City of Brookings, South Dakota

Executive Summary – December 31, 2025

Audit Objectives

- Performed in accordance with:
  - Generally accepted auditing standards (GAAS)
  - *Government Auditing Standards*
  - Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- Designed to obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatement

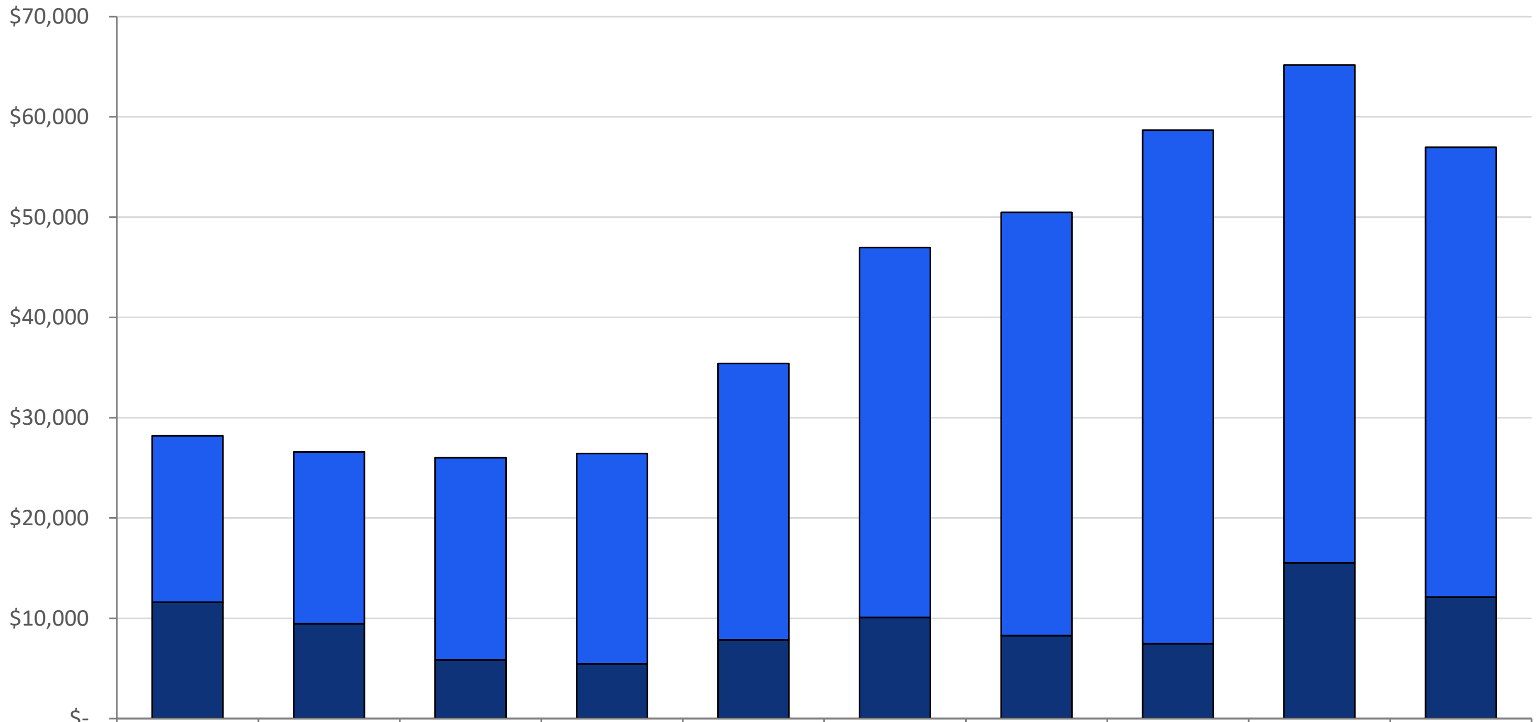
Audit Results

- Financial Statement Audit
  - Unmodified opinions
  - No findings

- Federal Audit
  - Unmodified opinion on the one program tested
    - Airport Improvement Program
  - No findings

Total Cash – City Only (No BMU or BHS)

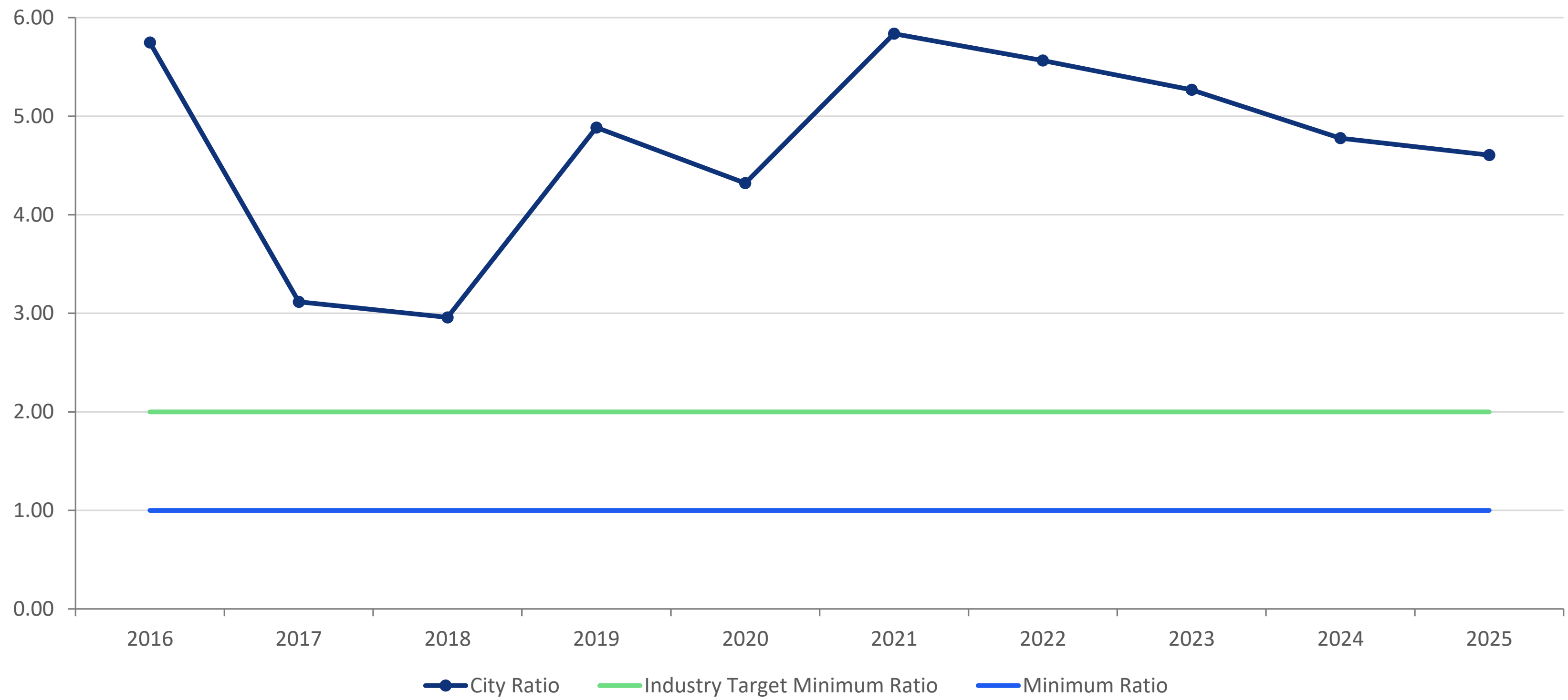
Balances (in thousands) of the City for the past ten years:



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental	$16,598	$17,129	$20,153	$20,985	$27,560	$36,872	$42,192	$51,216	$49,635	$44,849
Enterprise	$11,607	$9,468	$5,861	$5,453	$7,845	$10,100	$8,285	$7,464	$15,546	$12,121

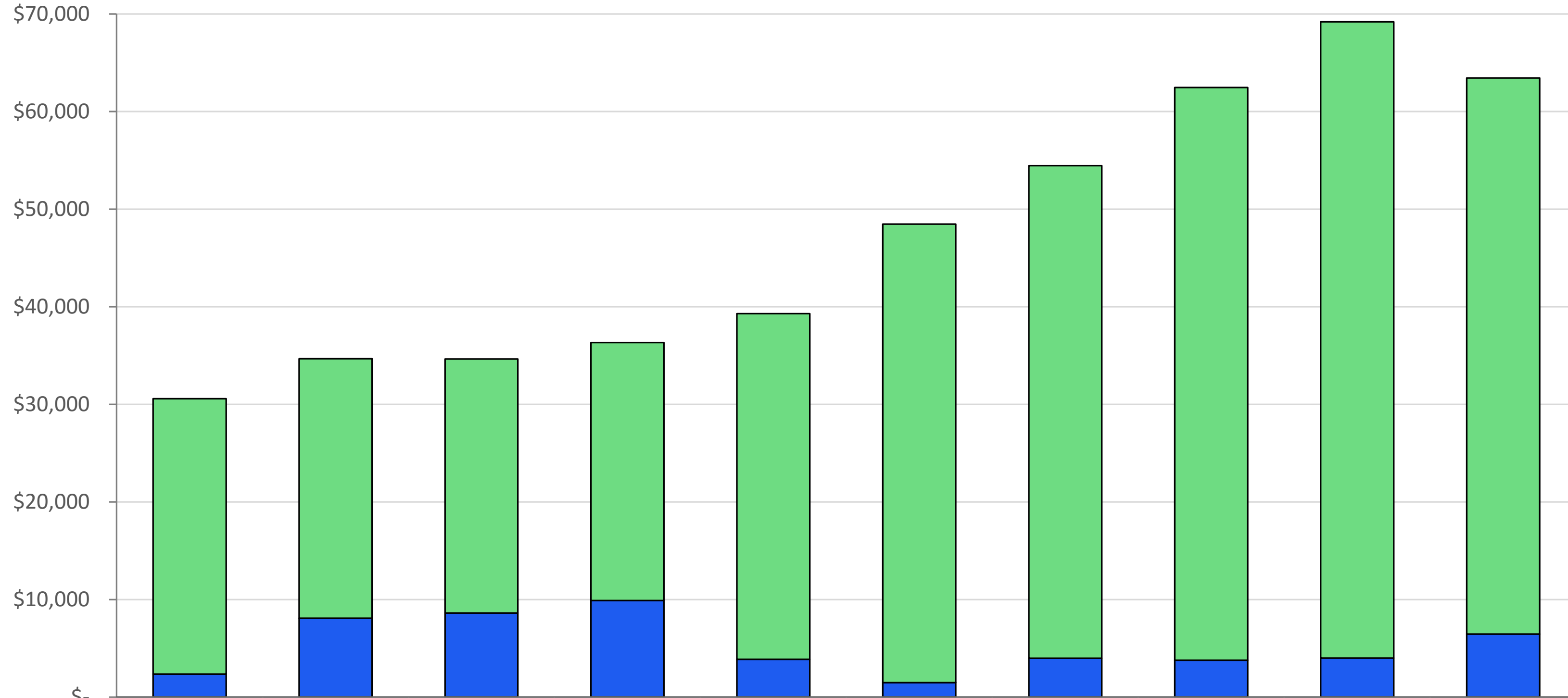
Liquidity Ratio – City Only (No BMU or BHS)

The liquidity ratio is calculated by dividing cash and cash equivalents by accounts payable, other current liabilities, and long-term liabilities due within one year. The liquidity ratio for the past ten years is as follows:



Total Cash and Investments – City Only (No BMU or BHS)

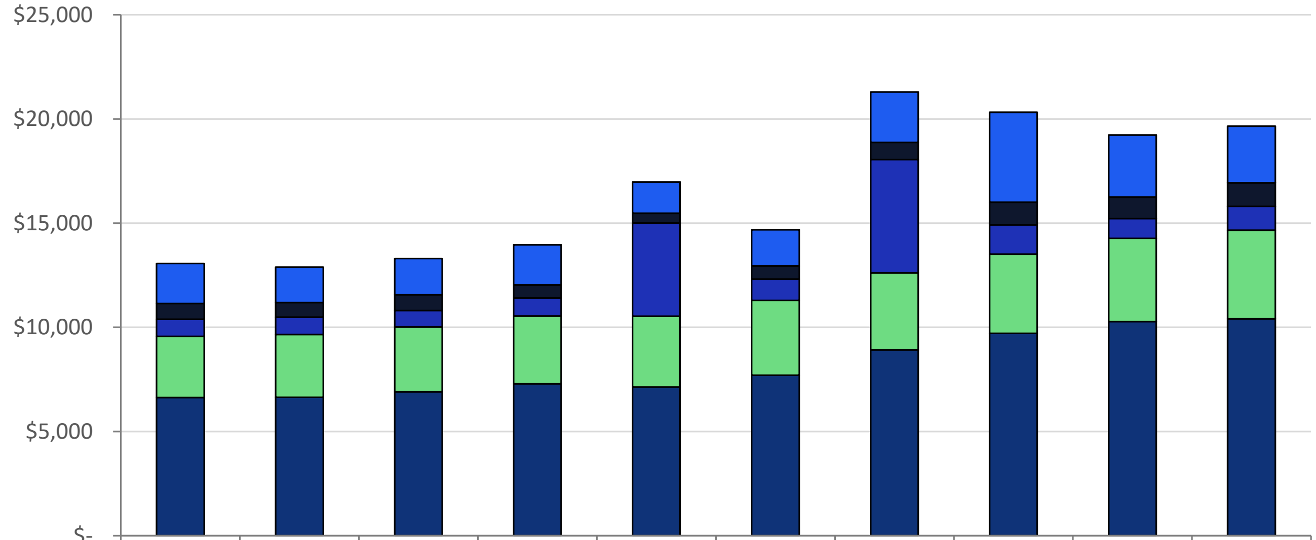
The total cash and investments for the past ten years (in thousands) is as follows:



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash	$28,205	$26,597	$26,014	$26,438	$35,405	$46,972	$50,477	$58,680	$65,181	$56,971
Investments	$2,364	$8,086	$8,629	$9,901	$3,887	$1,506	$3,991	$3,783	$4,009	$6,473

General Fund Revenues

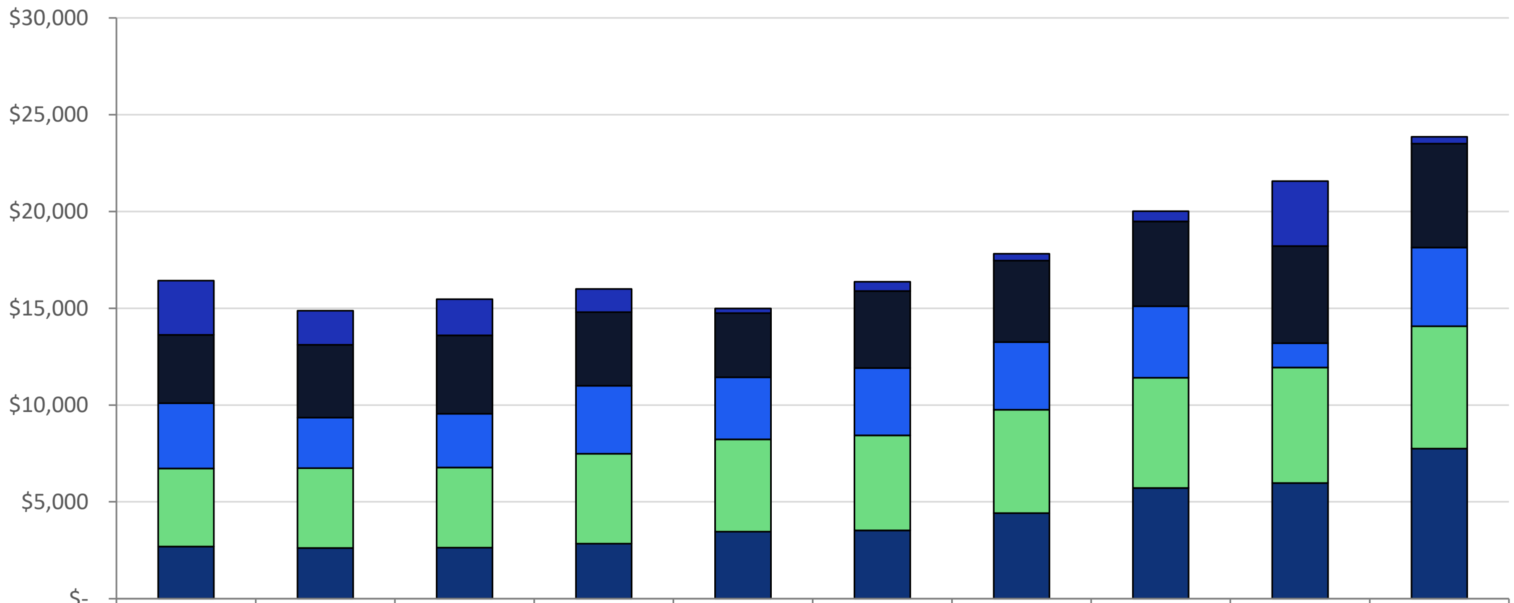
General fund revenues are primarily from taxes, charges for services, and intergovernmental sources. Revenues for the previous ten years (in thousands) are as follows:



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other	$1,919	$1,693	$1,732	$1,934	$1,511	$1,742	$2,422	$4,319	$2,986	$2,716
Charges for services/Licenses and permits	$761	$708	$764	$619	$455	$634	$826	$1,082	$1,029	$1,137
Intergovernmental	$820	$825	$789	$868	$4,482	$1,021	$5,429	$1,413	$949	$1,141
Property taxes	$2,936	$3,016	$3,115	$3,252	$3,398	$3,589	$3,705	$3,798	$3,986	$4,255
Sales and use taxes	$6,630	$6,642	$6,901	$7,286	$7,135	$7,698	$8,915	$9,712	$10,281	$10,407

General Fund Expenditures

Expenditures for the previous ten years (in thousands) are as follows:



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital outlay	$2,799	$1,762	$1,868	$1,198	$239	$479	$348	$531	$3,354	$358
Culture and recreation	$3,530	$3,765	$4,053	$3,803	$3,312	$3,981	$4,209	$4,383	$5,017	$5,363
Public works	$3,374	$2,609	$2,777	$3,512	$3,213	$3,476	$3,498	$3,700	$1,257	$4,064
Public safety	$4,029	$4,117	$4,130	$4,634	$4,763	$4,901	$5,344	$5,692	$5,971	$6,327
General government	$2,695	$2,625	$2,640	$2,849	$3,463	$3,536	$4,415	$5,715	$5,969	$7,748

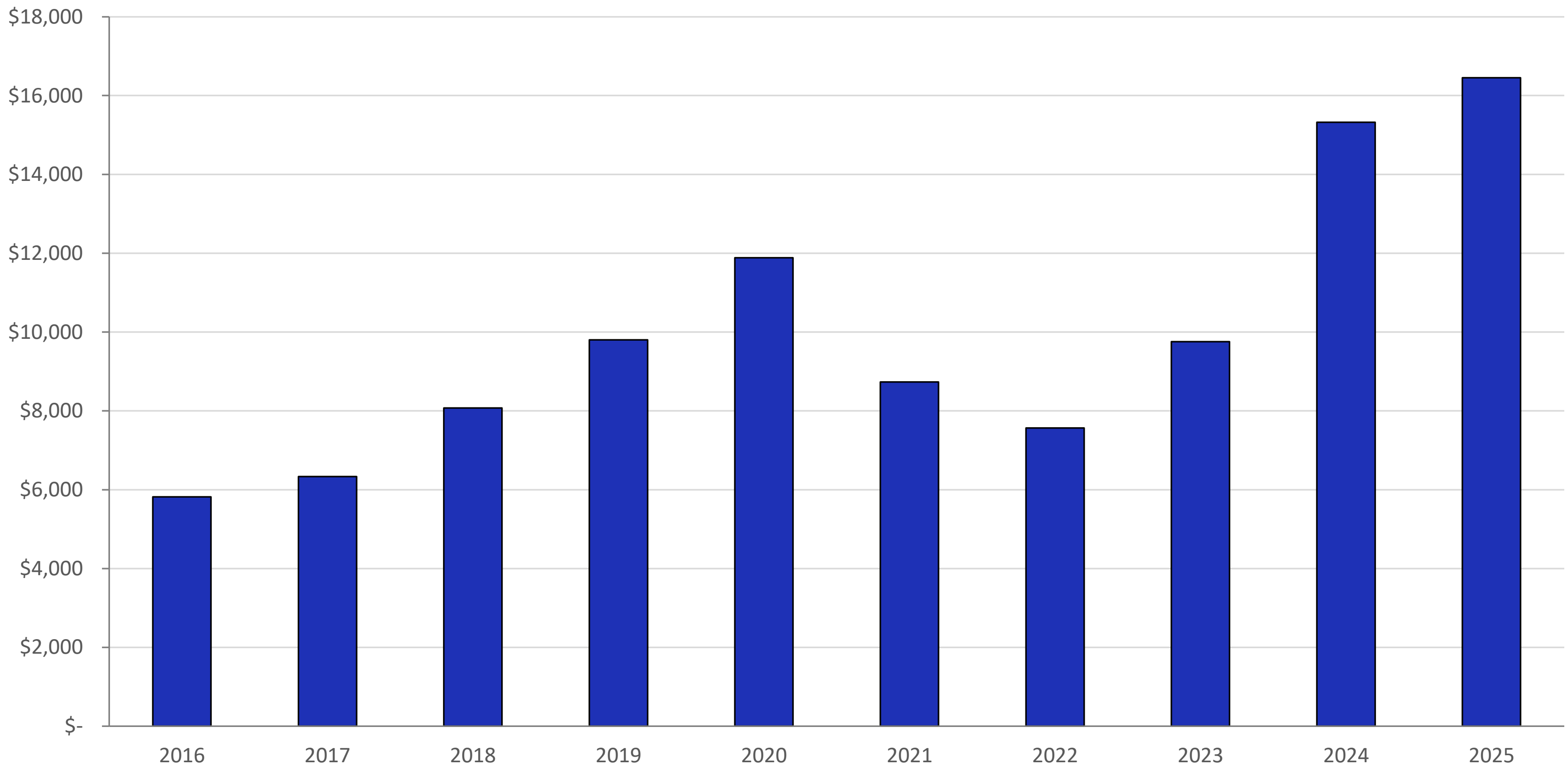
A Positive Fund Balance:

1. Contributes to a favorable bond rating
2. Produces investments income and provides a source of working capital to meet cash flow needs
3. Offers a cushion for unexpected expenditures or revenue shortfalls

Eide Bailly

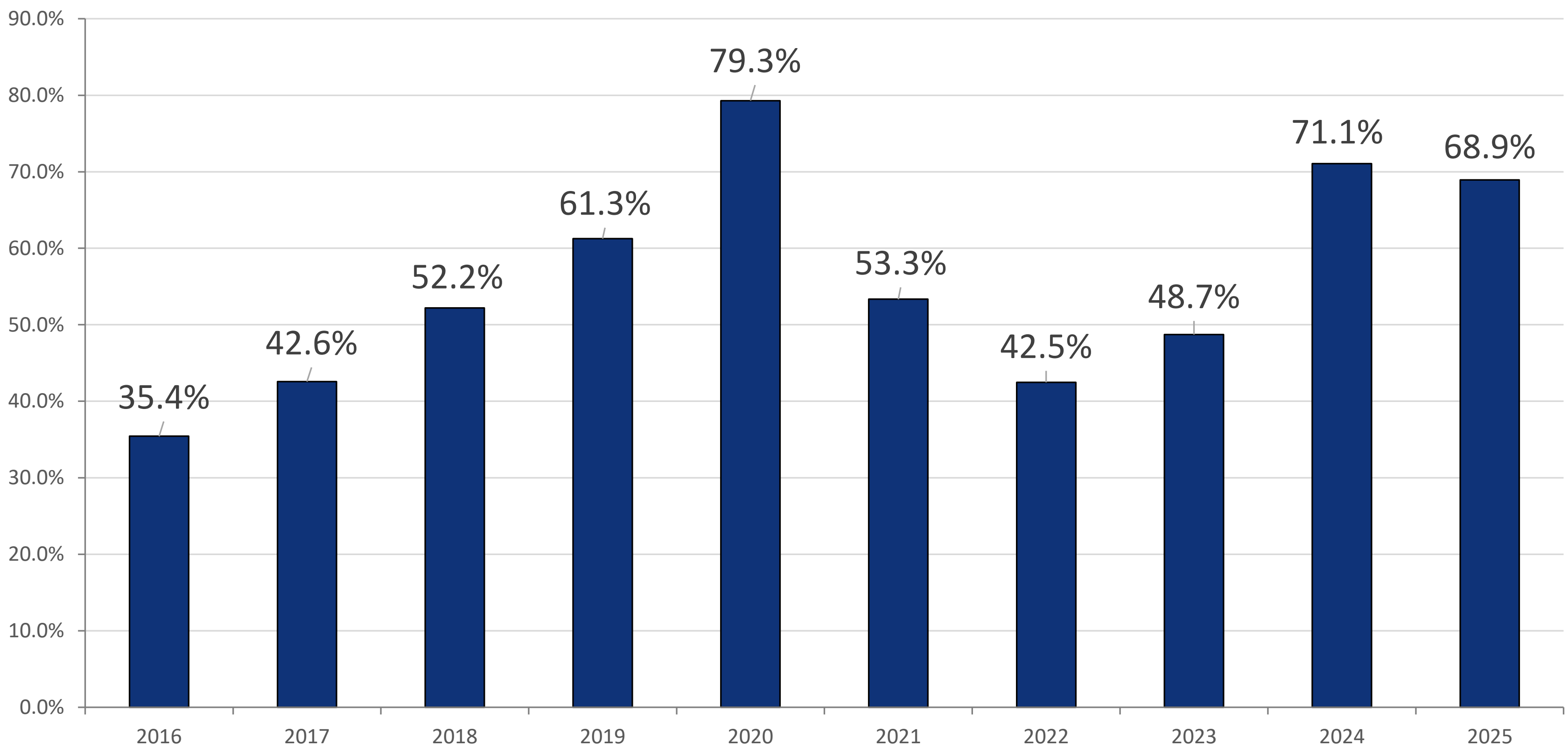
General Fund Unassigned Fund Balance

Total unassigned fund balances of the General Fund for the past 10 years (in thousands):



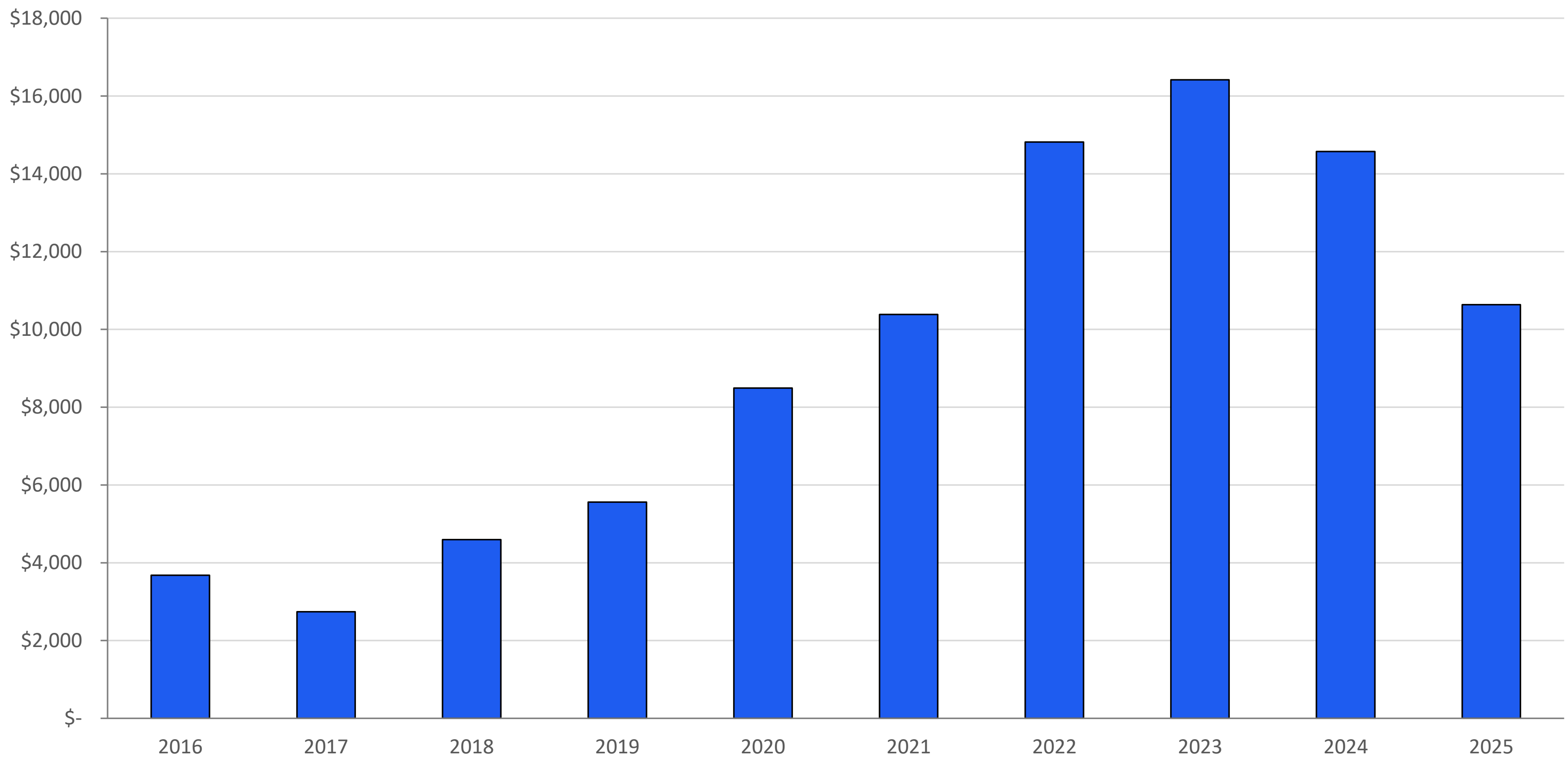
General Fund Unassigned Fund Balance

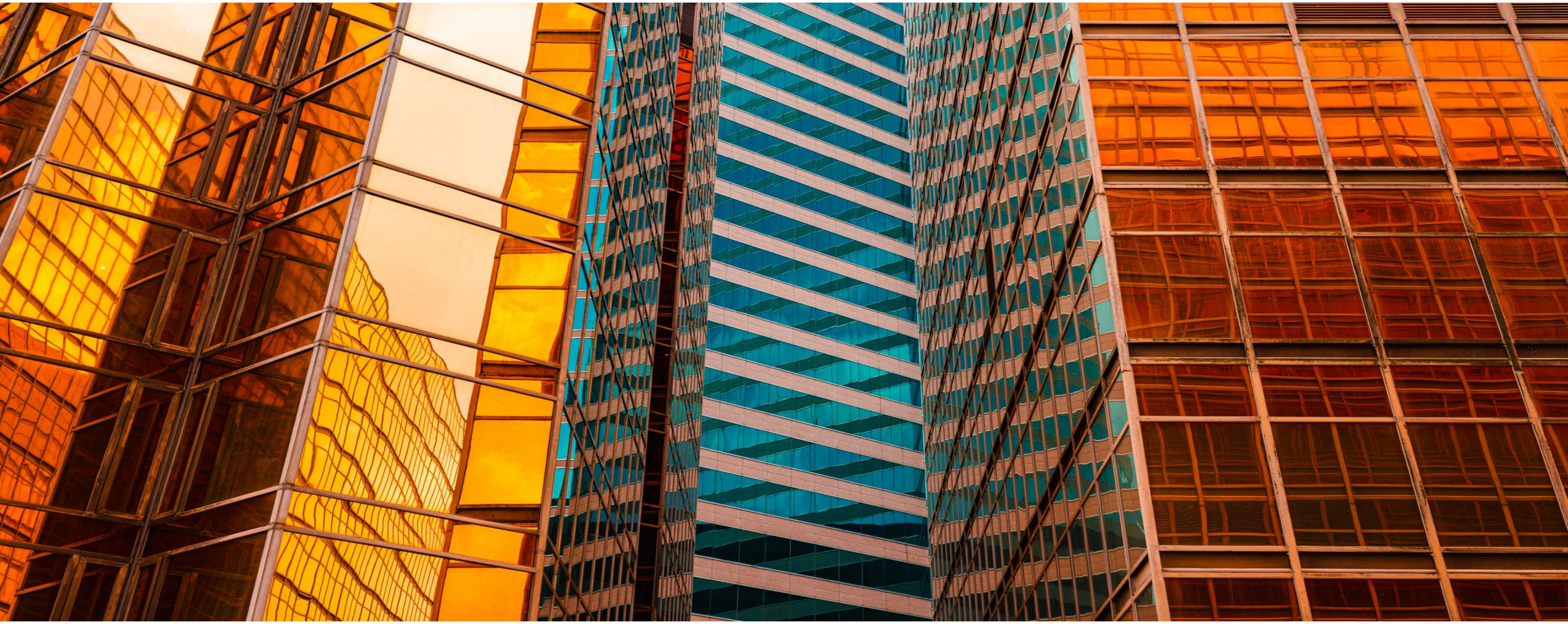
The City's unassigned fund balance as a percentage of expenditures in the General Fund for the last 10 years:



2nd Penny Sales and Use Tax Fund Balance

The ending fund balance for the last ten years (in thousands):





Questions?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.

Thank You!

eidebailly.com