

COUNTY AUDIT SUMMARY

Years Ended December 31, 1996 and 1997

CALENDAR YEAR 1996-97 COUNTY AUDITS

The purpose of this report is to provide an audit summary of the audit of all 66 counties that were performed either with a December 31, 1996 or 1997 cutoff date. Most of the counties receive two year audits with approximately half of the counties receiving audits each year. Because of their size, four counties, Minnehaha, Pennington, Brookings and Brown, receive annual audits. The audits were performed by the Department of Legislative Audit during calendar years 1996 and 1997.

In accordance with state law, all of these audits are filed with the Department of Legislative Audit and are available for public inspection. The contents of these reports have been summarized into the following four categories.

OPINION QUALIFICATIONS

At the conclusion of each audit the auditor renders an opinion as to the fairness of the financial statements. If necessary, an auditor will qualify their opinion because of a restriction in the scope of the audit or because certain financial information was not fairly presented.

A total of 53 of the 66 counties audited had no opinion qualifications. The remaining 16 audits had a total of 18 qualifications reported. In 9 of those 18 opinion qualifications, the principal reason for qualifying was because of inadequate fixed asset records. Each county is required to maintain a detailed listing of their land, buildings and equipment. It is necessary for auditors to qualify their opinions if the fixed asset listings are incomplete or not properly valued.

AUDITOR'S COMMENTS

The material findings of each audit are included in audit reports as auditor's comments. Of the 66 counties audited, 28 contained auditor's comments. A summary of the more common auditor's comments by category have been summarized as follows:

Fixed Assets - A total of 4 findings related to inadequate fixed asset records. The comments recommended that complete and accurate fixed asset listings be established and that capitalization policies should be adopted.

Record Deficiencies in Outlying Departments - Nine findings related to record keeping deficiencies in outlying departments such as the fair, ambulance, sheriff and highway. Controls over financial transactions are important at all levels of government.

Surplus Cash - A total of 8 counties were formally criticized for having General Fund balances in excess of the statutory limit. South Dakota Codified Law 7-21-18.1 limits the unobligated balance of the General Fund to 40% of next year's appropriation.

Compliance - A total of 8 findings related to compliance issues. Compliance comments relate to material violations of state law or federal regulations. Although the compliance violations covered a wide range of areas, several of the areas affected were as follows:

State Bid Laws- Several counties did not follow the state bid laws for purchases that exceeded the bid amount.

Interfund Loans - Disallowed by SDCL 7-21-34, one county had interfund loans in excess of nine months.

Self Insurance - One county was involved in a self-insurance plan with another governmental entity to provide group health insurance for its employees, but the plan did not cover a minimum of 100 eligible employees as required by SDCL 7-8-26.2.

Gravel Sales - As outlined in SDCL's 7-18-24, 25, 26 and 27, one county did not hold a public hearing, prior to the sale of gravel to individuals, to determine whether it is in the best interest of the residents of the county.

Special Investigations - Special investigations were performed by the Department of Legislative Audit in two counties. The investigations resulted in comments relating to fees being submitted late and/or not remitted to the County Treasurer by the Register of Deeds.

FEDERAL FINDINGS AND QUESTIONED COSTS

Federal findings and questioned costs relate to noncompliance with federal grant programs. Of the 66 counties audited, there were only two findings relating to federal programs.

COMPLIANCE CHECKLIST

A checklist of 34 state laws that relate to the fiscal aspects of counties was completed as a part of every county audit. A detailed summary of the results of the checklist may be found attached.

Overall the counties were in substantial compliance with almost all of the laws tested. The areas with the most noncompliance were items number five regarding budget over-expenditures and number 32 regarding the county auditor's reconciliation of the published list of unpaid taxes to the unpaid taxes in the tax list.

February 23, 1999

LEGISLATIVE AUDIT
COUNTY COMPLIANCE QUESTIONNAIRE
FOR THE TWO YEARS ENDED DECEMBER 31, 1997

Question and South Dakota Codified Law Reference	Totals For Each Question					
	In Compliance	%	Not In Compliance	%	Not Applicable	%
1. If the provisional budget contained a line item for contingencies, did the line item for contingencies not exceed five percent of the total county budget? (7-21-6.1)	69	100.00%	0	0.00%	0	0.00%
2. Did the published provisional budget contain the full text of the provisional budget including each major revenue source and expenditure source by function, subfunction and activity? (7-21-8.1)	68	98.55%	1	1.45%	0	0.00%
3. Was the provisional budget adopted by resolution before October first?? (7-21-12)	68	98.55%	1	1.45%	0	0.00%
4. Did the officers of any county, unless specially or expressly authorized by law, not contract any debt or incur any pecuniary liability unless both principal and annual interest could be paid by the current year's levy at not exceeding the maximum rate provided by law? (7-21-16)	61	88.41%	0	0.00%	8	11.59%
5. Except for state and federal grants made available after the final budget is adopted, did the county refrain from contracting any liability for which no appropriation was made? (7-21-20, 7-21-20.1, 7-21-25)	57	82.61%	11	15.94%	1	1.45%
6. Were contingency transfers made only by resolution of the board? (7-21-32.2)	65	94.20%	2	2.90%	2	2.90%
7. Did the county auditor keep a detailed listing by payee and amount supporting the amount encumbered in the resolution? (7-21-45)	3	4.35%	1	1.45%	65	94.20%
8. Did the board of county commissioners only transfer surplus moneys if there was sufficient money left in the fund to pay all outstanding warrants or other expenditures for the current fiscal year? (7-21-48)	47	68.12%	0	0.00%	22	31.88%
9. Did the register of deeds, within fifteen days after the expiration of each calendar month and also at the end of his term of office, deposit with the county treasurer the total amount of the fees charged or received? (7-9-17)	65	94.20%	4	5.80%	0	0.00%
10. Did the sheriff keep a record of all fees collected and remit the fees to the county treasurer prior to the fifteenth day of the following month? (7-12-19.1)	62	89.86%	7	10.14%	0	0.00%
11. Did the county auditor keep and maintain accounting records as prescribed by the auditor general? (7-10-2)	66	95.65%	3	4.35%	0	0.00%

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	In Compliance	%	Not In Compliance	%	Not Applicable	%
12. Did the county auditor, at the close of each calendar month, list all cash and cash items in the hands of the county treasurer, verify the balances in several bank depositories, and report to the county commissioners? (7-10-3)	64	92.75%	5	7.25%	0	0.00%
13. Did the county auditor prepare an annual financial report by March 1 and publish this report within 30 days? (7-10-4)	68	98.55%	1	1.45%	0	0.00%
14. Whenever the treasurer received any money, warrants, or orders on any account other than taxes charged, did he make duplicate receipts, one delivered to the person paying the money and the other within one week filed with the auditor? (7-11-9)	67	97.10%	2	2.90%	0	0.00%
15. Did the county treasurer keep and maintain such accounting records as set forth in the accounting manual prepared by the auditor general? (7-11-12)	69	100.00%	0	0.00%	0	0.00%
16. If the county has a joint municipal-county law enforcement commission, did the sheriff deposit all fees and travel expenses in said fund? (7-12-25.1)	2	2.90%	0	0.00%	67	97.10%
17. Before any claim, except claims for the per diem of witnesses and jurors fixed by law, against the county was allowed, did the claimant (1) reduce the claim to writing and (2) verify that the claim is just and true? (7-22-1)	61	88.41%	8	11.59%	0	0.00%
18. Except for registered warrants, were all warrants countersigned and endorsed by the county treasurer prior to their payment by the depository? (7-22-7)	67	97.10%	1	1.45%	1	1.45%
19. Were all investments authorized by SDCL 5-4-6? (4-5-6)	50	72.46%	2	2.90%	17	24.64%
20. Did the county publish a full and complete report of all its official proceedings in the official newspapers? (7-18-3)	68	98.55%	1	1.45%	0	0.00%
21. If any tax was not paid on the last day of April, was a penalty of 1 percent per month on the tax not paid added on that day and on the first day of each and every month thereafter until paid? (10-9-12 and 54-3-16)	68	98.55%	1	1.45%	0	0.00%
22. If the other half of real estate taxes was not paid before the last day of October, did the taxes become delinquent and penalty and interest attach? (10-21-23)	68	98.55%	1	1.45%	0	0.00%

**LEGISLATIVE AUDIT
COUNTY COMPLIANCE QUESTIONNAIRE
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Question and South Dakota Codified Law Reference	Totals For Each Question					
	In Compliance	%	Not In Compliance	%	Not Applicable	%
23. If the county levied for the county highway and bridge reserve fund, did the county pay 25 percent of the money raised within all cities and incorporated towns to the treasurers of the cities or towns? (10-12-14)	41	59.42%	4	5.80%	24	34.78%
24. Whenever any taxes were paid to the county treasurer, did the county treasurer make out duplicate receipts, one delivered to the person paying the taxes and one within one week filed with the county auditor? (10-21-14)	68	98.55%	0	0.00%	1	1.45%
25. Except if there is no official newspaper in the county, did the treasurer give notice of the sale of real property for taxes or assessments by publication once during the week preceding the sale in the official newspaper(s)? (10-23-2)	69	100.00%	0	0.00%	0	0.00%
26. Did the board of county commissioners publish a complete list of employees' salaries with the minutes of the first meeting of the year or within thirty days thereafter, or in the minutes of the first meeting following the completion of salary negotiations? (6-1-10)	66	95.65%	3	4.35%	0	0.00%
27. If thereafter (a) an employee was added or (b) an existing employee's salary was increased, were the name and amount published once? (6-1-10)	62	89.86%	7	10.14%	0	0.00%
28. Did the governing body advertise for competitive bids for contracts amounting to \$25,000 or more for the construction (Note that construction, per SDCL 5-18-1.3 " ... shall in addition to their ordinary meaning embrace repair and alteration.") of a public improvement, or for the purchase of materials, supplies or equipment exceeding \$15,000 other than (1) equipment repair contracts, (2) the purchase of surplus property from another public corporation, (3) the purchase by one local government entity or the state from the lowest responsible bidder of an item competitively bid by another at the accepted bid price, and (4) purchases from any agency of the U.S. Government? (5-18-3, 38-22-23.10(7) and 5-18-18)	60	86.96%	8	11.59%	1	1.45%
29. Were negotiated contracts which were required to be bid first advertised for competitive bids? (5-18-9.1 and 9.2)	36	52.17%	0	0.00%	33	47.83%
30. Was the county snow removal and special emergency reserve fund only used for the purposes authorized by SDCL 34-5-3?	58	84.06%	3	4.35%	8	11.59%

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Question and South Dakota Codified Law Reference	Totals For Each Question					
	In Compliance	%	Not In Compliance	%	Not Applicable	%
31. Did the auditor reconcile the unpaid taxes shown in the treasurer's tax lists, that are no more than six years old, to the tax account record each December 31 or within 30 days thereafter? (10-17-9)	62	89.86%	7	10.14%	0	0.00%
32. Did the auditor reconcile the published list of unpaid taxes to the unpaid taxes in the tax list? (10-23-2)	53	76.81%	16	23.19%	0	0.00%
33. Did the county not enter into any contracts for labor, services, materials, supplies or equipment with any officer who was elected or appointed except as allowed by SDCL 6-1-2? (6-1-1)	68	98.55%	0	0.00%	1	1.45%
34. Did the county apportion like taxes the ten percent of aggregate shelter rentals received from housing projects collected as payments in lieu of taxes? (11-7-1, 11-7-7, 11-7-73)	11	15.94%	0	0.00%	58	84.06%