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MAURICE C. CHRISTIANSEN, CPA
AUDITOR GENERAL

March 5, 1997

Governing Board
Hand County
415 West First Avenue
Miller, South Dakota 57362

This will confirm our understanding of the arrangements for our financial audit of the general purpose financial statements of Hand County as of and for the two years ending December 31, 1996.

Our audit will be a Single Audit conducted in accordance with generally accepted government auditing standards for financial audits as defined by the Comptroller General of the United States in Government Auditing Standards, Revised, 1994; the Single Audit Act of 1984; and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments; and, accordingly, will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. The purpose of our audit is the expression of an opinion on the fairness of the presentation of the financial statements, in relation to generally accepted accounting principles, and to report on the Schedule of Federal Financial Assistance and on the county's compliance with laws and regulations and its internal control structure as required for a Single Audit.

If during the course of our audit we find that we are unable to express an unqualified opinion on the financial statements, we will notify you of the problems encountered.

The management of the county is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations.