# MUNICIPALITY OF FLORENCE

## INTERNAL CONTROL REVIEW

**October 20, 2025**

MUNICIPALITY OF FLORENCE
MUNICIPAL OFFICE
October 20, 2025

Governing Board:

Chris Fischer, Board President
Jeremy Deville
Jared Tschakert

Finance Officer:

Melissa Tschakert

MUNICIPALITY OF FLORENCE
TABLE OF CONTENTS

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE, SD 57501-5070
(605) 773-3595

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 Florence
Florence, South Dakota

We have made a study of selected elements of internal control of the Municipality of Florence (Municipality) in effect on October 20, 2025. 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 on October 20, 2025.

However, our study did disclose weaknesses in internal controls of the Municipality in effect on October 20, 2025 as discussed below:

a. The governing board did not publish a complete list of employees' salaries with the proceedings of the first meeting of the year as required by SDCL 6-1-10. We recommend the governing board publish a complete list of employees' salaries with the proceedings of the first meeting of the year as required by SDCL 6-1-10.

b. The official minutes gave a detailed statement of all expenditures by name and amount but did not show the service rendered as required by SDCL 9-18-1. We recommend the detailed statement of expenditures in the minutes include the purpose for the expenditure as required by SDCL 9-18-1.

c. The 2023 and 2024 annual reports were not presented by the first regular meeting in May, published and filed with the Department of Legislative Audit as required by SDCL 9-22-21. We recommend the Municipality prepare, publish, and file the annual financial reports in accordance with SDCL 9-22-21.

d. The Municipality did not properly maintain the following necessary records:

    1. Cash General Ledger by Fund
    2. Utility Accounts Receivable General Ledger Control
    3. Cash Receipts Journal
    4. Cash Disbursement Journal
    5. Revenue Budget Record
    6. Expenditure Budget Record

    We recommend the Municipality properly establish and maintain the necessary accounting records. We have provided guidance regarding the implementation of these records.

e. Vouchers for personal services and travel were not properly verified by the claimant under the penalties of perjury as required by SDCL 4-9-4 as the voucher form did not include this verification language. We recommend that vouchers be properly verified for personal services and travel as required.

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.

Russell A. Olson

Russell A. Olson
Auditor General

October 20, 2025