

## REPORT DATE

South Dakota Board of Directors for Directors for Education Telecommunications  
South Dakota Public Broadcasting  
Vermillion, South Dakota

We have audited the financial statements of South Dakota Public Broadcasting as of and for the year ended June 30, 2025, and have issued our report thereon dated REPORT DATE. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated October 3, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control matters over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated REPORT DATE.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. As discussed in Notes 1 and 6 to the financial statements, the Organization has changed accounting policies related to accounting for compensated absences to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2024. In addition, the Organization has adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires financial statement disclosure about risks related to a government's vulnerabilities due to certain concentrations or constraints for the year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the net pension asset (liability) is based on the Organization's proportionate share of the South Dakota Retirement System's (SDRS) estimated net pension asset (liability), deferred outflows of resources, deferred inflows of resources, and pension expense, which utilized projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rates of return and discount rates in the determination of the final balances reported in the SDRS's audited financial statements. The Organization's proportionate share was determined by calculating its share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the compensated absences liability is based on the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This is a significant estimate due to the expanded definition of what is considered a compensated absence and the types of leave offered by the Organization and the historical data utilized as assumptions within the calculation.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's financial statements relate to pension related liabilities disclosed in Note 5 of the financial statements.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to [Entity's Name] financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As described in Notes 1 and 6 to the financial statements, due to the adoption of GASB Statement No. 101, *Compensated Absences*, the Organization restated opening balances as of July 1, 2024. The purpose of the paragraph is to draw attention to the disclosures for the adoption of the standards update. We have included an emphasis of matter in our report regarding this restatement. We did not modify our opinion related to this matter.

## **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated REPORT DATE.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

The Organization's financial statements include the financial statements of Friends of Public Broadcasting, a discretely presented component unit of the Organization, which we considered to be a significant component of the Organization's financial statements. Consistent with the audit of the Organization's financial statements as a whole, our audit included obtaining an understanding of Friends of Public Broadcasting and their environment, including internal control, sufficient to assess the risks of material misstatement of the Organization's financial statements of Friends of Public Broadcasting and completion of further audit procedures.

This report is intended solely for the information and use of the South Dakota Board of Directors for Education Telecommunication, and management of South Dakota Public Broadcasting and is not intended to be, and should not be, used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Fargo, North Dakota



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