SUMMARY OF 2017 AUDIT RESULTS

- The auditor’s report expresses an unmodified opinion on the financial statements.
- Deficiencies disclosed during the audit of the financial statements and/or major federal awards are reported.

   a. The Deputy Finance Officer has access to the general ledger, can prepare and post journal entries, can handle signed checks of the primary checking account of the City, has access to the manual check stock, and maintains the signature stamp for such accounts.
   b. The financial statements contained errors in the government-wide adjustments and fund statements requiring correction.
   c. We noted several instances where subsidiary listings did not agree to the general ledger. The City also lacks processes to review and analyze departmental financial balances and activity for accuracy and comparability. Journal entries were recorded to correct errors resulting from such lack of review and analysis. See finding 2017-002 regarding audit adjustments.

2. 2017-002 Finding: Audit Adjustments – Material Weakness
   During the audit process, we recorded material audit adjustments. Additionally, we posted several reclassification entries with no effect on net income. Furthermore, other entries were proposed as part of the audit, but were not recorded due to the overall insignificance on the financial statements. The Finance Officer has a lack of adequate review over the year-end process.

3. 2017-003 Finding: Compliance with State Laws – Significant Deficiency
   a. SDCL 4-5-6 indicates the types of investments that the City may invest public funds. Based on 4-5-6, the City is in violation of State law.
   b. The first payroll paid in January 2018 (to include December 2017 expenses) was not included in the bill list in the January 2018 council minutes. SDCL 9-23-2 requires all claims to be included in the minutes of the City. Based on 9-23-2, the City is in violation of State law.

   The City does not have written policies for allowable costs/cost principles and cash management, which violates Uniform Guidance regulations for both the Airport Improvement Program and Staffing for Adequate Fire and Emergency Response program.

- No instance of noncompliance material to the financial statements was disclosed during the audit.
- The auditor’s report on compliance for the major federal awards expresses an unmodified opinion.