[IPA LETTERHEAD]

**(Both GAS-ONLY and Uniform Guidance Audit)**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

**PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor’s Report**

Governing Board

Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the **governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information** of the Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, South Dakota (Municipality), as of December 31, 2023, and for **(each of)** the year**(s in the biennial period)** then ended, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements and have issued our report thereon dated \_\_\_\_\_\_\_\_\_\_\_\_, 2023. which was **(qualified) (adverse)** because \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

***[describe any departure from the standard report, such as a qualified opinion (giving the reason and identifying the affected opinion unit(s), a modification as to consistency because of a change in accounting principle, or a reference to the report of other auditors****.****]***

***(IF NO MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES ARE REPORTED USE THE FOLLOWING THREE PARAGRAPHS.)***

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material

misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged

with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***(COMPLETE THE FOLLOWING THREE PARAGRAPHS IF MATERIAL WEAKNESSES ARE NOTED IN THE REPORT.)***

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Municipality’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying **Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS IF THIS IS NOT A UNIFORM GUIDANCE AUDIT),*** **as item(s) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to be material weaknesses.**

***(COMPLETE THE FOLLOWING FOUR PARAGRAPHS IF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES ARE NOTED IN THE REPORT)***

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Municipality’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying **Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS IF THIS IS NOT A UNIFORM GUIDANCE AUDIT),*** we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality’s financial statements will not be prevented or detected and corrected on a timely basis. **We consider the deficiencies described in the accompanying Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS IF THIS IS NOT A UNIFORM GUIDANCE AUDIT)* as item(s) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to be material weaknesses.**

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. **We consider the deficiencies described in the accompanying Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS IF THIS IS NOT A UNIFORM GUIDANCE AUDIT)* as item(s) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to be significant deficiencies.**

***(COMPLETE THE FOLLOWING THREE PARAGRAPHS IF ONLY SIGNIFICANT DEFICIENCIES ARE NOTED IN THE REPORT.)***

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Municipality’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying **Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS” IF THIS IS NOT AN UNIFORM GUIDANCE.)* as item(s) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that we consider to be significant deficiencies.**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Municipality’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, **(and)** contracts, and grant agreements, ***(DELETE REFERENCE TO GRANTS IF NOT A UNIFORM GUIDANCE AUDIT AND GRANTS ARE NOT MATERIAL TO AN OPINION UNIT)*** noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed **(no)** instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* **(and which are described** **in the accompanying Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS” IF THIS IS NOT AN UNIFORM GUIDANCE AUDIT.)*** as item**(s)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***(LIST RELATED RECOMMENDATION REFERENCE NUMBERS. HOWEVER, IF NO INSTANCES OF NONCOMPLIANCE ARE REPORTED, THEN DELETE ALL OF THE PRECEDING SENTENCE AFTER “GOVERNMENT AUDITING STANDARDS.”)***

*[NOTE: Use the following paragraph if the entity responds to the written findings.]*

**Municipality’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Municipality’s response to the findings identified in our audit. The Municipality’s response to the findings identified in our audit are described **(in the accompanying Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS” IF THIS IS NOT AN UNIFORM GUIDANCE AUDIT).*** The Municipality’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

*[NOTE: Use the following paragraph if the entity does not respond to the written findings.]*

*Government Auditing Standards* requires the auditor to perform limited procedures on the Municipality’s response to the findings identified in our audit. The Municipality did not wish to respond to the findings identified in our audit as described **(in the accompanying Schedule of Current Audit Findings (and Questioned Costs) *(DELETE “AND QUESTIONED COSTS” IF THIS IS NOT AN UNIFORM GUIDANCE AUDIT).***

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law

4-11-11, this report is a matter of public record and its distribution is not limited.

*[Signature of auditor’s firm]*

*[City and state where the auditor’s report is issued]*

*[Date of the auditor’s report]*

[IPA LETTERHEAD]

**(UNIFORM GUIDANCE ONLY)**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor’s Report**

Governing Board

Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, South Dakota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, South Dakota (Municipality), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Municipality’s major federal programs for the **year** **(biennial period)** ended December 31, 2023. The Municipality’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the **year** **(biennial period)** ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Municipality’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Municipality’s federal programs.

***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Municipality’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Municipality’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

* exercise professional judgment and maintain professional skepticism throughout the audit.
* identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Municipality’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
* obtain an understanding of Municipality’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**(LIST RELATED FINDING/RECOMMENDATION REFERENCE NUMBERS. IF NO INSTANCES OF NONCOMPLIANCE ARE REPORTED, THEN DELETE THE OTHER MATTER SECTION.)**

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item(s) \_\_\_\_\_\_\_\_\_\_. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Municipality’s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Municipality’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**(IF NO MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL OVER COMPLIANCE ARE BEING REPORTED USE THE FOLLOWING THREE PARAGRAPHS.)**

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**(COMPLETE THE FOLLOWING FIVE PARAGRAPHS IF MATERIAL WEAKNESSES ARE BEING REPORTED, BUT NO SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL OVER COMPLIANCE ARE BEING REPORTED)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item**(s)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[list the reference numbers of the related findings]** to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Municipality’s response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**(COMPLETE THE FOLLOWING FOUR PARAGRAPHS IF NO MATERIAL WEAKNESSES ARE BEING REPORTED, BUT SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL OVER COMPLIANCE ARE BEING REPORTED)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item**(s)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[list the reference numbers of the related findings]** to be significant deficiencies

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Municipality’s response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**(COMPLETE THE FOLLOWING FIVE PARAGRAPHS IF BOTH MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL OVER COMPLIANCE ARE BEING REPORTED BEING REPORTED)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item**(s)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[list the reference numbers of the related findings]** to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item**(s)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[list the reference numbers of the related findings]** to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Municipality’s response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

*[Signature of auditor’s firm]*

*[City and state where the auditor’s report is issued]*

*[Date of the auditor’s report]*

[IPA LETTERHEAD]

**Independent Auditor’s Report**

Governing Board

Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, South Dakota

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying modified cash basis of accounting financial statements of the **governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information** [***AMEND ACCORDING TO APPLICABLE OPINION UNITS]*** of the Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, South Dakota (Municipality), as of December 31, 2023, and for **(each of)** the year**(s in the biennial period)** then ended, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the **governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information** [***AMEND ACCORDING TO APPLICABLE OPINION UNITS]*** of the Municipality of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ as of December 31, 2023, and the respective changes in financial position **and, where applicable, cash flows** thereof for **(each of)** the year**(s in the biennial period)** then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

***(NOTE: THERE ARE SIGNIFICANT WORDING AND STRUCTUAL CHANGES WHEN MODIFICATIONS TO THE OPINION ARE ISSUED, SUCH AS GIVING A QUALIFIED OPINION, DISCLAIMER OF OPINION OR AN ADVERSE OPINION. CONSULT AU-C SECTION 705 WHEN A MODIFICATION TO THE OPINION IS CONTEMPLATED.)***

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 1.c. of the financial statements, which describes the basis of accounting, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

* exercise professional judgment and maintain professional skepticism throughout the audit.
* identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
* obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, no such opinion is expressed.
* evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
* conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality’s basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Budgetary Comparison Schedules, and the Schedule of the Municipality’s Proportionate Share of the Net Pension Liability (Asset) **[identify accompanying supplementary information]** are **(is)** presented for purposes of additional analysis and are **(is)** not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards , the Budgetary Comparison Schedules, and the Schedule of the Municipality’s Proportionate Share of the Net Pension Liability (Asset) **[identify accompanying supplementary information]** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the \_\_\_\_\_\_\_\_ **[identify other information, such as the introductory and statistical sections]** but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_\_\_\_\_, 2023 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, **and grant agreements** and other matters. ***(NOTE: DELETE REFERENCE TO GRANTS IF THIS AUDIT WAS NOT DONE IN ACCORDANCE WITH UNIFORM GUIDANCE AND GRANTS ARE NOT MATERIAL TO AN OPINION UNIT)*** The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality’s internal control over financial reporting and compliance.

*[Signature of auditor’s firm]*

*[City and state where the auditor’s report is issued]*

*[Date of the auditor’s report]*