash basis of accounting, capital assets are expensed when the cash transaction occurs.

G. Long-Term Liabilities

Long-term liabilities include, but are not limited to, Revenue Bonds.

As discussed in Note 1c, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. The City has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions so any outstanding indebtedness is not reported on the financial statements of the City. The City does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances and on the Statement of Activities.

The City has presented as Supplementary Information a Schedule of Long-Term Debt.

H. Program Revenues

In the government-wide statement of activities, reported program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for Services – These arise from charges to customers, applicants or others who purchase, use or directly benefit from the goods, services or privileges provided or are otherwise directly affected by the services.
2. Program-Specific Operating Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for use in a particular program.
3. Program-Specific Capital Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for the acquisition of capital assets for use in a particular program.

I. Proprietary Funds Revenue and Expense Classifications

In the proprietary fund's statement of revenues, expenses and changes in fund net position, revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

J. Cash and Cash Equivalents

The City pools the cash resources of its funds for cash management purposes. The water fund, sewer fund, and garbage fund essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents.

K. Equity Classifications

Government-Wide Statements

Equity is classified as net position and is comprised of three components, net invested in capital assets, restricted net position; and unrestricted net position. Because capital assets are not reported by the City under the modified cash basis of accounting, only the following components are displayed:

1. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
2. Unrestricted Net Position – All other net position that do not meet the definition of “restricted.”

Fund Financial Statements

Governmental fund equity is classified as fund balance, and may distinguish between nonspendable, restricted, committed, assigned and unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

L. Application of Net Position and Fund Balance

The City uses restricted/committed amounts first when both restricted and unrestricted net position is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the government would first use committed, then assigned, and lastly unassigned amounts of unrestricted net fund balance when expenditures are made.

M. Fund Balance Classification Policies and Procedures

The following classifications describe the relative strength of the spending constraints placed on the government’s fund balances:

- Nonspendable Fund Balance - Amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance.
- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

- **Unassigned Fund Balance** - Amounts that are available for any purpose. Positive amounts are reported only in the General Fund. An assigned fund balance is established by the Board of Trustees through adoption of a resolution designating a fund balance is intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The City does not have a formal minimum fund balance policy.

N. Rounding

Computer generated rounding variances exist in the basic financial statements and supplementary information. The variances result from values being entered with cents rather than as whole numbers.

Note 2 - Deposits and Investments

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits

The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits.

Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100% of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2016, the City's deposits in financial institutions were exposed to custodial credit risk as follows:

<u>Depository Name</u>	<u>2016</u>	
	<u>Percent Under-Collateralized</u>	<u>At-Risk Amount</u>
First Savings Bank	0.36%	<u>\$ 1,684</u>

The actual bank balances at December 31, 2016 and 2015 are as follows:

	2016	2015
Insured (FDIC/NCUA)	\$ 250,000	\$ 250,000
Uninsured, collateral jointly held by State's/City's agent in the name of the State and the pledging financial institution	467,834	248,972
	<u>\$ 717,834</u>	<u>\$ 498,972</u>

The City's carrying amount of deposits at December 31, 2016 and 2015 is as follows:

Cash and cash equivalents	<u>\$ 584,602</u>	<u>\$ 498,232</u>
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Investments

In general, SDCL 4-5-6 permits City funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly including, without limitation, United States treasury bills, notes, bonds and other obligations issued or directly or indirectly guaranteed by the United States government, or otherwise directly or indirectly backed by the full faith and credit of the United States government; provided that, for other than permanent, trust, retirement, building and depreciation reserve funds, such securities shall either mature within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the date of purchase; or (b) repurchase agreements fully collateralized by securities described in (a) and meeting the requirements of § 4-5-9, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the one hundred largest United States commercial banks, as measured by domestic deposits; or (c) in shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are in securities described in (a) and repurchase agreements described in (b).

As of December 31, 2016 and 2015, the City did not hold any investments as defined by Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. The City also does not have a formal investment policy that addresses custodial credit risk, interest rate risk or credit risk.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from deposits and investments to the fund making the investment.

Under the modified cash basis of accounting, investments are stated at cost.

Note 3 - Property Taxes

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

Note 4 - Significant Contingencies - Litigation

At December 31, 2016 and 2015, the City was not involved in any litigation that would be material to the financial statements.

Note 5 - Restricted Net Position

The following table shows the net position restricted for other purposes as shown on the statement of net position:

Fund	Restricted By	2016 Amount
General Fund	Statute	\$ 13,737
Water Fund	Contractual Agreement	35,559
Sewer Fund	Contractual Agreement	70,095
Fund	Restricted By	2015 Amount
General Fund	Statute	\$ 9,165
Water Fund	Contractual Agreement	19,896
Sewer Fund	Contractual Agreement	42,210

Note 6 - Leases

The City leases equipment a under long-term lease agreement, payments are made from the General Fund. The lease expires at October 15, 2019, with an option to purchase the equipment at the end of the lease.

Future minimum lease payments are as follows:

Years Ending December 31,	Operating Lease
2017	\$ 10,798
2018	10,798
	<u>\$ 21,596</u>

The lease expense for the years ended December 31, 2016 and 2015 totaled \$10,798 and \$10,798, respectively.

Note 7 - 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; injuries to employees; and natural disasters. During the years ended December 31, 2016 and 2015, the City managed its risks as follows:

Employee Health Insurance

The City does not provide a group health insurance plan for City employees. Each employee is responsible to obtain individual health insurance.

Liability Insurance

The City joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage.

The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for:

<u>Coverage</u>	<u>Deductible</u>
General liability	\$ -
Officials liability	500
Officials liability, employment related crimes	5,000
Automobile liability	-
Property damage	1,000
Employee dishonesty	-

The agreement with the SDPAA provides that the above coverages will be provided to a \$1,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Worker's Compensation

The City joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Unemployment Benefits

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

Note 8 - Interfund Transfers

During December 31, 2016 and 2015 the City transferred money between funds for operations and debt service payments. Interfund transfers were as follows:

	Transfers To:				
	General Fund	Special Assessment Fund	Water Fund	Sewer Fund	Garbage Fund
2016					
Transfers From: General Fund	\$ -	\$ -	\$ 53,727	\$ 17	\$ -
2015					
Transfers From: General Fund	\$ -	\$ -	\$ 10,898	\$ 17,747	\$ -
Sewer Fund	-	-	1,481	-	-

Note 9 - Violations of Finance-related Legal and Contractual Provisions

The City is prohibited by statute from spending in excess of appropriated amounts at the fund level. The City had significant overdrafts of the expenditures compared to appropriations in the General Fund in 2016 and 2015. The City plans to address these violations by approving a budgeted amounts for transfers between funds and supplementing the budgets as needed with financing sources available.

Note 10 - Subsequent Events

Subsequent to yearend, the City entered into a contract for a project totaling \$490,935 with no payments being made on the contract in 2017. The project will be funded through a grant and debt financing.



Supplementary Information
December 31, 2016 and 2015
City of Bristol

City of Bristol
Schedule of Long-Term Debt
Years Ended December 31, 2016 and 2015

Notes and Bonds Payable	Notes and Bonds Payable 1/1/16	Add New Debt	Principal Forgiveness	Less Debt Retired	Notes and Bonds Payable 12/31/16
Enterprise Long-Term Debt					
231.02 Revenue Bonds					
Drinking Water - SRF	\$ 50,756	\$ -	\$ -	\$ 50,756	\$ -
Clean Water - SRF	695,962	192,156	-	-	888,118
Drinking Water - SRF	248,030	713,922	546,865	-	415,087
Total enterprise long-term debt	<u>\$ 994,748</u>	<u>\$ 906,078</u>	<u>\$ 546,865</u>	<u>\$ 50,756</u>	<u>\$ 1,303,205</u>

Notes and Bonds Payable	Notes and Bonds Payable 1/1/15	Add New Debt	Principal Forgiveness	Less Debt Retired	Notes and Bonds Payable 12/31/15
Enterprise Long-Term Debt					
231.02 Revenue bonds					
Drinking Water - SRF	\$ 58,033	\$ -	\$ -	\$ 7,277	\$ 50,756
Clean Water - NRWA	36,716	-	-	36,716	-
Clean Water - SRF	-	695,962	-	-	695,962
Drinking Water - SRF	-	1,059,953	811,923	-	248,030
Total enterprise long-term debt	<u>\$ 94,749</u>	<u>\$ 1,755,915</u>	<u>\$ 811,923</u>	<u>\$ 43,993</u>	<u>\$ 994,748</u>

City of Bristol
Budgetary Comparison Schedules—General Fund
Year Ended December 31, 2016

	2016			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
310 Taxes				
311 General property taxes	\$ 97,049	\$ 97,049	\$ 95,420	\$ (1,629)
313 General sales and use taxes	70,000	70,780	92,835	22,055
315 Amusement taxes	-	-	108	108
319 Penalties and interest on delinquent taxes	-	-	232	232
Total taxes	167,049	167,829	188,595	20,766
320 Licenses and permits	750	750	990	240
330 Intergovernmental revenue				
335 State shared revenue				
* 335.01 Bank franchise tax	24,000	24,000	986	(23,014)
335.02 Motor vehicle commercial prorate	-	-	1,266	1,266
335.03 Liquor tax reversion	-	-	2,225	2,225
335.04 Motor vehicle licenses (5%)	-	-	5,361	5,361
335.08 Local government highway and bridge fund	-	-	16,869	16,869
338 County shared revenue				
338.01 County road tax (25%)	-	-	1,058	1,058
338.02 County road and bridge tax (25%)	-	-	384	384
338.03 County wheel tax	-	-	1,974	1,974
339 Other intergovernmental revenues	-	-	938	938
Total intergovernmental revenue	24,000	24,000	31,061	7,061
340 Charges for good and services				
341 General government	6,000	6,000	7,280	1,280
Total charges for goods and services	6,000	6,000	7,280	1,280
350 Fines and forfeits				
351 Court fines and costs	-	-	50	50
Total fines and forfeits	-	-	50	50
360 Miscellaneous revenue				
* 361 Investment earnings	4,000	4,000	3,097	(903)
369 Other	-	-	2,556	2,556
Total miscellaneous revenue	4,000	4,000	5,653	1,653
Total revenues	201,799	202,579	233,629	31,050

* Unable to get a breakdown by revenue group

City of Bristol
Budgetary Comparison Schedules--General Fund
Year Ended December 31, 2016

	2016			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures				
410 General government				
411 Legislative	\$ 4,909	\$ 4,909	\$ -	\$ 4,909
411.5 Contingency	5,000	5,000	-	5,000
amount transferred	-	-	-	-
413 Elections	500	500	-	500
414 Financial administration	10,455	10,455	29,649	(19,194)
419 Other	12,700	12,700	-	12,700
Total general government	33,564	33,564	29,649	3,915
420 Public safety				
422 Fire	10,000	10,000	6,529	3,471
429 Other protection	5,000	5,000	4,793	207
Total public safety	15,000	15,000	11,322	3,678
430 Public works				
431 Highways and streets	36,027	36,027	60,059	(24,032)
437 Cemeteries	3,000	3,000	3,000	-
Total public works	39,027	39,027	63,059	(24,032)
440 Health and Welfare:				
441 Health	1,500	1,500	1,156	344
Total health and welfare	1,500	1,500	1,156	344
450 Culture and recreation				
451 Recreation	34,062	34,062	27,066	6,996
Total culture and recreation	34,062	34,062	27,066	6,996
460 Conservation and development				
465 Economic development and assistance				
(industrial development)	-	-	800	(800)
Total conservation and development	-	-	800	(800)
470 Debt service	10,864	10,864	-	10,864
490 Miscellaneous				
492 Other expenditures	10,500	11,280	76	11,204
Total miscellaneous	10,500	11,280	76	11,204
Total expenditures	144,517	145,297	133,128	12,169
Other Financing Sources (Uses)				
391.01 Transfers in	-	-	-	-
511 Transfers out	-	-	(53,744)	(53,744)
391.03 Sale of municipal property	-	-	675	675
391.04 Compensation for loss/damage to				
capital assets	-	-	3,191	3,191
Total other financing sources (uses)	-	-	(49,878)	(49,878)
Excess of Revenue over (under) Expenditures	57,282	57,282	50,623	(6,659)
Fund Balance - Beginning	404,238	404,238	404,238	-
Fund Balance - Ending	\$ 461,520	\$ 461,520	\$ 454,861	\$ (6,659)

City of Bristol
Budgetary Comparison Schedules—General Fund
Year Ended December 31, 2015

2015				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
310 Taxes				
311 General property taxes	\$ 95,611	\$ 95,611	\$ 98,854	\$ 3,243
313 General sales and use taxes	70,000	70,000	79,346	9,346
319 Penalties and interest on delinquent taxes	-	-	423	423
Total taxes	165,611	165,611	178,623	13,012
320 Licenses and permits	700	700	1,174	474
330 Intergovernmental revenue				
335 State shared revenue				
* 335.01 Bank franchise tax	12,500	12,500	890	(11,610)
335.02 Motor vehicle commercial prorate	-	-	1,137	1,137
335.03 Liquor tax reversion	-	-	2,120	2,120
335.04 Motor vehicle licenses (5%)	-	-	4,609	4,609
335.08 Local government highway and bridge fund	-	-	17,014	17,014
338 County shared revenue				
338.01 County road tax (25%)	-	-	1,058	1,058
338.02 County road and bridge tax (25%)	-	-	429	429
338.03 County wheel tax	-	-	1,974	1,974
Total intergovernmental revenue	12,500	12,500	29,231	16,731
340 Charges for good and services				
341 General government	6,000	6,000	18,765	12,765
Total charges for goods and services	6,000	6,000	18,765	12,765
350 Fines and forfeits				
351 Court fines and costs	-	-	592	592
Total fines and forfeits	-	-	592	592
360 Miscellaneous revenue				
* 361 Investment earnings	4,000	4,000	2,276	(1,724)
Total miscellaneous revenue	4,000	4,000	4,776	776
Total revenues	188,811	188,811	233,161	44,350

* Unable to get a breakdown by revenue group

City of Bristol
Budgetary Comparison Schedules—General Fund
Year Ended December 31, 2015

2015				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Expenditures				
410 General government				
411 Legislative	\$ 13,460	\$ 13,460	\$ -	\$ 13,460
411.5 Contingency amount transferred	4,500	4,500		4,500
414 Financial administration	13,450	13,450	25,603	(12,153)
Total general government	31,410	31,410	25,603	5,807
420 Public safety				
422 Fire	10,000	10,000	10,000	-
429 Other protection	2,400	2,400	1,869	531
Total public safety	12,400	12,400	11,869	531
430 Public works				
431 Highways and streets	34,655	34,655	47,007	(12,352)
437 Cemeteries	3,000	3,000	3,000	-
439 Transit	300	300	-	300
Total public works	37,955	37,955	50,007	(12,052)
440 Health and welfare				
441 Health	1,500	1,500	-	1,500
Total health and welfare	1,500	1,500	-	1,500
450 Culture and recreation				
451 Recreation	28,128	28,128	34,613	(6,485)
Total culture and recreation	28,128	28,128	34,613	(6,485)
460 Conservation and development				
465 Economic development and assistance (industrial development)	500	500	90	410
Total conservation and development	500	500	90	410
470 Debt service	15,000	15,000	-	15,000
490 Miscellaneous				
492 Other expenditures	43,906	43,906	8,970	34,936
Total miscellaneous	43,906	43,906	8,970	34,936
Total expenditures	170,799	170,799	131,152	39,647
Other Financing Sources (Uses)				
391.01 Transfers in	-	-	-	-
511 Transfers out	-	-	(28,645)	(28,645)
Total other financing sources (uses)	-	-	(19,395)	(19,395)
Excess of Revenue under Expenditures	18,012	18,012	82,614	64,602
Fund Balance - Beginning, restated	321,624	321,624	321,624	-
Fund Balance - Ending	\$ 339,636	\$ 339,636	\$ 404,238	\$ 64,602

City of Bristol
 Budgetary Comparison Schedules—Special Assessment Fund
 Year Ended December 31, 2016

	2016		
	Budgeted Amounts		Variance with
	Original	Final	Final Budget
			Positive
			(Negative)
Revenues			
360 Miscellaneous revenue			
363 Special assessments	\$ 4,775	\$ 4,775	\$ 4,572
			\$ (203)
Total miscellaneous revenue	4,775	4,775	4,572
			(203)
Total revenue	4,775	4,775	4,572
			(203)
Expenditures			
Total expenditures	-	-	-
			-
Excess of Revenue over (under) Expenditures	4,775	4,775	4,572
			(203)
Fund Balance - Beginning	9,165	9,165	9,165
			-
Fund Balance - Ending	\$ 13,940	\$ 13,940	\$ 13,737
			\$ (203)

City of Bristol
 Budgetary Comparison Schedules—Special Assessment Fund
 Year Ended December 31, 2015

	2015			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
360 Miscellaneous revenue				
363 Special asesments	\$ 4,775	\$ 4,775	\$ 3,899	\$ (876)
Total miscellaneous revenue	4,775	4,775	3,899	(876)
Total revenue	4,775	4,775	3,899	(876)
Expenditures				
430 Public works				
431 Highways and streets	4,500	4,500	-	4,500
Total expenditures	4,500	4,500	-	4,500
Excess of Revenue over Expenditures	9,275	9,275	3,899	3,624
Fund Balance - Beginning	5,266	5,266	5,266	-
Fund Balance - Ending	\$ 14,541	\$ 14,541	\$ 9,165	\$ 3,624

Note 1 - Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular Board meeting in September of each year or within ten days thereafter, the City Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the City Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in Number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total municipal budget and may be transferred by resolution of the City Commission to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the City Commission.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue funds and capital projects funds.

The City did not encumber any amounts at December 31, 2016.

6. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
7. Budgets for the general fund and special revenue funds are adopted on a basis consistent with a modified cash basis of accounting.

Note 2 - Modified Cash Basis/Budgetary Accounting Basis Differences

The financial statements prepared on the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the governmental funds statement of revenues, expenditures and changes in fund balances; however, in the budgetary schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.



**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***

To the City Commission
City of Bristol
Bristol, SD

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 and each major fund of the City of Bristol (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 25, 2017. The statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as 2016-A, 2016-B, 2016-C, 2015-A, 2015-B and 2015-C in the accompanying schedule of findings and responses to be material weaknesses.

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.

Compliance and Other Matters

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

City of Bristol's Response to Findings

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

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. However, as required by South Dakotas Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Aberdeen, South Dakota
October 25, 2017

Section II – Findings Related to the Financial Statements

Finding 2016-A and 2015-A - Financial Statements and Footnotes are Prepared by the Auditor

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements including required footnotes and disclosures. During the course of our engagement, we were requested to draft the financial statements and accompanying notes to those financial statements.

Criteria: The City's internal control structure should provide for the preparation of the financial statements and footnotes being audited in accordance with generally accepted accounting principles.

Cause: The City does not have adequate staff trained to prepare financial statements and the related footnotes.

Effect: This condition may affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure that the modified cash basis of accounting have been followed for each fund type, especially for transaction types infrequent in occurrence.

Views of Responsible Officials: Management agrees with the finding.

Finding 2016-B and 2015-B – Lack of Segregation of Duties

Condition: The City has a limited number of office personnel, and accordingly, does not have adequate internal accounting controls in revenue, expenditures, and payroll functions because of a lack of segregation of duties.

Criteria: A good system of internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The City has an insufficient number of staff to adequately separate duties.

Effect: This condition increases the risk of fraud or errors that might occur in the financial reporting process and not be detected.

Recommendation: Although it is recognized that number of office staff may not be large enough to permit adequate segregation of duties in all respects, it is important that management and those charged with governance be aware of this condition. We recommend that the Board of Trustees exercise adequate oversight of the accounting function. In so doing, they should review financial data monthly, reports of monthly financial statements, budget-to-actual reports, monthly cash balances, and monthly bank statements or cancelled checks.

Views of Responsible Officials: Management agrees with the finding.

Finding 2016-C and 2015-C – The City failed to comply with various State Statutes

Condition: The City is not following South Dakota Codified Laws in 2015 and 2016. As noted in the budgetary comparison schedules, the City overspent the approved amount appropriated for the years ending December 31, 2016 and 2015. In both 2016 and 2015 we noted transfers of surplus funds were not approved by a two-thirds vote of the board of trustees.

Criteria: South Dakota Codified Law 9-21-9 requires expenditures to be limited to appropriated amounts, and 9-21-26.1 requires the transfer of surplus funds be approved by a two-thirds vote of the board of trustees.

Cause: A lack of oversight in the control processes, limited staff size, and general unfamiliarity with the applicable SDCL's relating to the above findings could result in the City not being materially compliant with those applicable SDCL's.

Effect: These conditions effect the City's ability to be compliant with SDCL's applicable to municipalities and expenditures may exceed that of approved appropriations.

Recommendation: We recommend the City officials review the SDCL's applicable to municipalities to become familiar with the statutory requirements and implement necessary controls and processes to ensure the compliance with such laws.

Views of Responsible Officials: Management agrees with the finding.