

**HAND COUNTY**

**AUDIT REPORT**

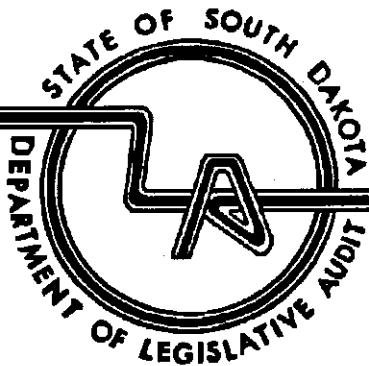
**Years Ended December 31, 1998 and 1997**



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

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MAURICE C. CHRISTIANSEN, CPA  
AUDITOR GENERAL

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Board of County Commissioners  
Hand County, South Dakota

Compliance

We have audited the compliance of Hand County, South Dakota with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the two years ended December 31, 1998. Hand County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hand County's management. Our responsibility is to express an opinion on Hand County's compliance based on our audit.

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

In our opinion, Hand County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the two years ended December 31, 1998.

Internal Control Over Compliance

The management of Hand County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hand County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



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

Board of County Commissioners  
Hand County, South Dakota

We have audited the financial statements of Hand County, South Dakota, as of December 31, 1998, and for the two years then ended and have issued our report thereon dated September 17, 1999.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Hand County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to the management of Hand County in a separate communication dated August 9, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hand County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Hand County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of prior and current audit findings and questioned costs as item 1998-01. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Hand County in a separate communication dated August 9, 1999.

HAND COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

**PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**Prior Other Audit Findings:**

Internal Control Deficiencies

**Finding 1996-01:**

Deficiencies were noted in the amounts reported on the financial statements and the accounting records supporting them.

This comment has been corrected.

**CURRENT AUDIT FINDINGS AND QUESTIONED COSTS:**

**Summary of the Independent Auditor's Results:**

- a. An unqualified opinion was issued on the financial statements.
- b. A reportable condition and material weakness was disclosed by our audit of the financial statements for the county's failure to prepare annual financial reports as discussed in audit finding 1998-01. This condition did not affect our audit of major federal programs.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.
- d. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the office of Management and Budget Circular A-133, Section .510(a).
- f. The federal awards tested as major programs were:
  1. Public Assistance, Federal Emergency Management Agency (FEMA) -- CFDA No. 83.516
  2. Community Development Block Grant, CFDA No. 14.228
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. Hand County did not qualify as a low-risk entity.

**Current Federal Compliance Audit Findings:**

There are no current federal compliance audit findings to disclose.



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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, 1998, 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 1998, 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 our report dated September 17, 1999 on our consideration of Hand County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Hand County taken as a whole. The schedules listed in the Table of Contents are presented for purposes of additional analysis including the schedule of expenditures of federal awards which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. 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 stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



<b>Liabilities and Equity:</b>									
<b>Current Liabilities:</b>									
Accounts Payable	\$	14,847.46	\$		\$	1,180.28	\$		\$
Due to Other Governments							110,992.22		
Amounts Held for Others							61,686.82		
Deferred Revenue		1,233,474.70		228,201.69					
Total Current Liabilities		<u>1,248,322.16</u>		<u>228,201.69</u>		<u>1,180.28</u>	<u>172,679.04</u>	<u>0.00</u>	<u>0.00</u>
<b>Long-Term Liabilities:</b>									
Accrued Leave Payable									44,658.08
Other Long-Term Debt Payable									65,569.90
Total Long-Term Liabilities		<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>110,227.98</u>
Total Liabilities		<u>1,248,322.16</u>		<u>228,201.69</u>		<u>1,180.28</u>	<u>172,679.04</u>	<u>0.00</u>	<u>110,227.98</u>
<b>Fund Equity:</b>									
Investment in General Fixed Assets									
Retained Earnings:									
Reserved for Unemployment and Health Claims						23,400.46			
Fund Balances:									
Reserved for Inventory		95,276.79							
Reserved for Law Library							3,870.76		
Reserved for Library							10,787.34		
Reserved for Library Investments							12,400.00		
Unreserved Fund Balances:									
Designated for Next Year's Appropriations		12,000.00		83,846.00					
Undesignated		640,741.46		310,652.77					
Total Fund Equity		<u>748,018.25</u>		<u>394,498.77</u>		<u>23,400.46</u>	<u>27,058.10</u>	<u>2,777,367.51</u>	<u>0.00</u>
TOTAL LIABILITIES AND EQUITY	\$	<u>1,996,340.41</u>	\$	<u>622,700.46</u>	\$	<u>24,580.74</u>	\$	<u>199,737.14</u>	\$
									<u>110,227.98</u>

2,777,367.51

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



Other Financing Sources (Uses):			
Operating Transfers In	22,000.00		
Proceeds of General Long-Term Liabilities		31,520.53	
Operating Transfers Out		(27,000.00)	
Total Other Financing Sources (Uses)	<u>22,000.00</u>	<u>4,520.53</u>	<u>0.00</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Uses	<u>(120,821.72)</u>	<u>369,899.54</u>	<u>10,207.05</u>
Other Changes in Fund Balance:			
Changes in Reserves for Inventory of Supplies	<u>0.00</u>	<u>(54,557.12)</u>	<u>0.00</u>
Fund Balance, January 1, 1998	515,320.49	431,553.83	5,541.91
Adjustments:			
Unidentified Adjustment (See Note 10)		1,122.00	(1,122.00)
Adjusted Fund Balance	<u>515,320.49</u>	<u>432,675.83</u>	<u>4,419.91</u>
FUND BALANCE, DECEMBER 31, 1998	<u>\$ 394,498.77</u>	<u>\$ 748,018.25</u>	<u>\$ 14,626.96</u>

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

Public Works:				
Highways	243,405.00	111,100.09	(132,304.91)	
Other	4,400.00	6,505.49	2,105.49	
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	600.00	21,361.29	20,761.29	
Conservation of Natural Resources	47,503.00	47,339.41	(163.59)	
Fines and Forfeits:			0.00	
Costs	500.00	995.61	495.61	
Forfeits	700.00	734.00	34.00	
Miscellaneous Revenue:				
Earnings on Deposits and Investments	40,000.00	56,717.98	16,717.98	
Rent	1,600.00	2,104.69	504.69	
Other	2,500.00	14,376.11	11,876.11	
Total Revenue	<u>1,687,661.00</u>	<u>1,889,967.03</u>	<u>202,306.03</u>	<u>0.00</u>
			<u>191,663.00</u>	<u>210.06</u>
				<u>312,138.43</u>

Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	47,501.00	42,722.66	4,778.34	
Contingency	81,922.00			
(Amount Transferred)	(15,232.77)			
Elections	20,515.00	17,867.85	66,889.23	
Judicial System	8,352.00	7,214.35	2,647.15	
Financial Administration:			1,137.65	
Auditor	59,001.00	58,938.03	62.97	
Treasurer	56,005.00	55,386.06	618.94	
Data Processing/Copier	9,000.00	8,802.49	197.51	
Legal Services:				
State's Attorney	58,230.00	57,414.19	815.81	
Court Appointed Attorney	14,170.00	14,163.19	6.81	
Abused and Neglected Child Defense	1,800.00	0.00	1,800.00	
Other Administration:				
General Government Building	63,732.00	58,982.08	4,739.92	
Director of Equalization	50,817.00	50,906.06	(89.06)	
Register of Deeds	49,139.00	48,148.28	990.72	
Veterans' Service Officer	8,880.00	8,628.88	251.12	
Predatory Animal (GFP)	4,273.00	4,272.12	0.88	
Public Safety:				
Law Enforcement:				
Sheriff	111,960.00	111,600.56	359.44	
County Jail	75,232.00	73,949.27	1,282.73	
Coroner	300.00	0.00	300.00	



**HAND COUNTY**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS**  
**For the Year Ended December 31, 1998**

	<u>Proprietary Fund Types Internal Service</u>	<u>Fiduciary Fund Types Nonexpendable Trust</u>
Cash Flows from Operating Activities:		
Operating Income	<u>\$ 7,957.91</u>	<u>\$ 5,031.14</u>
Net Cash Provided (Used) by Operating Activities	7,957.91	5,031.14
Cash Flows from Noncapital Financing Activities:		
Operating Transfers In	<u>5,000.00</u>	<u></u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	12,957.91	5,031.14
Cash and Cash Equivalents at Beginning of Year	<u>10,442.55</u>	<u>7,400.00</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 23,400.46</u></u>	<u><u>\$ 12,431.14</u></u>

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

Other Financing Sources (Uses):			
Operating Transfers In	12,435.50		
Operating Transfers Out			
Total Other Financing Sources (Uses)	<u>12,435.50</u>	<u>(13,546.05)</u>	<u>0.00</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Uses	256,944.05	(201,740.44)	837.00
Other Changes in Fund Balance:			
Changes in Reserves:			
Inventory Increase	0.00	25,660.56	0.00
Fund Balance, January 1, 1997	267,358.33	598,651.82	4,704.91
Residual Equity Transfers In (Out)	<u>(8,981.89)</u>	<u>8,981.89</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31, 1997	<u>\$ 515,320.49</u>	<u>\$ 431,553.83</u>	<u>\$ 5,541.91</u>

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

Public Works:				
Highways	384,200.00	77,806.43	(306,393.57)	
Other	5,600.00	6,658.76	1,058.76	
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	600.00	2,069.88	1,469.88	
Health Assistance:				
Social Services	0.00	201.58	201.58	
Conservation of Natural Resources	50,000.00	45,041.95	(4,958.05)	
Fines and Forfeits:				
Fines	500.00	0.00	(500.00)	
Costs	500.00	795.50	295.50	
Forfeits	300.00	500.00	200.00	
Miscellaneous Revenue:				
Earnings on Deposits and Investments	55,000.00	54,064.43	(935.57)	
Rent	1,800.00	1,622.26	(177.74)	
Special Assessments	0.00	182.46	182.46	
Refund of Prior Year's Expenditures	0.00	129.90	129.90	
Other	2,500.00	14,256.79	11,756.79	
Total Revenue	1,797,181.47	1,754,322.30	(42,859.17)	177.56
			250.00	427.56
			192,496.46	655,592.04
				463,095.58

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Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners		52,745.75	3,782.25	
Contingency	56,528.00			
(Amount Transferred)	87,800.00		18,153.86	
Elections	(89,646.14)	4,427.98	24,833.02	
Judicial System	29,261.00	27,074.13	18,490.87	
Financial Administration:	45,565.00			
Auditor	68,290.00	66,756.46	1,533.54	
Treasurer	63,065.00	61,799.56	1,265.44	
Data Processing	13,811.00	11,705.97	2,105.03	
Legal Services:				
State's Attorney	59,674.00	59,706.50	(32.50)	
Court Appointed Attorney	13,950.00	12,221.36	1,728.64	
Abused and Neglected Child Defense	2,500.00	2,422.48	77.52	
Other Administration:				
General Government Building	81,582.00	69,063.81	12,518.19	
Director of Equalization	59,170.00	50,995.96	8,174.04	
Register of Deeds	49,438.00	47,285.42	2,152.58	
Veterans' Service Officer	7,980.00	7,707.52	272.48	
Predatory Animal (GFP)	8,955.00	8,544.23	410.77	



**HAND COUNTY**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS**  
**For the Year Ended December 31, 1997**

	<u>Proprietary Fund Types</u> Internal Service	<u>Fiduciary Fund Types</u> Nonexpendable Trust
Cash Flows from Operating Activities:		
Operating Income	\$ 2,235.53	\$ 0.00
Net Cash Provided (Used) by Operating Activities	2,235.53	0.00
Cash Flows from Noncapital Financing Activities:		
Operating Transfers In	1,110.55	
Cash Flows from Investing Activities:		
Interest Received	41.27	
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	3,387.35	0.00
Cash and Cash Equivalents at Beginning of Year	7,055.20	7,400.00
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 10,442.55	\$ 7,400.00

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



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, 1998 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 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, expendable trust funds and agency 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 and pension 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.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.

The county's policy is to credit all income from deposits and investments to the General Fund.

The actual bank balances at December 31, 1998 were as follows:

	Bank Balance
Insured (FDIC/NCUA)	\$ 401,264.60
Uninsured, collateral jointly held by state's/ county's agent in the name of the state and the pledging financial institution.	1,105,663.53
TOTAL DEPOSITS	<u>\$ 1,506,928.13</u> =====

The carrying amount of deposits on the December 31, 1998 balance sheet was \$1,325,537.09.

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 indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

g. Inventory:

Inventory is valued at average cost. Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

h. Deferred Revenue:

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

i. Cash Flows:

The county pools its cash resources for depositing and investing purposes. The proprietary funds essentially have access to their cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

## 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.

The purchase price at the commencement of the financing (capital acquisition) lease was:

Principal	\$ 106,272.00
Interest	16,343.90
	-----
TOTAL	\$ 122,615.90
	=====

The annual requirements to amortize all debt outstanding as of December 31, 1998, except for compensated absences but including interest payments of \$7,618.52, are as follows:

Annual Requirements to Amortize Long-Term Debt  
December 31, 1998

Year Ending December 31,	Financing (Capital Acquisition) Leases	Total
-----	-----	-----
1999	\$ 49,229.48	\$ 49,229.48
2000	11,979.47	11,979.47
2001	11,979.47	22,979.47
	-----	-----
TOTAL	\$ 73,188.42	\$ 73,188.42
	=====	=====

5. RETIREMENT PLAN

All employees, except for part-time and seasonal employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after five years (effective July 1, 1998, after three years) of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 5 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. The county's share of contributions to the SDRS for the fiscal years ended December 31, 1998, 1997, and 1996 were \$35,433.28, \$39,531.40 and \$36,060.40, respectively, equal to the required contributions each year.

6. DEFERRED COMPENSATION PLAN

In prior years, the employee deferred compensation plan balance appeared in the financial statements as an Agency Fund Type in accordance with GASB Statement 2. In accordance with changes in Internal Revenue Code (IRC) section 457 and GASB Statement 32, the employees' deferred compensation plan has been omitted from this report. IRC 457, as amended, requires deferred compensation amounts to now be held in trust for the exclusive benefit of the employee.

The county 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 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 Self-Insurance Fund in the amount of \$7,055.20 for the payment of future unemployment benefits.

During the two years ended December 31, 1998, no claims for unemployment benefits were paid. At December 31, 1998, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

9. YEAR 2000 ISSUES

The county has reviewed Year 2000 Issues and is in the final stages of ensuring all computer systems and other electronic equipment critical to operations are year 2000 compliant. No significant problems with this process have been encountered and the county has determined there will be no significant commitment of resources necessary in order to make the county year 2000 compliant.

10. ADJUSTMENT TO THE 1998 FUND BALANCE

The 1998 Fund Balance of the General Fund was adjusted to reverse an unexplained journal entry made to decrease the Fund Balance during 1998. The 1998 Fund Balance of the Expendable Trust Funds was adjusted to reverse an unexplained journal entry made to increase the Fund Balance during 1998.

**HAND COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Two Years Ended December 31, 1998**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures 1997	Expenditures 1998
Department of Housing and Urban Development:			
Indirect Federal Funding:			
S.D. Governor's Office of Economic Development, Community Development Block Grant (Notes 3 and 4)	14.228	\$ 73,271.00	\$ 207,772.47
Department of Justice:			
Direct Federal Funding:			
Public Safety and Community Policing Grant (COPS FAST)	16.710	10,884.93	11,333.53
Department of Transportation:			
Indirect Federal Funding:			
SD Department of Transportation, Highway Planning and Construction, Emergency Relief Program	20.205	23,399.67	178,808.32
General Services Administration:			
Indirect Federal Funding:			
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003	8,184.40	3,165.44
Federal Emergency Management Agency:			
Indirect Federal Funding:			
S.D. Department of Military and Veterans' Affairs, Emergency Management State and Local Assistance	83.534	6,099.44	16,660.14
Disaster Assistance (Note 3)	83.516	352,494.57	
Public Assistance	83.544		61,898.62
Total Federal Emergency Management Agency		358,594.01	78,558.76
Other Federal Assistance:			
Direct Federal Funding:			
Department of Interior, Bureau of Land Management, Payment in Lieu of Taxes (97-258) (Note 2)	--	3,107.54	2,168.00
GRAND TOTAL		\$ 477,441.55	\$ 481,806.52