

Brookings School District No. 5-1

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2025**

Brookings School District No. 5-1

School District Officials

June 30, 2025

Board Members

Wesley Tschetter----- Board President

Teresa Binkley ----- Vice President

Debra DeBates----- Member

Keli Books ----- Member

Teri Johnson----- Member

Dr. Summer Schultz -----Superintendent

Stacey VanBeek-----Business Manager

Brookings School District No. 5-1

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**Independent Auditor’s 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***

School Board
Brookings School District No. 5-1
Brookings, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brookings School District No. 5-1, South Dakota, as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated February 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’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 School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 were not identified. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brookings School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Audit Findings and Questioned Costs as finding number 2025-001.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs. The School District'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.

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 Brookings School District'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.



Elk Point, South Dakota
February 25, 2026



**Independent Auditor’s Report on Compliance for each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

School Board
Brookings School District No. 5-1
Brookings, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brookings School District No. 5-1’s, South Dakota 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 Brookings School District’s major federal programs for the year ended June 30, 2025. Brookings School District'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 Brookings School District No. 5-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended June 30, 2025.

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 School District and to meet our 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 School District’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 grants agreements applicable to School District'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 School District'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 is 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 School District'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 School District'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 School District'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 School District'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.

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.

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.

A handwritten signature in cursive script that reads "CIO Prof LHC".

Elk Point, South Dakota
February 25, 2026

Brookings School District No. 5-1
 Schedule of Audit Findings and Questioned Costs
 Year Ended June 30, 2025

Schedule of Prior Audit Findings

There was a material weakness resulting from budgeted expenditures exceeding budgeted means for the Special Education Fund. This finding has not been corrected, so it is being restated as Finding Number 2025-001.

Schedule of Current Audit Findings

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: _____ Yes _____ X _____ None Reported

Significant deficiencies identified not considered to be material weaknesses: _____ Yes _____ X _____ None Reported

Noncompliance material to financial statements noted? _____ X _____ Yes _____ No

Federal Awards

Internal control over major program:

Material weakness identified: _____ Yes _____ X _____ None Reported

Significant deficiencies identified not considered to be material weaknesses: _____ Yes _____ X _____ None Reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: _____ Yes _____ X _____ No

Identification of major program:

ALN Number	Name of Federal Program
84.010	Title I Grants to Local Area Agencies
84.027A & 84.173A	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ X _____ Yes _____ No

Brookings School District No. 5-1
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2025 (Continued)

Section II - Financial Statement Findings

Finding Number 2025-001 - Compliance Finding

Material Weakness

There is a material weakness resulting from budgeted expenditures exceeding budgeted means for the Special Education Fund.

Condition, Cause, and Effect: SDCL-13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund. The district had more expenditures than budgeted and didn't supplement for the additional costs. As a result, the expenditures are in excess of budget for the Special Education Fund in total.

Criteria: There is a material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the Special Education Fund.

Recommendation: We recommend that district officials be aware of and adhere to the budgetary requirements and supplement budget when necessary in the future.

Views of Responsible Officials: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Years: Yes

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).

Brookings School District No. 5-1

Office of the Business Manager
Phone: (605) 696-4700

2130 8th Street South
Brookings, SD 57006

Corrective Action Plan (Unaudited)

Brookings School District No. 5-1 respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

ELO Prof. LLC
1101 W Main
Elk Point, SD 57025

Material Weakness

Budgeted expenditures exceeding budgeted means for the Special Education Fund.

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: ELO Prof LLC examined budgets prepared by management and compared them to actual expenditures and concluded that budgeted expenditures exceeded budgeted means for the Special Education Fund.

Responsible Individual: Stacey VanBeek

Corrective Action Plan: The Brookings School District's Board will continue to monitor the budgets, and, if the expenditures are anticipated to exceed the annual appropriation, and/or the fund balance, the School District will adopt a supplemental appropriation to utilize unobligated fund balances only up to the maximum available.

Anticipated Completion Date: 2026

If there are any questions regarding this plan, please contact Stacey VanBeek at (605) 696-4700.

Sincerely,

Dr. Summer Schultz, Superintendent
Brookings School District No. 5-1



Independent Auditor's Report

School Board
Brookings School District No. 5-1
Brookings, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brookings School District No. 5-1, Brookings, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise Brookings School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brookings School District No. 5-1, South Dakota as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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*, 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 School District 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 School District'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 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 School District'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 School District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Total OPEB Liability, the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of School District Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brookings School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 School District'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 the School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
February 25, 2026

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
June 30, 2025

As management of Brookings School District No. 5-1 (School District), we offer readers of the School District's financial statement this narrative overview and analysis of the District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

- During the year, the School's revenues of \$55,418,218 generated from taxes and other revenues of the governmental and business-type programs were \$3,944,121 more than the \$51,474,097 in governmental and business-type program expenditures. The total cost of the School's programs decreased 2.21% over the prior year.
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service Operation (Fund 51), and Drivers Education (Fund 53).
 - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Brookings School District No. 5-1
 Management Discussion and Analysis (MD&A)
 June 30, 2025

Figure A-1

Major Features of Brookings School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation, preschool, PASS, and the drivers' education program	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	Modified accrual accounting and current financial resources focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

- Increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund and the Other Enterprise Fund are the only business-type activities of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes:

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like the Custodial Funds).

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
June 30, 2025

The School has three kinds of funds:

- **Governmental Funds** – Most of the School’s basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund’s statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund, Drivers Education and the Preschool Fund are the only proprietary funds maintained by the School.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School’s fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the School’s government-wide financial statements because the School cannot use these assets to finance its operations.

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
 Brookings School District 5-1
 Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Current and Other Assets	\$41,784,907	\$34,676,896	\$ 1,708,127	\$ 1,466,392	\$43,493,034	\$36,143,288	-16.90%
Capital Assets (Net of Depreciation)	126,255,015	134,165,151	15,120	11,812	126,270,135	134,176,963	6.26%
Total Assets	<u>168,039,922</u>	<u>168,842,047</u>	<u>1,723,247</u>	<u>1,478,204</u>	<u>169,763,169</u>	<u>170,320,251</u>	<u>0.33%</u>
OPEB Related Deferred Outflows	104,377	83,501	--	--	104,377	83,501	-20.00%
Pension Related Deferred Outflows	7,284,491	6,749,405	--	--	7,284,491	6,749,405	-7.35%
Total Deferred Outflows or Resources	<u>7,388,868</u>	<u>6,832,906</u>	<u>--</u>	<u>--</u>	<u>7,388,868</u>	<u>6,832,906</u>	<u>-7.52%</u>
Long-Term Liabilities Outstanding	100,986,363	101,543,890	--	--	100,986,363	101,543,890	0.55%
Other Liabilities	10,346,291	5,864,534	341,701	260,574	10,687,992	6,125,108	-42.69%
Total Liabilities	<u>111,332,654</u>	<u>107,408,424</u>	<u>341,701</u>	<u>260,574</u>	<u>111,674,355</u>	<u>107,668,998</u>	<u>-3.59%</u>
Taxes Levied for Future Period	10,814,896	10,646,762	--	--	10,814,896	10,646,762	-1.55%
OPEB Related Deferred Inflows	827,973	667,197	--	--	827,973	667,197	-19.42%
Pension Related Deferred Inflows	4,198,856	4,590,122	--	--	4,198,856	4,590,122	9.32%
Total Deferred Inflows of Resources	<u>15,841,725</u>	<u>15,904,081</u>	<u>--</u>	<u>--</u>	<u>15,841,725</u>	<u>15,904,081</u>	<u>0.39%</u>
Net Investment in Capital Assets	26,649,523	34,050,544	15,120	11,812	26,664,643	34,062,356	27.74%
Restricted	15,706,356	11,388,741	--	--	15,706,356	11,388,741	-27.49%
Unrestricted	5,898,532	6,923,163	1,366,426	1,205,818	7,264,958	8,128,981	11.89%
Total Net Position	<u>48,254,411</u>	<u>52,362,448</u>	<u>1,381,546</u>	<u>1,217,630</u>	<u>49,635,957</u>	<u>53,580,078</u>	<u>7.95%</u>
Beginning Net Position	47,935,491	48,254,411	1,507,210	1,381,546	49,442,701	49,635,957	0.39%
Increase (Decrease) in Net Position	<u>\$ 318,920</u>	<u>\$ 4,108,037</u>	<u>\$ (125,664)</u>	<u>\$ (163,916)</u>	<u>\$ 193,256</u>	<u>\$ 3,944,121</u>	<u>-1940.88%</u>
Percentage of Increase (Decrease) in Net Position	<u>0.67%</u>	<u>8.51%</u>	<u>-8.34%</u>	<u>-11.86%</u>	<u>0.39%</u>	<u>7.95%</u>	

Governmental Activities

The governmental activities total net position increased by \$4,108,037 as a result of the GASB 68 Net Pension changes, construction work in progress, and additional fixed assets that were purchased.

Business-Type Activities

The business type activities total net position decreased by \$163,916.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity.

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The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School, consisting of bonds payable, capital outlay certificates, capital lease purchase payables, and compensated absences payable have been reported in this manner on the Statement of Net Position. The difference between the School’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Changes in Net Position

The Brookings School District’s total revenues (excluding transfers) in FY25 were \$55,418,218. 46.01% of the School’s revenue comes from property and other taxes, with approximately 39% coming from state aid. (See Table A-2).

Table A-2
Brookings School District 13-1
Sources of Revenues
Fiscal Year 2025

Taxes	\$ 25,500,259	46.01%
State Sources	21,581,845	38.96%
Operating Grants & Contributions	3,269,725	5.90%
Charges For Services	1,704,013	3.07%
Other General Revenues	2,761,403	4.98%
Unrestricted Investment Earnings	600,973	1.08%
Total Revenue	\$ 55,418,218	100.00%

Total expenditures of all programs and services decreased by approximately 2.21%. The Brookings School District expenses totaled \$51,474,097. (See Table A-4). The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, nonprogrammed charges, food services, and driver’s education. (See Table A-3).

Table A-3
Brookings School District 13-1
Statement of Expenditures
Fiscal Year 2025

Instruction	\$ 27,211,307	52.88%
Support Services	15,536,578	30.18%
Interest - on Long-Term Debt	3,490,846	6.78%
Community Services	48,172	0.09%
Cocurricular Activities	2,220,841	4.31%
Food Service	2,299,985	4.47%
Nonprogrammed Charges	181,599	0.35%
Other Enterprise	484,769	0.94%
Total Expenditures	\$ 51,474,097	100.00%

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
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Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

Table A-4

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 134,432	\$ 158,789	\$ 1,358,833	\$ 1,545,224	\$ 1,493,265	\$ 1,704,013	14.11%
Operating Grants/ Contributions	3,626,283	2,243,988	963,307	1,025,737	4,589,590	3,269,725	-28.76%
General Revenues							
Taxes	23,974,019	25,500,259	--	--	23,974,019	25,500,259	6.37%
Revenue State Sources	20,179,109	21,581,845	--	--	20,179,109	21,581,845	6.95%
Other							
Other general revenues	1,164,651	2,761,403	--	--	1,164,651	2,761,403	137.10%
Unrestricted Investment Earnings	1,374,999	551,096	54,138	49,877	1,429,137	600,973	-57.95%
	<u>50,453,493</u>	<u>52,797,380</u>	<u>2,376,278</u>	<u>2,620,838</u>	<u>52,829,771</u>	<u>55,418,218</u>	<u>4.90%</u>
Expenses							
Instruction	26,313,148	27,211,307	--	--	26,313,148	27,211,307	3.41%
Support Services	18,024,718	15,536,578	--	--	18,024,718	15,536,578	-13.80%
Community Services	116,394	48,172	--	--	116,394	48,172	-58.61%
Non-programmed Charges	719,719	181,599	--	--	719,719	181,599	-74.77%
Interest on long-term debt	3,204,735	3,490,846	--	--	3,204,735	3,490,846	8.93%
Co-curricular Activities	1,863,754	2,220,841	--	--	1,863,754	2,220,841	19.16%
Food Service	--	--	2,245,439	2,299,985	2,245,439	2,299,985	2.43%
Other Enterprise	--	--	148,608	484,769	148,608	484,769	226.21%
	<u>50,242,468</u>	<u>48,689,343</u>	<u>2,394,047</u>	<u>2,784,754</u>	<u>52,636,515</u>	<u>51,474,097</u>	<u>-2.21%</u>
Excess (Deficiency)							
Before Transfers	211,025	4,108,037	(17,769)	(163,916)	193,256	3,944,121	1940.88%
Transfers	<u>107,895</u>	<u>--</u>	<u>(107,895)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Increase (Decrease) in Net Position	318,920	4,108,037	(125,664)	(163,916)	193,256	3,944,121	1940.88%
Beginning Net Position	<u>47,935,491</u>	<u>48,254,411</u>	<u>1,507,210</u>	<u>1,381,546</u>	<u>49,442,701</u>	<u>49,635,957</u>	<u>0.39%</u>
Ending Net Position	<u>\$48,254,411</u>	<u>\$52,362,448</u>	<u>\$ 1,381,546</u>	<u>\$ 1,217,630</u>	<u>\$49,635,957</u>	<u>\$53,580,078</u>	<u>7.95%</u>

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
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Governmental Activities

Expenses for governmental activities decreased by 3.09%.

The District finished the Medary Elementary School Project and the Hillcrest Elementary School Project during FY25. The District also disposed of a gymnasium and incurred a \$207,686 loss on disposal.

Business-Type Activities

Revenues of the School's business-type activities Food Service and Enterprise Fund (Summer camps, ACT prep, AP testing, drivers' education and student laptop insurance) increased by approximately 10.29% and expenses increased by approximately 16.32%.

Financial Analysis of the School's Funds

The General Fund increased by \$1,288,717 due to increased revenues and decreased expenditures. The Capital Outlay and Capital Projects Funds decreased by \$512,765 and \$3,295,434, respectively, due to capital outlay expenditures. The Special Education Fund increased by \$74,459 mainly due to increased revenues and a transfer from the General Fund. The Bond Redemption Fund increased by \$360,708 due to increased ad valorem taxes.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the School budget several times. These amendments fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this School.
- Increases in appropriations to prevent budget overruns in the general fund.

Budget adjustments were made this year to provide additional funding for general operating expenses in both the General Fund and the Special Education Fund, as well as to support the BHS Boiler Project in the Capital Outlay Fund.

Brookings School District No. 5-1
Management Discussion and Analysis (MD&A)
June 30, 2025

Capital Asset Administration

By the end of 2025, the School had invested \$134,176,963 (net of depreciation) in a broad range of capital assets including: land, construction in process, buildings, various machinery, equipment and library books. This amount represents a net increase (including additions and deductions) of \$7,906,828, or increase of 6.26%, over last year. The increase is due mainly to additions to buildings & improvements and machinery & equipment.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 1,437,671	\$ 1,430,521	\$ --	\$ --	\$ (7,150)	-0.50%
Construction in progress	63,332,729	--	--	--	(63,332,729)	-100.00%
Buildings & Improvements	59,315,977	126,985,959	--	--	67,669,982	114.08%
Machinery & Equipment	1,759,997	5,351,463	15,120	11,812	3,588,158	202.14%
Intangible Lease Assets	55,683	39,751	--	--	(15,932)	-28.61%
Library Books	352,958	357,457	--	--	4,499	1.27%
Total Capital Assets	\$126,255,015	\$134,165,151	\$ 15,120	\$ 11,812	\$ 7,906,828	6.26%

This year, the District finished the Medary and Hillcrest Elementary School Projects and began the BHS Boiler Project. Additional purchases include library books, two vehicles, playground equipment, and a climbing spider net.

Long-Term Debt

At year-end, the School had \$101,543,890 in general long-term obligations. This balance includes General Obligation Bonds, Capital Outlay Certificates, unamortized premiums, Leases, OPEB, early retirement payments, and accrued vacation payable. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
General Obligation Bonds	\$ 43,915,000	\$ 42,475,000	\$ (1,440,000)	-3.28%
Plus: Unamortized Premiums	5,866,282	5,463,177	(403,105)	-6.87%
Capital Outlay Certificates	45,900,000	49,045,000	3,145,000	6.85%
Plus: Unamortized Premiums	3,091,372	2,918,448	(172,924)	-5.59%
Intangible Lease Liabilities	55,984	31,579	(24,405)	-43.59%
Direct Borrowing Notes	258,165	--	(258,165)	-100.00%
Early Retirement Payable	518,689	181,403	(337,286)	-65.03%
Other Post Employment Benefits	1,266,861	1,296,479	29,618	2.34%
Accrued Compensated Absences - Governmental Funds	114,010	132,804	18,794	16.48%
Total Outstanding Debt	\$100,986,363	\$101,543,890	\$ 557,527	0.55%

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The School is liable for the accrued vacation leave payable to the year-round staff.

The School also maintains an early retirement plan which allows those meeting certain qualifications to retire early and receive 80% of their last year's salary. This payment is paid out in one or two payments in the following fiscal year. This plan allows the school to reduce the overall program cost by hiring teachers who are lower on the salary schedule.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Brookings School's Business Office, 2130 8th St. S., Brookings, SD 57006.

Brookings School District No. 5-1
Statement of Net Position – Government-Wide
June 30, 2025

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 22,331,232	\$ 1,427,871	\$ 23,759,103
Accounts receivable	--	1,750	1,750
Taxes receivable	10,773,818	--	10,773,818
Inventories	--	36,771	36,771
Other assets	1,535,908	--	1,535,908
Net pension asset	35,938	--	35,938
Capital assets:			
Land and construction in progress	1,430,521	--	1,430,521
Other capital assets, net of depreciation	<u>132,734,630</u>	<u>11,812</u>	<u>132,746,442</u>
Total Assets	<u>168,842,047</u>	<u>1,478,204</u>	<u>170,320,251</u>
Deferred Outflows of Resources:			
OPEB-related deferred outflows	83,501	--	83,501
Pension-related deferred outflows	<u>6,749,405</u>	--	<u>6,749,405</u>
Total Deferred Outflows of Resources	<u>6,832,906</u>	--	<u>6,832,906</u>
Liabilities:			
Unearned revenue	--	115,633	115,633
Other current liabilities	5,864,534	144,941	6,009,475
Long-term liabilities:			
Due within one year	3,895,402	--	3,895,402
Due in more than one year	<u>97,648,488</u>	--	<u>97,648,488</u>
Total Liabilities	<u>107,408,424</u>	<u>260,574</u>	<u>107,668,998</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	10,646,762	--	10,646,762
Pension related deferred inflows	4,590,122	--	4,590,122
OPEB-related deferred inflows	<u>667,197</u>	--	<u>667,197</u>
Total Deferred Inflows of Resources	<u>15,904,081</u>	--	<u>15,904,081</u>
Net Position:			
Net investment in capital assets	34,050,544	11,812	34,062,356
Restricted for:			
Capital outlay	5,670,670	--	5,670,670
Special education	201,480	--	201,480
Debt service	3,321,370	--	3,321,370
SDRS pension purposes	2,195,221	--	2,195,221
Unrestricted	<u>6,923,163</u>	<u>1,205,818</u>	<u>8,128,981</u>
Total Net Position	<u>\$ 52,362,448</u>	<u>\$ 1,217,630</u>	<u>\$ 53,580,078</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 27,211,307	\$ --	\$ 2,233,113	\$ (24,978,194)	\$ --	\$ (24,978,194)
Support services	15,536,578	7,405	10,875	(15,518,298)	--	(15,518,298)
Community services	48,172	--	--	(48,172)	--	(48,172)
Nonprogrammed charges	181,599	--	--	(181,599)	--	(181,599)
Interest on long-term debt	3,490,846	--	--	(3,490,846)	--	(3,490,846)
Cocurricular activities	2,220,841	151,384	--	(2,069,457)	--	(2,069,457)
Total Governmental Activities	<u>48,689,343</u>	<u>158,789</u>	<u>2,243,988</u>	<u>(46,286,566)</u>	<u>--</u>	<u>(46,286,566)</u>
Business-Type Activities:						
Food service	2,299,985	1,150,005	1,025,737	--	(124,243)	(124,243)
Other enterprise	484,769	395,219	--	--	(89,550)	(89,550)
Total Business Type Activities	<u>2,784,754</u>	<u>1,545,224</u>	<u>1,025,737</u>	<u>--</u>	<u>(213,793)</u>	<u>(213,793)</u>
Total Primary Government	<u>\$ 51,474,097</u>	<u>\$ 1,704,013</u>	<u>\$ 3,269,725</u>	<u>(46,286,566)</u>	<u>(213,793)</u>	<u>(46,500,359)</u>
General Revenues:						
Taxes:						
Property taxes						
				24,852,162	--	24,852,162
Gross receipts taxes						
				648,097	--	648,097
Revenue from state sources:						
State aid						
				16,603,548	--	16,603,548
Other						
				4,978,297	--	4,978,297
Revenue from Intermediate Source						
Unrestricted investment earnings						
				551,096	49,877	600,973
Other general revenues						
				2,761,403	--	2,761,403
Total General Revenues						
				<u>50,394,603</u>	<u>49,877</u>	<u>50,444,480</u>
Change in Net Position						
				4,108,037	(163,916)	3,944,121
Net Position - Beginning of Year						
				<u>48,254,411</u>	<u>1,381,546</u>	<u>49,635,957</u>
Net Position - End of Year						
				<u>\$ 52,362,448</u>	<u>\$ 1,217,630</u>	<u>\$ 53,580,078</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Balance Sheet – Governmental Funds
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 8,688,603	\$ 6,039,775	\$ 1,048,311	\$ 4,241,330	\$ --	\$ 20,018,019
Taxes receivable - current	4,365,038	2,965,630	1,655,829	1,660,265	--	10,646,762
Taxes receivable - delinquent	62,431	30,397	17,318	16,910	--	127,056
Due from other governments	1,062,073	29,333	430,872	13,630	--	1,535,908
Total Assets	<u>\$ 14,178,145</u>	<u>\$ 9,065,135</u>	<u>\$ 3,152,330</u>	<u>\$ 5,932,135</u>	<u>\$ --</u>	<u>\$ 32,327,745</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 132,421	\$ 428,835	\$ 98,607	\$ 950,500	\$ --	\$ 1,610,363
Contracts payable	2,177,737	--	886,007	--	--	3,063,744
Payroll deductions and withholding and employer matching payable	646,498	--	310,407	--	--	956,905
Total Liabilities	<u>2,956,656</u>	<u>428,835</u>	<u>1,295,021</u>	<u>950,500</u>	<u>--</u>	<u>5,631,012</u>
Deferred Inflows of Resources:						
Taxes levied for future period	4,365,038	2,965,630	1,655,829	1,660,265	--	10,646,762
Delinquent taxes not available	62,431	30,397	17,318	16,910	--	127,056
Total Deferred Inflows of Resources	<u>4,427,469</u>	<u>2,996,027</u>	<u>1,673,147</u>	<u>1,677,175</u>	<u>--</u>	<u>10,773,818</u>
Fund Balances:						
Restricted:						
For capital outlay	--	5,640,273	--	--	--	5,640,273
For special education	--	--	184,162	--	--	184,162
For debt service	--	--	--	3,304,460	--	3,304,460
Assigned	632,855	--	--	--	--	632,855
Unassigned	6,161,165	--	--	--	--	6,161,165
Total Fund Balances	<u>6,794,020</u>	<u>5,640,273</u>	<u>184,162</u>	<u>3,304,460</u>	<u>--</u>	<u>15,922,915</u>
Total Liabilities and Fund Balances	<u>\$ 14,178,145</u>	<u>\$ 9,065,135</u>	<u>\$ 3,152,330</u>	<u>\$ 5,932,135</u>	<u>\$ --</u>	<u>\$ 32,327,745</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds \$ 15,922,915

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 134,165,151

The assets and liabilities of the Self-Insurance Internal Service Fund are included in the governmental activities in the Statement of Net Position. The Fund's net position is: 2,079,691

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Intangible Lease Liabilities	(31,579)	
GO Bonds	(47,938,177)	
Other Postemployment Benefits Payable	(1,296,479)	
Capital Outlay Certificates	(51,963,448)	
Early Retirement	(181,403)	
Accrued Leave	<u>(132,804)</u>	(101,543,890)

Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:

Delinquent Property Taxes Receivable 127,056

Proportionate Share of Net Pension Asset 35,938

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (5,257,319)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 6,832,906

Net Position - Governmental Activities \$ 52,362,448

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 10,085,157	\$ 6,731,418	\$ 3,837,506	\$ 3,733,291	\$ --	\$ 24,387,372
Prior years' ad valorem taxes	347,648	17,375	10,077	9,771	--	384,871
Utility taxes	648,097	--	--	--	--	648,097
Penalties and interest on taxes	11,926	4,948	2,869	2,796	--	22,539
Earnings on Investments and Deposits	271,694	128,961	15,933	90,050	44,458	551,096
Tuition and Fees:						
Regular day school transportation fees	7,405	--	--	--	--	7,405
Cocurricular Activities:						
Admissions	120,339	--	--	--	--	120,339
Other	9,294	--	--	--	--	9,294
Student organization members	21,751	--	--	--	--	21,751
Other Revenue from Local Sources:						
Other Local Revenue	--	--	105,706	--	--	105,706
Judgments	13,344	14,980	--	--	--	28,324
Rentals	22,739	--	--	--	--	22,739
Contributions and donations	515,587	--	6,133	--	1,638,404	2,160,124
Charges for services	36,209	--	66,007	--	--	102,216
Other	143,245	79,254	--	--	63,595	286,094
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	271,036	--	--	--	--	271,036
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	16,603,548	--	--	--	--	16,603,548
Restricted grants-in-aid	1,555	--	4,969,293	--	--	4,970,848
Other state revenue	7,449	--	--	--	--	7,449
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received directly from federal government	10,875	--	--	--	--	10,875
Restricted grants-in-aid received from federal government through the state	1,037,786	270,619	918,772	--	--	2,227,177
Other federal revenue	5,936	--	--	--	--	5,936
Total Revenues	<u>\$ 30,192,620</u>	<u>\$ 7,247,555</u>	<u>\$ 9,932,296</u>	<u>\$ 3,835,908</u>	<u>\$ 1,746,457</u>	<u>\$ 52,954,836</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

<u>Expenditures</u>	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Instructional Services:						
Regular Programs:						
Elementary	\$ 7,342,856	\$ 994,521	\$ --	\$ --	\$ --	\$ 8,337,377
Middle/junior high	3,832,023	145,091	--	--	--	3,977,114
High school	4,420,684	161,532	--	--	--	4,582,216
Special Programs:						
Gifted and talented	94,540	--	--	--	--	94,540
Programs for special education	--	4,206	6,963,694	--	--	6,967,900
Culturally different	439,714	--	--	--	--	439,714
Educationally deprived	574,002	--	--	--	--	574,002
Support Services:						
Students:						
Attendance and social work	83,766	--	--	--	--	83,766
Guidance	953,561	--	40,934	--	--	994,495
Psychological	--	--	339,939	--	--	339,939
Health	271,751	--	--	--	--	271,751
Speech pathology	--	--	795,234	--	--	795,234
Student therapy services	--	--	467,133	--	--	467,133
Instructional Staff:						
Improvement of instruction	536,541	--	320,312	--	--	856,853
Educational media	813,580	--	--	--	--	813,580
General Administration:						
Board of education	294,988	--	--	--	--	294,988
Executive administration	414,319	--	--	--	--	414,319
School Administration:						
Office of the principal	1,668,556	--	--	--	--	1,668,556
Other	2,242	--	--	--	--	2,242
Business:						
Fiscal services	388,585	1,194	--	--	--	389,779
Operation and maintenance of plant	4,048,584	483,339	--	--	--	4,531,923
Student transportation	726,529	9,244	--	--	--	735,773
Title I administration	6,022	--	--	--	--	6,022
Internal services	--	33,000	--	--	--	33,000
Staff	17,800	--	--	--	--	17,800
Special Education:						
Administrative costs	--	--	287,842	--	--	287,842
Transportation costs	--	--	280,072	--	--	280,072
Other special education costs	--	--	383,649	--	--	383,649
Community Services:						
Welfare activities	698	--	--	--	--	698
Nonpublic school	12,795	--	9,028	--	--	21,823
Other	25,651	--	--	--	--	25,651

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures						
Nonprogrammed Charges:						
Payments to State - Unemployment	146	--	--	--	--	146
Early retirement payments	518,739	--	--	--	--	518,739
Debt Services:	--	3,669,245	--	3,475,200	--	7,144,445
Cocurricular Activities:						
Male activities	248,921	--	--	--	--	248,921
Female activities	279,661	--	--	--	--	279,661
Transportation	101,058	--	--	--	--	101,058
Combined activities	755,591	69,767	--	--	--	825,358
Capital Outlay	--	4,076,069	--	--	7,655,003	11,731,072
Total Expenditures	<u>28,873,903</u>	<u>9,647,208</u>	<u>9,887,837</u>	<u>3,475,200</u>	<u>7,655,003</u>	<u>59,539,151</u>
Excess of Revenue Over (Under) Expenditures	1,318,717	(2,399,653)	44,459	360,708	(5,908,546)	(6,584,315)
Other Financing Sources (Uses):						
Transfer in	--	--	30,000	--	2,613,112	2,643,112
Transfer out	(30,000)	(2,613,112)	--	--	--	(2,643,112)
General Long-Term Debt Issued	--	4,500,000	--	--	--	4,500,000
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>1,886,888</u>	<u>30,000</u>	<u>--</u>	<u>2,613,112</u>	<u>4,500,000</u>
Net Change in Fund Balances	1,288,717	(512,765)	74,459	360,708	(3,295,434)	(2,084,315)
Fund Balance, Beginning of Year	<u>5,505,303</u>	<u>6,153,038</u>	<u>109,703</u>	<u>2,943,752</u>	<u>3,295,434</u>	<u>18,007,230</u>
Fund Balance, End of Year	<u>\$ 6,794,020</u>	<u>\$ 5,640,273</u>	<u>\$ 184,162</u>	<u>\$ 3,304,460</u>	<u>\$ --</u>	<u>\$ 15,922,915</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (2,084,315)

Amounts reported for governmental activities in the statement of activities are different because:

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 11,731,072

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources. (3,606,100)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (214,836)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position

GO Bond	1,843,105	
Direct Borrowing Notes	258,165	
Intangible Lease Liability	24,405	
CO Certificate	<u>1,527,924</u>	3,653,599

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." 57,380

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements. (4,500,000)

Internal service funds are used by management to charge costs of certain activities such as dental insurance benefits to individual funds. The net revenue the internal service funds is reported within the governmental activities. (383,606)

Governmental funds do not reflect the change in compensated absences and early retirement liabilities but the Statement of Activities reflects the change in these accruals through expenses. 318,492

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (973,931)

Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds. 110,282

Change in net position of governmental activities \$ 4,108,037

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Net Position – Proprietary Funds
June 30, 2025

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>	
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 1,216,754	\$ 211,117	\$ 1,427,871	\$ 2,313,213
Due from other government	--	1,750	1,750	--
Inventory - stores for resale	18,511	--	18,511	--
Inventory - supplies	18,260	--	18,260	--
Total Current Assets	<u>1,253,525</u>	<u>212,867</u>	<u>1,466,392</u>	<u>2,313,213</u>
Noncurrent Assets:				
Machinery and equipment - local funds	276,275	--	276,275	--
Less accumulated depreciation	<u>(264,463)</u>	<u>--</u>	<u>(264,463)</u>	<u>--</u>
Total Noncurrent Assets	<u>11,812</u>	<u>--</u>	<u>11,812</u>	<u>--</u>
Total Assets	<u>\$ 1,265,337</u>	<u>\$ 212,867</u>	<u>\$ 1,478,204</u>	<u>\$ 2,313,213</u>
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 192	\$ 1,350	\$ 1,542	\$ 232,381
Contracts payable	67,998	26,285	94,283	1,004
Accrued payroll expenses	39,051	10,065	49,116	137
Unearned revenue	69,735	45,898	115,633	--
Total Current Liabilities	<u>176,976</u>	<u>83,598</u>	<u>260,574</u>	<u>233,522</u>
Net Position:				
Net investment in capital assets	11,812	--	11,812	--
Unrestricted net position	<u>1,076,549</u>	<u>129,269</u>	<u>1,205,818</u>	<u>2,079,691</u>
Total Net Position	<u>\$ 1,088,361</u>	<u>\$ 129,269</u>	<u>\$ 1,217,630</u>	<u>\$ 2,079,691</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Other Enterprise Fund	Totals	
Operating Revenue:				
Fees:				
Summer camp & ACT prep fees	\$ --	\$ 79,547	\$ 79,547	\$ --
Driver's Education Fees	--	33,250	33,250	--
One to one insurance Fees	--	34,118	34,118	--
AP fees	--	30,167	30,167	--
Preschool tuition fees	--	185,826	185,826	--
Food Sales:				
Student	1,150,005	--	1,150,005	--
Other	--	32,311	32,311	--
Self Insurance Premiums	--	--	--	6,593,812
Total Operating Revenue	<u>1,150,005</u>	<u>395,219</u>	<u>1,545,224</u>	<u>6,593,812</u>
Operating Expenses:				
Food Service:				
Salaries	762,150	255,581	1,017,731	--
Employee benefits	362,029	70,034	432,063	--
Purchased services	19,782	--	19,782	--
Supplies	54,023	159,154	213,177	--
Cost of sales - purchased	941,126	--	941,126	--
Cost of sales - donated	148,390	--	148,390	--
Other	9,177	--	9,177	--
Depreciation	3,308	--	3,308	--
Self Insurance Costs	--	--	--	7,077,927
Total Operating Expenses	<u>2,299,985</u>	<u>484,769</u>	<u>2,784,754</u>	<u>7,077,927</u>
Operating Income(Loss)	(1,149,980)	(89,550)	(1,239,530)	(484,115)
Nonoperating Revenues/Expenses:				
Investment earnings	49,877	--	49,877	94,961
Other local revenue	--	--	--	5,548
State grants	3,766	--	3,766	--
Federal grants	873,581	--	873,581	--
Donated food	148,390	--	148,390	--
Total Nonoperating Revenue/ (Expenses)	<u>1,075,614</u>	<u>--</u>	<u>1,075,614</u>	<u>100,509</u>
Change in Net Position	(74,366)	(89,550)	(163,916)	(383,606)
Net Position - Beginning of Year	<u>1,162,727</u>	<u>218,819</u>	<u>1,381,546</u>	<u>2,463,297</u>
Net Position - End of Year	<u>\$ 1,088,361</u>	<u>\$ 129,269</u>	<u>\$ 1,217,630</u>	<u>\$ 2,079,691</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Food Service Fund	Other Enterprise Fund	Totals	Internal Service Funds
Cash Flows from Operating Activities				
Cash receipts from customers	\$ 1,068,841	\$ 394,034	\$ 1,462,875	\$ --
Cash receipts for interfund services provided	--	--	--	6,593,812
Cash payments to suppliers	(1,021,419)	(186,472)	(1,207,891)	183,438
Cash payments to employees	(1,131,935)	(289,265)	(1,421,200)	41
Other receipts (disbursements)	--	--	--	(7,077,927)
Net Cash (Used) by Operating Activities	<u>(1,084,513)</u>	<u>(81,703)</u>	<u>(1,166,216)</u>	<u>(300,636)</u>
Cash Flows from Noncapital Financing Activities:				
Other local revenue	--	--	--	5,548
Cash reimbursements - state	3,766	--	3,766	--
Cash reimbursements - federal	874,529	--	874,529	--
Net Cash Provided by Noncapital Financing Activities	<u>878,295</u>	<u>--</u>	<u>878,295</u>	<u>5,548</u>
Cash Flows from Investing Activities:				
Investment Earnings	49,877	--	49,877	94,961
Net Cash Provided by Investing Activities	<u>49,877</u>	<u>--</u>	<u>49,877</u>	<u>94,961</u>
Net Change in Cash and Cash Equivalents	(156,341)	(81,703)	(238,044)	(200,127)
Cash and Cash Equivalents, Beginning of Year	<u>1,373,095</u>	<u>292,820</u>	<u>1,665,915</u>	<u>2,513,340</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,216,754</u></u>	<u><u>\$ 211,117</u></u>	<u><u>\$ 1,427,871</u></u>	<u><u>\$ 2,313,213</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:				
Operating (Loss)	\$ (1,149,980)	\$ (89,550)	\$ (1,239,530)	\$ (484,115)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation expense	3,308	--	3,308	--
Value of commodities used	148,390	--	148,390	--
Change in Assets and Liabilities:				
Accounts receivable	--	625	625	--
Due from other government	--	(1,750)	(1,750)	--
Inventory	3,868	--	3,868	--
Deferred revenue	(81,164)	(60)	(81,224)	--
Contracts payable	(1,570)	26,285	24,715	36
Accrued payroll expenses	(6,186)	10,065	3,879	5
Accounts payable	(1,179)	(27,318)	(28,497)	183,438
Net cash (used) by operating activities:	<u><u>\$ (1,084,513)</u></u>	<u><u>\$ (81,703)</u></u>	<u><u>\$ (1,166,216)</u></u>	<u><u>\$ (300,636)</u></u>
Noncash Investing, Capital and Financing Activities				
Value of commodities received	<u>\$ 148,390</u>	<u>\$ --</u>	<u>\$ 148,390</u>	<u>\$ --</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 254,772</u>
 Total Assets	 <u><u>\$ 254,772</u></u>
 Net Position:	
Individuals, organizations, and other governments	<u>\$ 254,772</u>
 Total Net Position	 <u><u>\$ 254,772</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Custodial Funds
Additions:	
Collections for student activities	<u>\$ 632,285</u>
Total Additions	<u>632,285</u>
Deductions:	
Payments for student activities	<u>574,209</u>
Total Deductions	<u>574,209</u>
Change in Net Position	<u>58,076</u>
Net Position - Beginning	<u>196,696</u>
Net Position - Ending	<u><u>\$ 254,772</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies:

The accounting policies of the School District conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Reporting Entity:

The reporting entity of Brookings School District No. 5-1, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a five-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters.

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net Position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the School District financial reporting entity are described below within their respective fund types:

Governmental Funds:

General Fund – A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund: A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund: A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the District. This fund is financed by grants and property taxes. This is a major fund.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Bond Redemption Funds – A fund established by SDCL 13-16-13 to account for the proceeds on a special property tax restricted to use for the payment of principal and interest of general obligation bonded debt for Capital Projects. This is a major fund.

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds. The Medary and Hillcrest Elementary Schools Capital Projects Fund is the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods and services. Activities are required to be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
2. Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Food Service Fund: A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Other Enterprise Fund: A fund used to record financial transactions related to driver’s education, summer camps, AP fees, One to one insurance and ACT preparation courses. This fund is financed by user charges. This is a major fund.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Internal Service Funds:

Internal Service Funds: Funds used to report activities that provide goods or services to other funds, departments, or agencies of the School District, or to other governments, on a cost-reimbursement basis. Internal Service Funds are never considered to be major funds. The Heath/Dental Self-insurance fund is the only internal service fund maintained by the school district.

Fiduciary Funds:

Fiduciary Funds consist of the following sub-categories and are never considered to be major funds:

Custodial Fund Types – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The district maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental funds while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Basis of Accounting:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Brookings School District 13-1, the length of that cycle is ten days. The revenues which are accrued at June 30, 2025 are due from federal governments, local governments, rural electric and telephone gross receipts.

Under the modified accrual basis of accounting, receivables may be measurable but not available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

2. In order to minimize the doubling-up effect on internal service fund activity, certain “centralized expenses” including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in the manner, expense reductions occur in the General Fund so that expenses are reported only in the function to which they relate.

e. Deposits and Investments:

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

No investments are classified in the financial statements as of June 30, 2025.

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund’s operations, construction period interest is not capitalized in accordance with USGAAP.

The total June 30, 2025 balance of capital assets for governmental activities includes approximately less than 4% for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2025 balance of capital assets for business-type activities includes approximately less than 1% for which the costs were determined by estimates of the original cost.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	\$ 100	--	--
Buildings	\$ 25,000	Straight-line	5-50 years
Improvements	\$ 25,000	Straight-line	5-40 years
Equipment (governmental)	\$ 5,000	Straight-line	5-15 years
Equipment (proprietary funds)	\$ 5,000	Straight-line	12 years
Intangible assets (Leases & SBITAs)	\$ 50,000	Straight-line	> 1 year

*Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, capital outlay certificates payable, lease payables, direct borrowings, early retirement benefits payable, OPEB, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is the accrual basis, the same in the fund statements as it is in the government-wide statements.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

h. Leases:

The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the School District initially measure the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The School District use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

i. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription include how the School District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

j. Deferred Outflows/Inflows of Resources:

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 10.

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period; property taxes collected within the available period that are intended to finance the next fiscal year; and capital credits that are owed to the District but will be received at some point in the future. In the government-wide financial statements, the District reports deferred inflows of resources for property taxes levied for a future period and pension-related items. In the business-type activities, the District reports deferred inflows for pension-related items.

k. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

2. Program-specific operating grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

l. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

m. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

n. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

o. Application of Net Position:

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

p. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The School District's assigned fund balance consists of amounts assigned for subsequent year's budget and unemployment in the General Fund.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

The Government does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund ---- Revenue Source</u>	
Capital Outlay Fund-----	Taxes
Special Education Fund-----	Taxes

q. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

r. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. School District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA.

In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

Investments – In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, when insured or collateralized and are considered deposits.

Custodial Credit Risk – Deposits – The risk that, in the event of depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

Interest Rate Risk – The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer.

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investments.

3. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is actual cost. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements and in the enterprise fund financial statements, Food Service Fund inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2025.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

4. Property Tax:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

5. Due from Other Governments:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$1,537,658 due from various county, school, state and federal governments.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

6. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2025 is as follows:

	6/30/2024		6/30/2025
	Balance	Increases	Decreases
			Balance
Governmental Activities:			
Capital assets, not being depreciated:			
Land	\$ 1,437,671	\$ --	\$ 7,150
Construction in progress	63,332,729	11,229,794	74,562,523
Total capital assets not being	64,770,400	11,229,794	74,569,673
Capital assets being depreciated/amortized:			
Buildings	82,679,065	70,987,732	924,678
Improvements	2,808,879	--	--
Machinery & Equipment	5,601,035	4,005,269	--
Intangible Assets	119,359	--	--
Library Books	1,278,061	70,800	22,877
Total capital assets being depreciated/amortized	92,486,399	75,063,801	947,555
Less accumulated depreciation/amortization for:			
Buildings	23,859,084	3,016,309	716,992
Improvements	2,312,883	93,755	--
Machinery & Equipment	3,841,038	413,803	--
Intangible Assets	63,676	15,932	--
Library Books	925,103	66,301	22,877
Total accumulated depreciation/amortization	31,001,784	3,606,100	739,869
Total capital assets being depreciated/amortized,	61,484,615	71,457,701	207,686
Net Capital Assets	\$ 126,255,015	\$ 82,687,495	\$ 74,777,359
			\$ 134,165,151

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 1,829,559
Support services	994,766
Amortization	15,932
Co-curricular activities	765,843
Total Depreciation/Amortization Expense	\$ 3,606,100

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

6. Changes in Capital Assets: (Continued)

	Balance 6/30/2024	Increases	Decreases	Balance 6/30/2025
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 276,275	\$ --	\$ --	\$ 276,275
Less accumulated depreciation for:				
Less: Accumulated Depreciation	261,155	3,308	--	264,463
Total capital assets being depreciated, net	\$ 15,120	\$ (3,308)	\$ --	\$ 11,812
Business-type activities:				
Food service		\$ 3,308		

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2025 is as follows:

	6/30/2024	Increase	Decrease	6/30/2025	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 43,915,000	\$ --	\$ 1,440,000	\$ 42,475,000	\$ 1,565,000
Plus: Unamortized Premiums	5,866,282	--	403,105	5,463,177	403,105
Capital Outlay Certificates	45,900,000	4,500,000	1,355,000	49,045,000	1,415,000
Plus: Unamortized Premiums	3,091,372	--	172,924	2,918,448	172,924
	98,772,654	4,500,000	3,371,029	99,901,625	3,556,029
Other Liabilities:					
Compensated Absences	114,010	132,804	114,010	132,804	132,804
OPEB	1,266,861	125,844	96,226	1,296,479	--
Early Retirement Payable	518,689	181,403	518,689	181,403	181,403
Direct Borrowing Notes	258,165	--	258,165	--	--
Lease Liabilities	55,984	--	24,405	31,579	25,166
Total Long-Term Liabilities	\$ 100,986,363	\$ 4,940,051	\$ 4,382,524	\$ 101,543,890	\$ 3,895,402

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

7. Long-Term Liabilities: (Continued)

Debt payable, not including amortizing premiums on debt, at June 30, 2025 is comprised of the following:

Brookings School District No 5-1 General Obligation Construction Bonds, Series 2016	During September 2016, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$13,425,000. There is a varying interest rate of 2% to 4% assessed on these bonds. Final payment is July 2034. The Middle School Bond Redemption Fund makes payment on this debt.	\$ 8,905,000
Brookings School District No 5-1 General Obligation Bonds, Series 2020	During January 2020, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$3,370,000. There is an interest rate from 4% assessed on these bonds. Final payment is August 2027. The Intermediate School Bond Redemption Fund makes payment on this debt.	\$ 1,390,000
Brookings School District No 5-1 General Obligation Bonds, Series 2022	During August 2022, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$32,430,000. There is an interest rate from 5% assessed on these bonds. Final payment is August 2042. The Intermediate School Bond Redemption Fund makes payment on this debt.	\$ 32,180,000
Brookings School District No 5-1 Capital Outlay Certificates, Series 2018	During August, 2018, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$23,170,000. There is a varying interest rate from 2.5 to 5% assessed on these certificates. Final payment is August 2038. The Capital Outlay Fund makes payment on this debt.	\$ 4,410,000

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2025 is comprised of the following: (Continued)

Brookings School District No 5-1 Capital Outlay Certificates, Series 2021	During July 2021, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$16,210,000. There is a varying interest rate from .323 to 2.47% assessed on these bonds. Final payment is August 2038. The Capital Outlay Fund makes payment on this debt.	\$ 15,620,000
Brookings School District No 5-1 Capital Outlay Certificates, Series 2021	During October, 2023, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$25,000,000. There is a varying interest rate from 6.00 to 5.25% assessed on these bonds. Final payment is June, 2043. The Capital Outlay Fund makes payment on this debt.	\$ 24,515,000
Brookings School District No 5-1 Capital Outlay Certificates, Series 2024	During December 2024, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$4,500,000. There is an interest rate of 4.75% assessed on these bonds. Final payment is in December 2034. The Capital Outlay Fund makes payment on this debt.	\$ 4,500,000
Brookings School District No 5-1, Intangible Lease	During 2022, the School District entered into an agreement to lease copiers in the amount of \$119,359. There is an imputed interest rate of 4% assessed on this lease. Final payment is September 2026. The Capital Outlay Fund makes payment on this debt.	\$ 31,579

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2025 is comprised of the following: (Continued)

Compensated Absences –		
Payable from the fund to which payroll expenditures are charged	\$	132,804
Other Post Employment Benefits --		
Payable from the general fund	\$	1,296,479
Early Retirement Payable		
Payable from the fund to which payroll expenditures are charged	\$	181,403

The annual requirements to amortize the General Obligation Bonds, Capital Outlay Certificates and intangible liabilities at June 30, 2025, are as follows:

Year Ending	General Obligation Bonds		Capital Outlay Certificates		Intangible Liabilities		Totals	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,968,105	\$ 1,955,450	\$ 1,587,924	\$ 1,824,206	\$ 25,166	\$ 618	\$ 3,581,195	\$ 3,780,274
2027	2,103,105	1,886,575	2,064,214	1,975,083	6,413	16	4,173,732	3,861,674
2028	2,243,105	1,811,425	2,449,021	1,891,357	--	--	4,692,126	3,702,782
2029	2,361,786	1,726,775	2,539,300	1,797,649	--	--	4,901,086	3,524,424
2030	2,576,786	1,630,725	3,131,521	1,714,086	--	--	5,708,307	3,344,811
2031-2035	15,218,928	6,324,000	17,482,262	6,764,806	--	--	32,701,190	13,088,806
2036-2040	12,004,544	3,556,850	15,856,074	3,554,475	--	--	27,860,618	7,111,325
2041-2045	9,461,818	689,125	6,853,132	725,450	--	--	16,314,950	1,414,575
Totals	<u>\$ 47,938,177</u>	<u>\$ 19,580,925</u>	<u>\$ 51,963,448</u>	<u>\$ 20,247,112</u>	<u>\$ 31,579</u>	<u>\$ 634</u>	<u>\$ 99,933,204</u>	<u>\$ 39,828,671</u>

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

8. Interfund Transfers:

Transfers to/from other funds at June 30, 2025, consist of the following:

Transfer from the General Fund to the Special Education Fund permitted by SDCL 13-16-26 to supplement the Special Education Fund with surplus funds.	\$ 30,000
Transfer from the Capital Outlay Fund to the Capital Projects Fund to fund the Capital Projects Fund from issuance of long-term debt.	\$ 2,613,112

9. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2025 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 5,670,670
Special Education	Law	201,480
Debt Service	Debt Covenant	3,321,370
SDRS Pension Purposes	Law	2,195,221
Total		\$ 11,388,741

10. Pension Plan:

a. Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

b. Benefits Provided:

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundations members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit.

An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earning based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the Member’s Accumulated Contributions are annually increased by the Cost-of-Living Adjustments.

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary.

State statute also requires the employer to contribute an amount equal to the employee’s contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District’s share of contributions to the SDRS for the years ended June 30, 2025, 2024, and 2023, equal to required contributions each year, were as follows:

Year	Amount
2025	\$ 1,469,176
2024	1,494,455
2023	1,324,248

d. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2024, SDRS is 100.0% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension benefits	\$ 132,446,265
Less proportionate share of net pension restricted for pension	132,482,203
Proportionate share of net pension (asset)	\$ (35,938)

At June 30, 2025, the School District reported an (asset) of (\$35,938) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District’s share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District’s proportion was 0.88781300%, which is an increase of 0.0321450% from its proportion measured as of June 30, 2023.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

For the year ended June 30, 2025, the School District recognized a pension expense of \$973,930. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,327,924	\$ --
Changes in assumption	592,519	4,516,517
Net difference between projected and actual earnings on pension plan investments	1,353,708	--
Changes in proportion and difference between district contributions and proportionate share of contributions	6,077	73,605
District contributions subsequent to the measurement date	1,469,177	--
Total	\$ 6,749,405	\$ 4,590,122

\$1,469,177 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	\$ (1,277,144)
2027	1,711,370
2028	159,407
2029	103,980
Total	\$ 697,613

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

e. Actuarial Assumptions:

The total pension (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table
Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024 (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100.0%	

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability(asset).

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

g. Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the School District’s proportionate share of net pension (asset) calculated using the discount rate of 6.50%, as well as what the School’s proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	\$ 18,261,975	\$ (35,938)	\$ (15,009,331)

h. Pension Plan Fiduciary Net Position:

Detailed information about the plan’s fiduciary net position is available in the separately issued SDRS financial report.

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

11. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2025, the School District managed its risks as follows:

Employee Health Insurance:

The School District is self-insured through Wellmark of South Dakota. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The School District purchases liability insurance for risks related to torts, theft, or damage to property, and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

11. Risk Management: (Continued)

Workers' Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has an Assigned Fund Balance in the General Fund in the amount of \$10,000 for the payment of future unemployment benefits.

During the year ended June 30, 2025, there were two claims for unemployment that were paid. These claims totaled \$0. There are no future expected claims at this time.

12. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

13. Early Retirement Plan:

The district maintains an early retirement plan for certified teachers and administrators. The plan is available to employees who choose early retirement between ages 55-62 and have at least 10 years of continuous service with the district and twelve years of service in education as a teacher. Under the plan, the district will pay 80% of the employee's current annual salary, payable in 1-2 annual installments following retirement. The district uses the expected future benefit payment amounts as the method for disclosure. During fiscal year 2025, 19 employees participated in the early retirement plan. The amount paid for such benefits during the year was \$518,689.

14. Violations of Finance-Related Legal and Contractual Provisions:

The School District is prohibited by statutes from spending in excess of appropriated amounts and/or estimated fund balance available at the fund level. The Special Education Fund for the 2025 fiscal year was budgeted to spend \$9,729,459, but the School District spent \$158,378 more than this amount. The School District plans to monitor these budgets closely in the future and supplement as necessary in order to prevent reoccurrence of this violation.

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

15. Postemployment Healthcare Plan:

Plan Description: Brookings School District has a defined benefit medical plan administered by a self-insured plan administered by Wellmark of South Dakota. The Plan provides medical and prescription drug insurance benefits to eligible retirees and their spouses. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by writing to the Brookings School District, 2130 8th Street S., Brookings, SD 57006, or by calling (605) 696-4700.

Funding Policy: The District funds the other post-employment benefits on a pay-as-you-go basis. Because the District does not use a trust fund to administer the financing of the other post-employment benefits, no separate financial statements are required.

Employees covered by benefit terms: At June 30, 2025, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	19
Active Employees	489
	508

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the 2024 Actuarial Valuation Report. See Note 10- Pension Note.)

Changes in the Total OPEB Liability

Service Cost	\$ 73,823
Interest on Total OPEB Liability	52,021
Effect of assumption changes or inputs	(7,878)
Benefit payments	(88,348)
Net change in total OPEB liability	29,618
Total OPEB liability, beginning	1,266,861
Total OPEB liability, ending	\$ 1,296,479

Brookings School District No. 5-1
Notes to the Financial Statements
June 30, 2025

15. Postemployment Healthcare Plan: (Continued)

Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 2.25%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,398,947	\$ 1,296,479	\$ 1,202,625

For the year ended June 30, 2025, the School District recognized OPEB revenue of \$110,282. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ --	\$ 357,358
Changes in assumption	83,501	309,839
Total	\$ 83,501	\$ 667,197

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

	<u>Year Ended June 30,</u>	
2026		\$ (140,767)
2027		(133,755)
2028		(132,059)
2029		(104,681)
2030		(39,570)
Thereafter		(32,864)
Total		\$ (583,696)

Required Supplementary Information

Brookings School District No. 5-1

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 9,913,140	\$ 9,913,140	\$ 10,085,157	\$ 172,017
Prior years' ad valorem taxes	15,000	15,000	347,648	332,648
Utility taxes	520,000	520,000	648,097	128,097
Penalties and interest on taxes	15,000	15,000	11,926	(3,074)
Tuitions and Fees:				
Regular day school tuition	7,405	7,405	7,405	--
Earnings on Investments and Deposits	200,000	200,000	271,694	71,694
Cocurricular Activities:				
Admissions	110,500	110,500	120,339	9,839
Student organization memberships	22,000	22,000	21,751	(249)
Other	23,000	23,000	9,294	(13,706)
Other Revenue from Local Sources:				
Rentals	17,500	17,500	22,739	5,239
Contributions and donations	325,300	325,300	515,587	190,287
Judgments	--	--	13,344	13,344
Charges for services	3,300	3,300	36,209	32,909
Other	130,285	132,360	143,245	10,885
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	255,000	255,000	271,036	16,036
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	16,237,545	16,476,332	16,603,548	127,216
Restricted grants-in-aid	--	--	1,555	1,555
Other state revenues	5,000	5,000	7,449	2,449
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal directly from federal government	--	--	10,875	10,875
Restricted grants-in-aid received from federal government through the state	899,005	899,005	1,037,786	138,781
Other federal revenues	--	--	5,936	5,936
Total Revenues	\$ 28,698,980	\$ 28,939,842	\$ 30,192,620	\$ 1,252,778

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Brookings School District No. 5-1

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis June 30, 2025 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 7,450,007	\$ 7,454,022	\$ 7,342,856	\$ 111,166
Middle/junior high	3,820,475	3,821,975	3,832,023	(10,048)
High school	4,301,879	4,378,879	4,420,684	(41,805)
Special Programs:				
Gifted & talented	97,225	97,225	94,540	2,685
Culturally different	433,355	433,355	439,714	(6,359)
Educationally deprived	471,465	471,465	574,002	(102,537)
Support Services:				
Students:				
Attendance and social work	84,150	84,150	83,766	384
Guidance	947,270	947,270	953,561	(6,291)
Health	237,480	303,952	271,751	32,201
Instructional Staff:				
Improvement of instruction	615,460	615,460	536,541	78,919
Educational media	819,885	823,485	813,580	9,905
General Administration:				
Board of education	325,046	340,046	294,988	45,058
Executive administration	416,190	416,190	414,319	1,871
School Administration:				
Office of the principal	1,657,690	1,722,690	1,668,556	54,134
Title I Program Administration	6,035	6,035	6,022	13
Other	3,300	3,300	2,242	1,058
Business:				
Fiscal services	386,035	388,235	388,585	(350)
Operation and maintenance of plant	4,335,029	4,340,029	4,048,584	291,445
Student transportation	690,740	697,240	726,529	(29,289)
Central:				
Staff	23,500	23,500	17,800	5,700
Other				
Community Services:				
Welfare activities	--	--	698	(698)
Nonpublic school	18,460	18,460	12,795	5,665
Other	22,785	22,785	25,651	(2,866)
Nonprogrammed Charges:				
Payments to state - unemployment	2,500	2,500	146	2,354
Early retirement payments	519,240	519,240	518,739	501
Cocurricular Activities:				
Male activities	274,595	276,095	248,921	27,174
Female activities	306,230	307,730	279,661	28,069
Combined activities	88,920	88,920	755,591	(666,671)
Transportation	756,845	766,411	101,058	665,353
Total Expenditures	<u>29,111,791</u>	<u>29,370,644</u>	<u>28,873,903</u>	<u>496,741</u>
Excess of Revenues Over Expenditures	<u>(412,811)</u>	<u>(430,802)</u>	<u>1,318,717</u>	<u>1,749,519</u>
Other Financing Sources:				
Operating transfers out	--	--	(30,000)	(30,000)
Total Other Financing Sources:	<u>--</u>	<u>--</u>	<u>(30,000)</u>	<u>(30,000)</u>
Net Change in Fund Balances	(412,811)	(430,802)	1,288,717	1,719,519
Fund Balance, Beginning of Year	<u>5,505,303</u>	<u>5,505,303</u>	<u>5,505,303</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 5,092,492</u>	<u>\$ 5,074,501</u>	<u>\$ 6,794,020</u>	<u>\$ 1,719,519</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Brookings School District No. 5-1

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 6,531,310	\$ 6,531,310	\$ 6,731,418	\$ 200,108
Prior years' ad valorem taxes	3,000	3,000	17,375	14,375
Penalties and interest on taxes	3,500	3,500	4,948	1,448
Earnings on Investments & Deposits	90,000	90,000	128,961	38,961
Other Revenue from Local Sources:				
Judgements	--	--	14,980	14,980
Other	--	--	79,254	79,254
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	75,500	75,500	--	(75,500)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	135,500	135,500	270,619	135,119
Total Revenues	6,838,810	6,838,810	7,247,555	408,745
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	643,300	643,300	1,221,009	(577,709)
Middle/junior high	61,000	61,000	145,091	(84,091)
High school	85,875	4,637,875	161,532	4,476,343
Special Programs:				
Programs for Special Education	80,500	80,500	4,206	76,294
Support Services:				
Instructional Staff:				
Educational media	595,000	595,000	70,496	524,504
Business:				
Fiscal services	2,500	2,500	1,498	1,002
Operation and maintenance of plant	1,435,015	1,383,015	4,126,620	(2,743,605)
Student transportation	170,500	170,500	144,744	25,756
Internal service	34,000	34,000	33,000	1,000
Debt Services:	3,662,545	3,662,545	3,669,245	(6,700)
Cocurricular Activities:				
Combined activities	68,575	68,575	69,767	(1,192)
Total Expenditures	6,838,810	11,338,810	9,647,208	1,691,602
Excess of Revenue Over (Under)				
Expenditures	--	(4,500,000)	(2,399,653)	2,100,347
Other Financing Sources (Uses):				
Transfers out	(2,600,000)	(2,600,000)	(2,613,112)	(13,112)
Proceeds of general long-term liabilities	--	4,500,000	4,500,000	--
Total Other Financing Sources (Uses)	(2,600,000)	1,900,000	1,886,888	(13,112)
Net Change in Fund Balances	(2,600,000)	(2,600,000)	(512,765)	2,087,235
Fund Balance, Beginning of Year	6,153,038	6,153,038	6,153,038	--
Fund Balance, End of Year	\$ 3,553,038	\$ 3,553,038	\$ 5,640,273	\$ 2,087,235

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Brookings School District No. 5-1
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 3,691,995	\$ 3,691,995	\$ 3,837,506	\$ 145,511
Prior years' ad valorem taxes	3,000	3,000	10,077	7,077
Penalties and interest on taxes	2,500	2,500	2,869	369
Earnings on Investments & Deposits	12,000	12,000	15,933	3,933
Other Revenue from Local Sources:				
Contributions and Donations	--	--	6,133	6,133
Services provided other school districts	112,000	112,000	105,706	(6,294)
Charges for services	60,000	60,000	66,007	6,007
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	4,986,762	4,986,762	4,969,293	(17,469)
Other	500	500	--	(500)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	860,702	860,702	918,772	58,070
Total Revenues	<u>9,729,459</u>	<u>9,729,459</u>	<u>9,932,296</u>	<u>202,837</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	6,834,800	6,834,800	6,963,694	(128,894)
Support Services:				
Students:				
Health	25,000	25,000	40,934	(15,934)
Psychological	343,830	343,830	339,939	3,891
Speech pathology	766,001	766,001	795,234	(29,233)
Audiology	9,000	9,000	--	9,000
Student therapy services	515,730	515,730	467,133	48,597
Instructional Staff:				
Improvement of instruction	287,173	287,173	320,312	(33,139)
Special Education:				
Administrative costs	278,415	278,415	287,842	(9,427)
Transportation costs	306,665	306,665	280,072	26,593
Other special education costs	360,000	360,000	383,649	(23,649)
Community Services:				
Nonpublic school	2,845	2,845	9,028	(6,183)
Total Expenditures	<u>9,729,459</u>	<u>9,729,459</u>	<u>9,887,837</u>	<u>(158,378)</u>
Excess of Revenues Over (Under) Expenditures	--	--	44,459	44,459
Other Financial Sources (Uses):				
Transfer in	--	--	30,000	30,000
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>30,000</u>	<u>30,000</u>
Net Change in Fund Balance	--	--	74,459	74,459
Fund Balance, Beginning of Year	<u>109,703</u>	<u>109,703</u>	<u>109,703</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 109,703</u>	<u>\$ 109,703</u>	<u>\$ 184,162</u>	<u>\$ 74,459</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Brookings School District No. 5-1
Notes to the Required Supplementary Information
June 30, 2025

1. Basis of Presentation:

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present Capital outlay expenditures as a separate function.

2. Budgets and Budgetary Accounting:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Brookings School District No. 5-1

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability/Asset</u>	<u>District's Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.8878130%	\$ (35,938.00)	\$ 24,903,646.00	0.14%	100.00%
2024	0.8556680%	\$ (83,517)	\$ 22,032,845	0.38%	100.10%
2023	0.8421440%	\$ (79,588)	\$ 20,074,770	0.40%	100.10%
2022	0.8519820%	\$ (6,524,724)	\$ 19,294,959	33.82%	105.52%
2021	0.8416108%	\$ (36,551)	\$ 18,433,264	0.20%	100.04%
2020	0.8468861%	\$ (89,747)	\$ 17,965,776	0.50%	100.09%
2019	0.8528306%	\$ (19,890)	\$ 17,688,360	0.11%	100.02%
2018	0.8417683%	\$ (76,391)	\$ 17,064,767	0.45%	100.10%
2017	0.7977379%	\$ 2,694,680	\$ 15,168,943	17.76%	96.89%
2016	0.7823833%	\$ (3,318,311)	\$ 14,265,837	23.26%	104.10%

Note: The information disclosed for each fiscal year is reported as the measurement date of the collective net pension liability (asset) which is June 30 of the preceding year.

Brookings School District No. 5-1
Schedule of the School District Contributions South Dakota Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,469,176	\$ 1,469,176	\$ --	\$ 24,457,692	6.01%
2024	\$ 1,494,455	\$ 1,494,455	\$ --	\$ 24,903,646	6.00%
2023	\$ 1,324,248	\$ 1,324,248	\$ --	\$ 22,032,845	6.01%
2022	\$ 1,206,546	\$ 1,206,546	\$ --	\$ 20,074,770	6.01%
2021	\$ 1,160,054	\$ 1,160,054	\$ --	\$ 19,294,959	6.01%
2020	\$ 1,108,238	\$ 1,108,238	\$ --	\$ 18,433,264	6.01%
2019	\$ 1,080,392	\$ 1,080,392	\$ --	\$ 17,965,776	6.01%
2018	\$ 1,061,305	\$ 1,061,305	\$ --	\$ 17,688,360	6.00%
2017	\$ 1,027,157	\$ 1,027,157	\$ --	\$ 17,064,767	6.02%
2016	\$ 910,140	\$ 910,140	\$ --	\$ 15,168,943	6.00%

Brookings School District No. 5-1

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2025

Changes from Prior Valuation

The June 30, 2024, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, Actuarial Valuation.

The details of the changes since the last valuation are as follows.

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

Brookings School District No. 5-1
Schedule of Changes in Total OPEB Liability
June 30, 2025

Changes in the Total OPEB Liability:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning of Year Balances	\$ 1,266,861	\$ 1,368,915	\$ 1,508,450	\$ 2,085,348	\$ 1,731,057	\$ 1,756,123	\$ 1,658,040	\$ 1,659,076
Service cost	73,823	72,135	94,744	133,035	104,003	150,447	144,842	156,966
Interest	52,021	54,350	34,109	47,633	62,407	70,873	63,273	50,130
Effect of assumptions, changes, or inputs	(7,878)	(136,069)	(188,615)	(687,885)	187,881	(185,257)	(38,450)	(93,132)
Benefit payments	<u>(88,348)</u>	<u>(92,470)</u>	<u>(79,773)</u>	<u>(69,681)</u>	<u>--</u>	<u>(61,129)</u>	<u>(71,582)</u>	<u>(115,000)</u>
End of Year balances	<u>\$ 1,296,479</u>	<u>\$ 1,266,861</u>	<u>\$ 1,368,915</u>	<u>\$ 1,508,450</u>	<u>\$ 2,085,348</u>	<u>\$ 1,731,057</u>	<u>\$ 1,756,123</u>	<u>\$ 1,658,040</u>

Supplementary Information

Brookings School District No. 5-1
Schedule of Expenditures of Federal Awards
June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-05001-25	\$ 148,390
Cash Assistance: (Note 3)			
School Breakfast Program	10.553	NSLP-05001-25	148,988
National School Lunch Program	10.555	NSLP-05001-25	539,092
Supply Chain Assistance	10.555	NSLP-05001-25	<u>73,253</u>
Total Child Nutrition Cluster			<u>909,723</u>
Other Programs:			
Fresh Fruit and Vegetable Program	10.582	FFVP-05001-25	105,328
Child and Adult Care Food Program	10.558	NA	<u>6,920</u>
Total U.S. Department of Agriculture			<u>1,021,971</u>
U.S. Department of Education:			
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies (Note 4)	84.010	TIA-05001-25	637,071
Career and Technical Education	84.048A	PRPI-05001-25	49,362
Special Education - Grants for Infants and Families	84.181	NA	1,789
English Language Acquisition State Grants	84.365	TIIIA-05001-25	9,686
Supporting Effective Instruction State Grant	84.367	TIIA-05001-25	201,955
Student Support and Academic Enrichment Program	84.424	TIVA-05001-25	62,861
Elementary and Secondary School			
Emergency Relief Fund - Homelessness	84.425W	ESSERIIIG-50001-21	5,936
American Rescue Plan Elementary and			
Secondary School Emergency Relief	84.425U	ESSERIIIG-50001-21	<u>347,470</u>
Total ESSER Funds			<u>353,406</u>
Special Education Cluster: (Note 4)			
Special Education Grants to States	84.027A	611-50001-25	886,724
Special Education - Preschool Grants	84.173A	619-50001-25	<u>30,259</u>
Total Special Education Cluster			<u>916,983</u>
Total U.S. Department of Education			<u>2,233,113</u>
Grand Total			<u>\$ 3,255,084</u>

Brookings School District No. 5-1
Schedule of Expenditures of Federal Awards
June 30, 2025 (Continued)

Note 1: - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Brookings School District No. 5-1 (the "School District"), under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2: - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: - Federal Reimbursement

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: - Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.