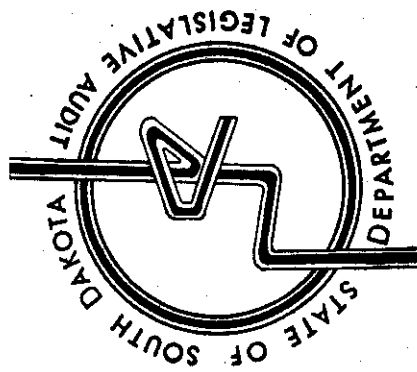


State of South Dakota
Department of Legislative Audit
427 South Chapelle
c/o 500 East Capitol
Pierre, SD 57501-5070



HAND COUNTY
AUDIT REPORT
Years Ended December 31, 1996 and 1995

HAND COUNTRY
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May 9, 1997

Maurice C. Christiansen, CPA
Auditor General



We have audited the general-purpose financial statements of Hand County, South Dakota, as of and for the two years ended December 31, 1996, and have issued our report thereon dated May 9, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general-purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Hand County is the responsibility of Hand County's management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. This report is intended for the information of the management and governing board. However, this report is a matter of public record and its distribution is not limited.

Board of County Commissioners
Hand County, South Dakota

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

MAURICE C. CHRISTIANSEN, CPA
AUDITOR GENERAL

427 SOUTH CHAPPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454



May 9, 1997

Maurice C. Christiansen, CPA
Auditor General

This report is intended for the information of the management and governing board. However, this report is a matter of public record and its distribution is not limited.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Hand County had not complied, in all material respects, with those requirements.

In connection with our audit of the general-purpose financial statements of Hand County and with our consideration of Hand County's control structure used to administer federal financial assistance programs as required by the Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the two years ended December 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and special tests and provisions as contained in the applicable OMB Compliance Supplement and grant agreement that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Hand County's compliance with these requirements. Accordingly, we do not express such an opinion.

We have audited the general-purpose financial statements of Hand County, South Dakota, as of and for the two years ended December 31, 1996, and have issued our report thereon dated May 9, 1997.

Board of County Commissioners
Hand County, South Dakota

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

MAURICE C. CHRISTIANSEN, CPA
AUDITOR GENERAL

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454



May 9, 1997

Maurice C. Christiansen, CPA
Auditor General



This report is intended for the information of the management and governing board. However, this report is a matter of public record and its distribution is not limited.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Hand County in a separate communication dated May 9, 1997.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we considered to be a material weakness as defined above. This material weakness is listed as reportable condition a. above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Hand County for the two years ended December 31, 1996.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

- a. There was a lack of proper segregation of duties for the revenue function.
- b. Verification of the treasurer's cash assets by the county auditor at the close of each month's business was not performed.
- c. Monthly comparisons of recorded revenues were not made between the cash receipts journal, general ledger and revenue budget record to ensure that revenues were recorded properly in all accounting records.
- d. Monthly comparisons of recorded expenditures were not made between the cash disbursement journal, general ledger and expenditure budget record to ensure that expenditures were recorded properly in all accounting records.

The reportable conditions noted were as follows:

significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

Accounting Applications:

- a. revenues;
- b. expenditures; and
- c. payroll.

General Requirements:

- a. political activity;
- b. civil rights;
- c. cash management;
- d. federal financial reports; and
- e. allowable costs/cost principles.

Specific Requirements:

- a. types of services allowed or unallowed;
- b. matching, level of effort;
- c. special reporting; and
- d. special requirements as contained in the applicable OMB Compliance Supplement and the grant agreements.

Additional Requirements of A-128:

- a. Claims for Advances and Reimbursements
- b. Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the two years ended December 31, 1996, Hand County had no major federal financial assistance programs. During the year ended December 31, 1995, Hand County expended 82.83 percent of its total federal financial assistance under the Disaster Assistance, CFDA No. 83.516 nonmajor federal financial assistance program.

During the year ended December 31, 1996, Hand County expended 80.26 percent of its total federal financial assistance under the Emergency Relief, CFDA No. 20.205 nonmajor federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor federal financial assistance programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

HAND COUNTY
AUDITOR'S COMMENTS

STATUS OF PRIOR AUDIT RECOMMENDATIONS

As of the end of this period, the previous recommendation reported has been resolved.

CURRENT AUDIT FINDING AND RECOMMENDATIONS

Internal Control Deficiencies

Findings:

Deficiencies were noted in the amounts reported on the financial statements and the accounting records supporting them, resulting in inaccurate and incomplete information being supplied to the users of the report and increased potential for the loss of assets.

Analysis

The following reporting deficiencies existed:

- (a) Verification and reconciliations of the cash assets by the county auditor at the close of each month's business has not been performed as required by South Dakota Codified Laws (SDCL) 7-10-3.
- (b) Monthly comparisons of recorded revenues were not made between cash receipts journals, general ledger and revenue budget record to ensure that revenues were recorded properly in all accounting records.
- (c) Monthly comparisons of recorded expenditures were not made between the check registers, general ledger and expenditure budget record to ensure that expenditures were recorded properly in all accounting records.

As a result of not performing these comparisons, entries in the general ledger, revenue budget record, and the expenditure budget record were incorrect in some instances and were not subsequently corrected by the county auditor.

RECOMMENDATIONS:

1. We recommend monthly reconciliations of bank balances to corresponding general ledger accounts be made.
2. We recommend comparisons of revenues recorded in the cash receipts journals, general ledger and revenue budget record be made on a monthly basis to ensure that all revenues are properly recorded in the county's accounting records.
3. We recommend comparisons of expenditures recorded in the check registers, general ledger and expenditure budget record be made on a monthly basis to ensure that all expenditures are properly recorded in the county's accounting records.

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MAURICE C. CHRISTIANSEN, CPA
AUDITOR GENERAL



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Hand County, South Dakota

We have audited the accompanying general-purpose financial statements of Hand County, South Dakota, as of December 31, 1996, and for the two years then ended, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of Hand County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Hand County as of December 31, 1996, and the results of its operations, and the cash flows of its proprietary fund types and nonexpendable trust funds for the two years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 9, 1997, on our consideration of the county's internal control structure and a report dated May 9, 1997, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Hand County. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Maurice C. Christiansen

Maurice C. Christiansen, CPA
Auditor General

May 9, 1997

Fund Equity:							
Investment in General Fixed Assets							2,770,125.50
Retained Earnings:							
Reserved for Unemployment					7,055.20		
Fund Balances:							
Reserved for Inventory	124,173.35						2,513.76
Reserved for Law Library							9,591.15
Reserved for Library							
Unreserved Fund Balances:							
Designated for Next Year's							
Appropriation							
Undesignated	242,566.77	118,021.37					
	231,911.70	149,336.96					
Total Fund Equity	598,651.82	267,358.33	7,055.20	12,104.91	2,770,125.50		0.00
TOTAL LIABILITIES AND EQUITY	\$1,750,274.40	\$ 432,026.37	\$ 7,055.20	\$ 315,771.07	\$2,770,125.50	\$ 126,801.27	

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

HAND COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
 For the Year Ended December 31, 1996

	Proprietary Fund Type	Internal Service	Nonexpendable Trust
	Fiduciary Fund Type		
Cash Flows from Operating Activities:			
Operating Income	\$ (657.84)	\$	0.00
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(657.84)		0.00
Cash and Cash Equivalents at Beginning of Year	7,713.04		7,400.00
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,055.20		\$ 7,400.00

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

HAND COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL--GENERAL AND SPECIAL REVENUE FUND TYPES
 For the Year Ended December 31, 1995

	General Fund		Special Revenue Funds	
	Budget	Actual	Budget	Actual
Revenue:				
Taxes:				
General Property Taxes--Current	\$1,054,655.64	\$1,035,046.74	\$ 154,104.52	\$ 152,787.11
General Property Taxes--Delinquent	25,000.00	27,555.79	2,000.00	4,479.49
Penalties and Interest	5,500.00	14,102.35	850.00	2,578.64
Telephone Tax (Outside)	8,000.00	12,973.60		1,728.64
Mobile Home Tax	4,400.00	6,069.50	585.00	878.79
911 Telephone Surcharge			548.00	18,459.00
Licenses and Permits			460.00	630.00
Intergovernmental Revenue:				
Federal Grants	4,000.00	8,676.21	11,656.00	27,000.52
State Grants	0.00	909.00		15,344.52
State Shared Revenue:				
Bank Franchise	16,000.00	20,739.89	158.68	281.24
Motor Vehicle Licenses	159,000.00	66,031.68		122.56
Inheritance Tax	30,000.00	12,690.97		
Court Appointed Attorney/ Public Defender	0.00	4,351.82		
Other State Shared Revenue	3,500.00	1,763.99	2,618.22	7,311.23
State Payments in Lieu of Taxes	3,900.00	8,092.79		4,693.01
Personal Property Tax Replacement Charges for Goods and Services:	592.86	141,497.70	21,157.10	24,055.20
General Government:				2,898.10
Treasurer's Fees	2,500.00	2,173.50		
Register of Deeds' Fees	17,000.00	18,606.80		(326.50)
Legal Services	1,595.00	0.00		1,606.80
Extension Fees	10.00	24.00		(1,595.00)
Other Fees	9,516.00	7,755.59		14.00
Public Safety:				(1,760.41)
Law Enforcement	3,000.00	5,332.55		2,332.55
Prisoner Care	230.00	1,050.00		820.00
Other	36.00	32.00		(4.00)
Public Works:				
Highways	96,500.00	396,175.60		299,675.60
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	1,500.00	756.23		
LIEAP				(743.77)
Health Assistance:				
WIC				
Other	0.00	336.32	4,300.00	4,213.51
Conservation of Natural Resources	52,000.00	57,687.23		
				(86.49)
				1,275.00
				1,133.73
				(141.27)

Emergency and Disaster Services									
Hazardous Materials									
Public Works:	5,331.60	5,347.15	(15.55)						
Highways and Bridges:									
Highways, Roads and Bridges	1,098,411.25	1,137,519.27	(39,108.02)						
Snow Removal									
Highway and Bridge Reserve									
Sanitation:									
Solid Waste	29,470.36	14,775.56	14,694.80						
Health and Welfare:									
Economic Assistance:									
Support of Poor	48,720.00	8,644.91	40,075.09						
Public Welfare	976.00	703.94	272.06						
LEAP									
Food Stamp Distribution	4,910.00	4,905.74	4.26						
Health Assistance:									
County Nurse	27,843.31	25,131.58	2,711.73						
Ambulance	16,000.00	15,500.32	499.68						
MIC									
Social Services:									
Domestic Abuse									
Mental Health Services:									
Mentally Ill	17,429.00	15,796.25	1,632.75						
Culture and Recreation:									
Culture:									
Public Library	76,442.80	76,538.60	(95.80)						
Conservation of Natural Resources:									
Soil Conservation:	38,671.61	39,316.90	(645.29)						
County Extension	97,214.14	96,780.88	433.26						
Weed and Pest Control									
Total Expenditures	2,304,742.75	2,217,351.30	87,391.45	321,669.40	272,659.85	49,009.55			
Other Financing Sources (Uses):									
Operating Transfers In									
Operating Transfers Out	0.00	(22,000.00)	(22,000.00)	0.00	22,000.00	22,000.00			
Total Other Financing Sources (Uses)	0.00	(22,000.00)	(22,000.00)	0.00	22,000.00	22,000.00			
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(736,087.25)	(254,547.68)	481,539.57	(121,956.88)	(6,626.39)	115,330.49			
Other Changes in Fund Balance:									
Changes in Reserves:									
Reserve for Inventory	0.00	(44,209.50)	(44,209.50)						
Fund Balance, January 1, 1995	1,051,749.22	1,051,749.22	0.00	360,363.20	360,363.20	0.00			
FUND BALANCE, DECEMBER 31, 1995	\$ 315,661.97	\$ 752,992.04	\$ 437,330.07	\$ 238,406.32	\$ 353,736.81	\$ 115,330.49			

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

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

CASH AND CASH EQUIVALENTS AT END OF YEAR		Cash and Cash Equivalents at Beginning of Year	
Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
Internal Service	Nonexpendable Trust	\$ 7,713.04	\$ 7,400.00
=====	=====	-----	-----
\$ 7,713.04	\$ 7,400.00	\$ 7,713.04	\$ 7,400.00

HAND COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
 For the Year Ended December 31, 1995

c. Fixed Assets and Long-Term Liabilities:

fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The total December 31, 1996 balance of general fixed assets includes approximately 10 percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Interest costs incurred during construction of fixed assets are not capitalized along with other fixed asset costs.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the governmental funds.

The two account groups are not "funds." They are not concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

d. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

e. Budgets and Budgetary Accounting:

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

1. Between the fifteenth and thirtieth days of July in each year the board of county commissioners prepares and files with the county auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues and expenditures.

Investments - In General, SDCL 4-5-6 permits county funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or

The carrying amount of deposits on the December 31, 1996 balance sheet was \$1,063,813.07.

	TOTAL DEPOSITS

	\$1,085,865.50
	=====
	585,865.50

Insured (FDIC/NCUA)	\$ 500,000.00
Uninsured, collateral jointly held by state's/county's agent in the name of the state and the pledging financial institution.	-----
Bank Balance	-----

The actual bank balances at December 31, 1996 were as follows:

Deposits are reported at cost, plus interest, if the account is of the add-on type. Qualified depositors 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 110 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. Deposits - The county deposits are made in qualified public depositors as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1 and 7-20-1.2.

The county 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:

f. Deposits and Investments:

10. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

The county did not encumber any amounts at either December 31, 1995 or December 31, 1996.

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.

8. Unexpended appropriations lapse at year end unless encumbered by resolution of the board of county commissioners.

2. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year. The county is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation of the property in the county.

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments include amounts due for weed spraying from townships and state government and reimbursement for Civil Defense.

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the two years ended December 31, 1996 is as follows:

	Balance 1/1/95	Additions	Deletions	Balance 12/31/96
Land	\$ 30,536.00	\$	\$	\$ 30,536.00
Buildings	1,326,537.83			1,326,537.83
Machinery and Equipment	1,300,431.60	481,288.16	368,668.09	1,413,051.67
TOTAL	\$2,657,505.43	\$481,288.16	\$368,668.09	\$2,770,125.50

5. LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Debt Payable, January 1, 1995	New Issues:	Loader	Change in Compensated Absences	DEBT PAYABLE, DECEMBER 31, 1996
Financing (Capital Acquisition) Leases	\$ 10,870.63	\$	105,950.00	9,980.64	\$ 20,851.27
Compensated Absences					\$105,950.00
Total	\$ 10,870.63	\$ 10,870.63	105,950.00	9,980.64	\$126,801.27

Debt payable at December 31, 1996 is comprised of the following:

Compensated Absences:	\$ 20,851.27
Accrued Vacation Payable	\$ 20,851.27
Financing (Capital Acquisition) Leases:	\$105,950.00
Lease/Purchase of a John Deere 450 A Crawler/Dozer;	
Maturity Date - October 1, 1999; Interest Rate of	
5.95%; Paid by General Fund	

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on an ongoing basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among FRSs. The system does not make separate measurements of assets and the pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1996 for the system as a whole, determined through an actuarial valuation performed as of that date, was \$2,265,969,547. The system's net assets available for benefits on that date (valued at market) were \$2,909,982,912, resulting in net

Contribution Information:	
Contribution Requirements (Total of	
Employee and Employer Contributions)	
County Contributions	Employee Contributions
Percent of Covered Payroll	Percent of Covered Payroll
31,705.74	31,705.74
5.25%	5.25%
36,060.40	36,060.40
5.28%	5.28%
\$ 72,120.80	\$ 63,411.48
1996	1995

Final average salary is the member's highest annual average compensation earned over 12 consecutive calendar quarters during their last 40 quarters of participation in the South Dakota Retirement System. Class A members are required by state statute to contribute 5 percent of their salary to the plan, Class B judicial members 9 percent of salary and Class B public safety members 8 percent of salary. State statute also requires the employer to contribute an amount equal to the member's contribution.

The standard annual benefit for Class A members is the greater of 1.3% of final average salary times years of credited service plus .1% of final average salary times one-half the years of credited service prior to July 1, 1994 or 2% of final average salary times years of credited service less other public benefits. Class B public safety members receive a benefit of 2% of final average salary times years of public safety credited service plus .1% of final average salary times years of public safety credited service prior to July 1, 1994. Class B judicial members receive a benefit of 3-1/3% of final average salary times years of judicial credited service up to 15 years plus .1% of final average salary times one-half the years of judicial credited service up to 15 years prior to July 1, 1994 plus 2% of final average salary times years of judicial credited service in excess of 15 years plus .1% of final average salary times one-half the years of judicial service in excess of 15 years prior to July 1, 1994.

members who retire at or after age 65 with five years of service or at or after age 55 for Class A members where age and credited service equal 85 or after age 55 for Class B judicial members where age and credited service equal 80 are entitled to an unreduced annual retirement benefit. Class B public safety members can retire with an unreduced annual retirement benefit at or after age 55 with five years of credited service. An unreduced annual retirement benefit is also available for Class B public safety members with 25 years of service after age 50 with a reduced benefit available after age 45.

Unemployment Benefits:

The county has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The county has reserved equity in the Unemployment Fund in the amount of \$7,055.20 for the payment of future unemployment benefits.

During the two years ended December 31, 1996, one claim was filed for unemployment benefits. This claim resulted in the payment of benefits in the amount of \$657.84. At December 31, 1996, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

HAND COUNTY
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the Two Years Ended December 31, 1996

Federal Grantor/Pass-Through Grantor	Program Title	CPDA Number	1995	1996	Expenditures
Department of the Interior: Direct Federal Funding: U.S. Fish and Wildlife Service, Wildlife Restoration		15.611	\$ 2,036.00	\$ 1,735.00	
Department of Justice: Indirect Federal Funding: Attorney General's Office, Drug Control and System Improve- ment Formula Grant		16.579			300.00
Department of Transportation: Indirect Federal Funding: S.D. Department of Transportation, Highway Planning and Construction, Emergency Relief Program		20.205			23,546.06
Federal Emergency Management Agency: Indirect Federal Funding: S.D. Department of Military and Veterans' Affairs, Emergency Management State and Local Assistance		83.534	3,411.01	3,756.13	
		83.516	26,281.00		
GRAND TOTAL			\$ 31,728.01	\$ 29,337.19	