

SUMMARY OF 2016 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.
 1. 2016-001 Finding: Internal Controls/Financial Statement Preparation – Material Weakness
 - a. The City does not have a process in place to timely reconcile and review capital asset activity throughout the year. The City did not reconcile 2016 capital asset activity until several months after year end.
 - b. The Deputy Finance Officer has access to the general ledger, can prepare and post journal entries, and 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.
 - c. The financial statements were not prepared or reviewed timely by the Finance Office personnel. When financial statements were provided, we identified and corrected errors in the government-wide adjustments, fund statements, and the statements of cash flows.
 - d. Some reconciling schedules, including interfund loans and interfund transfers, did not agree to the general ledger.
 2. 2016-002 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. 2016-003 Finding: Negotiable Certificates of Deposit – Significant Deficiency

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.
 4. 2016-004 Finding: Audit Package Late Filing – Material Weakness

The annual report filing to the federal clearinghouse, including the data collection form, will be filed late due to significant issues encountered with a software conversion and failure to implement a process of timely accounting for capital asset activity.
- One instance of noncompliance material to the financial statements was disclosed during the audit. This was the late filing of the audit package, as described above.
- The auditor's report on compliance for the major federal awards expresses an unmodified opinion.