

MUNICIPALITY OF DOLAND
INTERNAL CONTROL REVIEW
October 16, 2023

MUNICIPALITY OF DOLAND
MUNICIPAL OFFICIALS
October 16, 2023

Governing Board:

Stuart Bell, Mayor
Greg Drayer
Tim Wolberg
Kyle Knox
Joe Remly
Roger Vick
Linda Hofer

Finance Officer:

Kamela Deslauriers

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RUSSELL A. OLSON
AUDITOR GENERAL

REPORT ON THE LIMITED STUDY OF INTERNAL CONTROL
PERFORMED IN ACCORDANCE WITH SOUTH DAKOTA CODIFIED LAW 4-11-4.1

Governing Board
Municipality of Doland
Doland, South Dakota

We have made a study of selected elements of internal control of the Municipality of Doland (Municipality) in effect at October 16, 2023. Our study was performed pursuant to South Dakota Codified Law (SDCL) 4-11-4.1 and was limited to selected accounting controls contained in the codified laws and other selected controls we felt were significant to the Municipality. Our study was not conducted in accordance with the standards established by the American Institute of Certified Public Accountants for the purpose of giving an opinion on internal control in effect at the Municipality.

The management of the Municipality is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

Our study was more limited than would be necessary to express an opinion on internal control of the Municipality. Also, our study would not necessarily disclose all significant weaknesses in internal controls of the Municipality. Accordingly, we do not express an opinion on internal control of the Municipality in effect at October 16, 2023.

However, our study did disclose weaknesses in internal controls of the Municipality in effect at October 16, 2023 as discussed below:

- a. The 2022 annual financial report contained financial reporting errors resulting in inaccurate and incomplete information being presented. We recommend the Municipality accurately complete the annual financial report.
- b. The Municipality did not properly maintain the following necessary records:
 1. Cash Receipts Journal
 2. Cash Disbursement Journal
 3. Cash General Ledger by Fund
 4. Accounts Receivable General Ledger Control

We recommend the Municipality properly establish and maintain the necessary accounting records. We have provided guidance to the Municipality to help establish these records.

- c. The governing board published a list of employees' salaries by name and by position for part time employees with the proceedings of the first meeting of the year; however, the salaries of the board members were not included as required by SDCL 6-1-10. We recommend the governing board publish a complete list of all employees' salaries with the proceedings of the first meeting of the year as required by SDCL 6-1-10.
- d. The vouchers did not contain a perjury statement to be signed by the claimant for personal services or travel as recommended by the Municipal Accounting Manual. We recommend that vouchers be properly prepared and contain a perjury statement by the claimant for personal services or travel as recommended by the Municipal Accounting Manual.
- e. The 2012, 2014 and 2017 Water and Sewer Project Revenue Bond debt agreements required a separate monthly surcharge for each bond issue to the water and sewer customers for the services provided by the improvements financed by the Bonds. The cash collected from the three surcharges are required to be segregated from other revenues of the Water Fund and Sewer Fund and be used only for the payment of principal and interest on the respective Bonds. Each surcharge shall remain in effect until such time as the respective bonds are paid in full or discharged.

The proper surcharges have been established as revenues; however, the cash from the surcharges have not been segregated from the cash balances of the Water and Sewer Funds to retire the debt for each of the three revenue bonds as required by the bond agreements.

We recommend the Municipality compute the existing cash balances of each of the surcharge collections received since 2012 and segregate the cash balances for operations and debt payment in the Water Fund and Sewer Fund accounting records.

This report is intended solely for the use of management and the governing board and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive style with a large initial 'R'.

Russell A. Olson
Auditor General

October 16, 2023