

# BLACK HILLS SPECIAL SERVICES COOPERATIVE

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Financial Statements

**June 30, 2025**

**Black Hills Special Services Cooperative**  
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**June 30, 2025**

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## Independent Auditor's Report

Board of Directors  
Black Hills Special Services Cooperative  
Sturgis, South Dakota

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

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the general fund of Black Hills Special Services Cooperative (the Cooperative), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and general fund information of the Cooperative, as of June 30, 2025, and the respective changes in financial position 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* (GAS), 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 Cooperative 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative'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 GAS 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 GAS, 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 Cooperative'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 Cooperative'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, Budgetary Comparison Schedule - General Fund - Budgetary Basis, Schedule of the Cooperative's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and Notes to the Required Supplementary Information 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, which 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 Cooperative's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Department of Human Services Community Support Provider Cost Report Schedules and Notes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The aforementioned 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 and the Department of Human Services Community Support Provider Cost Report Schedules and Notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The List of Cooperative Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. 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 Cooperative'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 Cooperative's internal control over financial reporting and compliance.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

December 18, 2025

# **Black Hills Special Services Cooperative Management's Discussion and Analysis (Unaudited) June 30, 2025**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Black Hills Special Services Cooperative's (the Cooperative) annual financial report presents a discussion and analysis of the Cooperative's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the Cooperative's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The Cooperative's total net position from governmental activities decreased by \$1,108,023.
- Total assets decreased by \$420,502, which includes a decrease in receivables and other assets of \$551,897 and an increase in capital assets by \$131,395. Total liabilities increased by \$927. There continues to be upfront funding for a project that is recognized as a liability until eligible expenses are incurred.
- During the year, the Cooperative's revenues generated from governmental programs were \$713,986 less than the \$38,418,817 governmental program expenses.
- The total cost of the Cooperative's programs increased by approximately 1.9% due to the impacts of participation in and reporting of SDRS balances. The increase is related to the change in pension activity and fluctuations in program activity and payroll expenses from the previous year to the current year.
- The Statement of Net Position reported a \$713,986 current-year shortfall due to the impacts of changes in SD Retirement System balances during the year. Budgeted revenues and expenses were in excess of actual revenues and expenses.
- Capital purchases exceeded depreciation expenses by \$145,021. Net capital purchases totaled \$565,365 and \$167,901 of assets were disposed. Vehicles and Equipment made up the capital assets that were purchased and disposed of during the year.
- Compensated absences, also known as accrued leave, increased by \$256,963. The number of employees carrying a leave balance increased by 36.11%. The total number of hours that those employees were carrying increased by 103.06%. The increase was related to the reporting of expected sick leave that may be liquidated in the near term as required by new accounting standards.

See independent auditor's report.

# Black Hills Special Services Cooperative Management's Discussion and Analysis (Unaudited) June 30, 2025

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Cooperative:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Cooperative's overall financial status.
- The remaining statements are fund financial statements that focus on individual programs, reporting operations in more detail than in the government-wide statements.
- The governmental funds statements tell how general services were financed in the short term as well as what remains for future spending.

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 these financial statements, including the portion of the government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**

<b>Major Features of BHSSC's Government-wide and Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Fund Statements Governmental Funds</b>
Scope	Entire BHSSC government (except fiduciary funds and the Coop's component units)	The activities of the BHSSC that are not proprietary or fiduciary, such as elementary and high school education programs.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Asset/Deferred Outflow of Resources/Liability/Deferred Inflow of Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; all deferred outflows and inflows of resources; no capital assets included
Type of Inflow/Outflow	All revenues and expenses 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

See independent auditor's report.



# **Black Hills Special Services Cooperative Management's Discussion and Analysis (Unaudited) June 30, 2025**

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## **Government-wide Financial Statements**

The government-wide statements report information about the Cooperative 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 Cooperative's net position and how it has changed. Net position (the difference between the Cooperative's assets and liabilities) is one way to measure the Cooperative's financial position.

- Increases or decreases in the Cooperative's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Cooperative, one needs to consider additional nonfinancial factors, such as changes in programs and changes in funding.

The government-wide financial statements of the Cooperative are reported in the governmental activities category:

- *Governmental Activities* - This category includes the Cooperative's basic instructional services, such as special education, alternative education, and residential programs, support services (social work, guidance counselor, nursing, psychology, speech pathology, physical and occupational therapy, improvements of instruction, Board of Education, administration, fiscal, operation and maintenance of plant services, and transportation services). Tuition, contracts for services, state contracts and grants, federal grants, and interest earnings finance these activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the Cooperative's general fund. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes. Fund accounting is required by South Dakota State Law.

The Cooperative's operations fall under the governmental fund type.

*Governmental Funds* - All of the Cooperative's basic services are included in the governmental fund which focuses on (1) how cash and other financial assets that can be 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 Cooperative's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

See independent auditor's report.

**Black Hills Special Services Cooperative  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

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**FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE**

**Net Position**

The Cooperative's combined Statement of Net Position shows a decrease from the previous year.

**Table A-1  
Black Hills Special Services Cooperative  
Statement of Net Position**

	Governmental Activities 2024	Governmental Activities 2025	Total Percentage Change
Current and Other Assets	\$ 10,440,537	\$ 9,888,640	-5.29%
Capital Assets	<u>1,567,643</u>	<u>1,699,038</u>	8.38%
Total Assets	<u>\$ 12,008,180</u>	<u>\$ 11,587,678</u>	-3.50%
Deferred Outflows of Resources	<u>\$ 6,156,957</u>	<u>\$ 5,616,597</u>	-8.78%
Long-term Obligations	\$ 245,869	\$ 858,901	249.33%
Other Liabilities	<u>2,088,173</u>	<u>1,476,068</u>	-29.31%
Total Liabilities	<u>\$ 2,334,042</u>	<u>\$ 2,334,969</u>	0.04%
Deferred Inflows of Resources	<u>\$ 3,574,429</u>	<u>\$ 3,720,663</u>	4.09%
Net Position:			
Net Investment in Capital Assets	\$ 1,567,643	\$ 1,699,038	8.38%
Restricted	2,643,092	1,925,423	-27.15%
Unrestricted	<u>8,045,931</u>	<u>7,524,182</u>	-6.48%
Total Net Position	<u>\$ 12,256,666</u>	<u>\$ 11,148,643</u>	-9.04%

The Cooperative's decrease in total assets can be attributed to a decrease in current assets, primarily in accounts receivable balances. Capital assets saw increases, mainly due to purchases of new vehicles and equipment. Total liabilities increased slightly by \$927. The decrease in total assets deferred outflows of resources, total liabilities, and the increase in deferred inflows of resources nets to a decrease of \$713,986, which results in a net position of \$11,148,643. The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The long-term liabilities of the Cooperative, consisting of compensated absences payable have been reported in this same manner on the Statement of Net Position. The difference between the Cooperative's assets and liabilities is its net position.

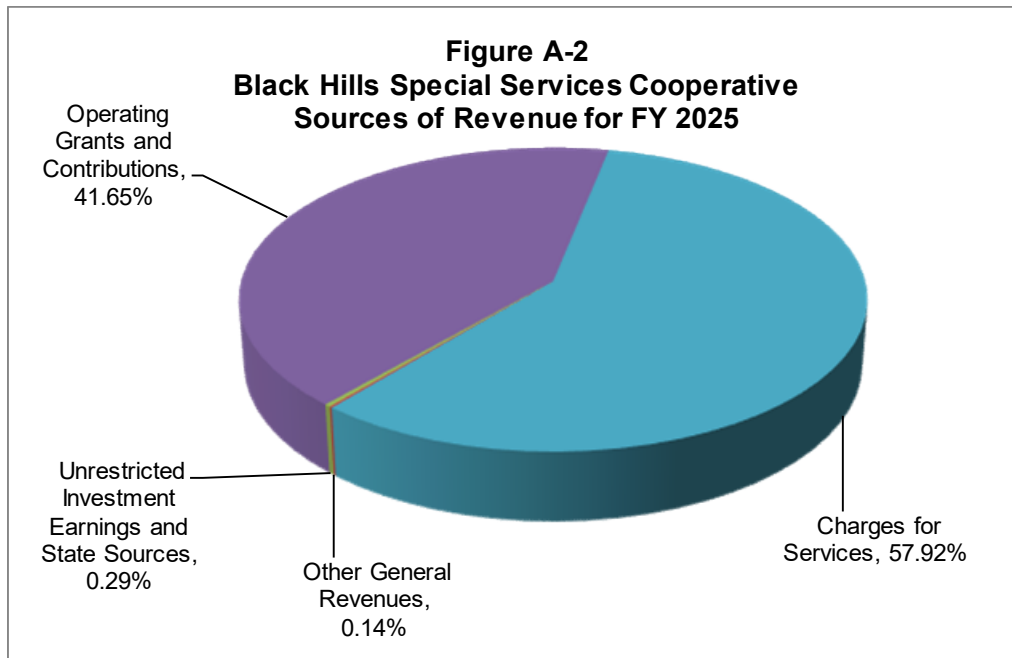
See independent auditor's report.

**Black Hills Special Services Cooperative  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

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**Changes in Net Position**

The Cooperative's revenues totaled \$37,704,831. (See Figure A-2.) Approximately 58% of the Cooperative's program revenue continues to come from charges for services. Over 41% of the revenue is derived from operating grants and contributions (federal, state, and local sources) and the remaining revenues are derived from other general revenues. Operating grants and contributions decreased by 3.68% while charges for services increased by 3.02%. The Cooperative's total revenues decreased by just over 2%. The changes in sources between 2024 and 2025 were due to changes in program activities and funding sources. The Cooperative continues to provide and expand contracted services to local districts and the state helps to maintain local and state sources.

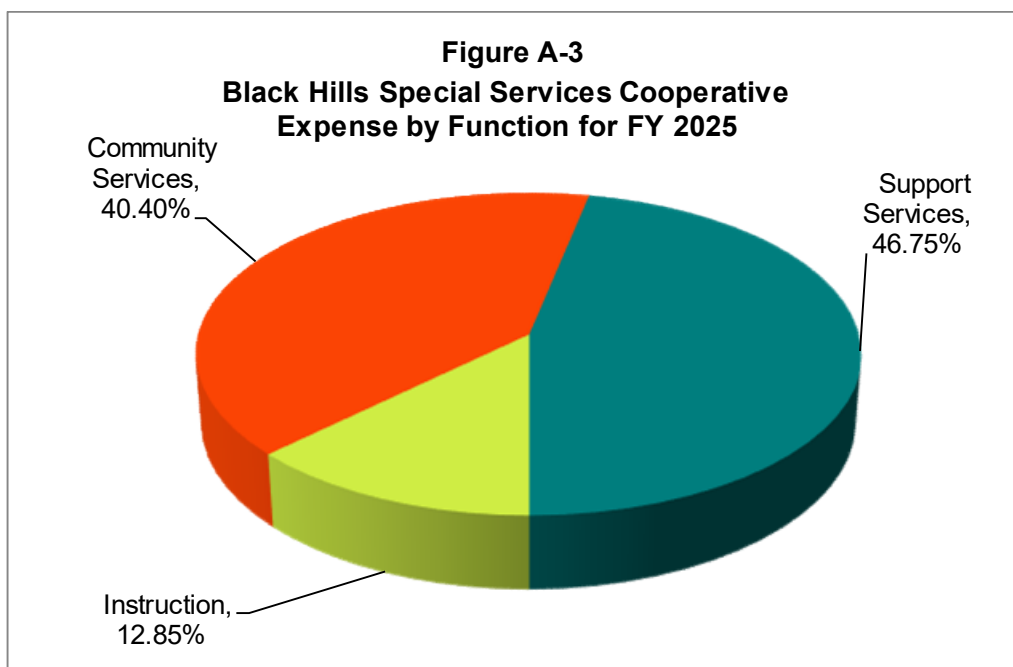


See independent auditor's report.

**Black Hills Special Services Cooperative  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

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The Cooperative's expenses cover a range of services, encompassing instruction, support services, and community services. (See Figure A-3). The total cost of all programs increased by just under 2%. Personnel and program costs varied slightly due to a shift in some program operations. Purchased services were relatively unchanged as were expenditures for supplies and materials and other expenditures.



See independent auditor's report.

**Black Hills Special Services Cooperative  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

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**GOVERNMENTAL ACTIVITIES**

Table A-2 considers the operations of the governmental activities.

**Table A-2  
Black Hills Special Services Cooperative  
Changes in Net Position**

	Total Governmental Activities 2024	Total Governmental Activities 2025	Total Percentage Change 2024-2025
Revenues:			
Program Revenues:			
Charges for Services	\$ 21,197,512	\$ 21,838,702	3.02%
Operating Grants and Contributions	16,305,571	15,705,360	-3.68%
General Revenues:			
Federal Sources	26,159	-	-100.00%
State Sources	544,136	545	-99.90%
Unrestricted Investment Earnings	131,042	107,279	-18.13%
Other General Revenues	<u>308,003</u>	<u>52,945</u>	-82.81%
Total Revenues	<u>\$ 38,512,423</u>	<u>\$ 37,704,831</u>	-2.10%
Expenses:			
Instruction	\$ 4,549,666	\$ 4,935,897	8.49%
Support Services	18,963,017	17,961,232	-5.28%
Community Services	<u>14,181,378</u>	<u>15,521,688</u>	9.45%
Total Expenses	<u>37,694,061</u>	<u>38,418,817</u>	1.92%
Increase in Net Position	<u>\$ 818,362</u>	<u>\$ (713,986)</u>	-187.25%

**FINANCIAL ANALYSIS OF THE COOPERATIVE'S FUNDS**

The General Fund increased by \$564,191 in the current year. The management team continues to meet regularly to review budgets, income, and program expenditures. The monthly report that summarizes expenditures to date, revenues to date, and projected receivables continues to facilitate this process. Directors receive the report each month, and the report is reviewed by the management team at their regularly scheduled meetings.

**BUDGETARY HIGHLIGHTS**

The budget for expenditures totaled \$40,165,846. Over the course of the year, the Board revised the budget once. This amendment was for additional contracts and grants awarded during the year.

See independent auditor's report.

# Black Hills Special Services Cooperative Management's Discussion and Analysis (Unaudited) June 30, 2025

The Cooperative's final budget for the General Fund anticipated that expenditures would be equal to revenues. The actual result for the year was a \$564,191 surplus.

- Revenues were \$2,021,375 lower than budgeted. Revenues from state sources decreased, while revenues from federal sources and local sources increased.
- Expenditures were \$2,549,170 lower than budgeted. Expenditures were more than budgeted in community services and expenditures were less than budgeted in instruction and support services.

## CAPITAL ASSET ADMINISTRATION

At year-end, the Cooperative had a \$1,699,038 net investment in capital assets, including various machinery and equipment. (See Table A-3.) This amount represents a net increase (including additions and deletions) of \$131,395, or 8%.

**Table A-3**  
**Black Hills Special Services Cooperative**  
**Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities 2024	Governmental Activities 2025
Machinery and Equipment	\$ 1,567,643	\$ 1,699,038
Total Capital Assets (Net)	\$ 1,567,643	\$ 1,699,038

Capital assets purchased were vehicles. More capital purchases were made during the year than in the previous year. However, that increase was offset by annual depreciation expense.

## LONG-TERM LIABILITIES

At year-end, the Cooperative had \$858,901 in outstanding obligations. The balance of the OPEB liability decreased due to the end of participation in the Plan. Overall, long-term liabilities increased by \$613,032, which is contributed to an increase in compensated absences for the adoption of GASB 101. Compensated absences were up 313.13%. There was an overall net increase of 249.33% as shown in Table A-4 below.

**Table A-4**  
**Black Hills Special Services Cooperative**  
**Outstanding Debt and Obligations**

	Governmental Activities 2024	Governmental Activities 2025	Total Dollar Change FY 2025	Total Percentage Change FY 2025
Compensated Absences	\$ 207,901	\$ 858,901	\$ 651,000	313.13%
OPEB Liability	37,968	-	(37,968)	-100.00%
Total Outstanding Debt and Obligations	\$ 245,869	\$ 858,901	\$ 613,032	249.33%

See independent auditor's report.

# **Black Hills Special Services Cooperative Management's Discussion and Analysis (Unaudited) June 30, 2025**

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The Cooperative is liable for the accrued annual leave payable to Class 3 hourly employees and paid personal leave for Class 4 hourly employees. The maximum accumulated leave is capped at 240 hours for Class 3 and Class 4 employees.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Cooperative's current economic position remains stable, with growth recorded compared to the prior fiscal year. Indirect cost rates experienced a slight decrease following the transition of the cognizant agency from the U.S. Department of Education to the South Dakota Department of Education in FY2025.

The Cooperative does not have the authority to levy taxes or issue bonds and is not eligible for state aid under the current funding formula. The Developmental Disabilities Division's Title XIX/HCBS funding structure received an increase in FY2025; however, it is uncertain whether additional increases will occur in FY2026. State funding for school districts increased in FY2025, though future increases remain uncertain. Federal funding sources for existing programs are not expected to change significantly in the upcoming year.

Healthcare premiums increased in the prior year, resulting in higher employee contribution rates, while the Cooperative's liability remained unchanged. Premiums are anticipated to rise further in the upcoming year, and BHSSC will reevaluate employer contributions after rates are set.

Overall, the Cooperative's budget for the next fiscal year is projected to experience a slight decrease.

## **CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Cooperative's finances and to demonstrate the Cooperative's accountability for the money it receives. If you have questions about this report or need additional information, contact the Cooperative's Business Office, PO Box 218, Sturgis, SD 57785.

## BASIC FINANCIAL STATEMENTS



**Black Hills Special Services Cooperative**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,457,090
Accounts Receivable	4,334,795
Prepaid Expenses	67,266
Capital Assets:	
Vehicles and Equipment	3,211,375
Less: Accumulated Depreciation	<u>(1,512,337)</u>
Total Capital Assets, Net of Depreciation	<u>1,699,038</u>
Restricted Assets:	
Net Pension Asset	<u>29,489</u>
<b>TOTAL ASSETS</b>	<u>11,587,678</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension-related Deferred Outflows	<u>5,616,597</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,616,597</u>
<b>LIABILITIES</b>	
Accounts Payable	861,211
Unearned Revenue	614,857
Long-term Liabilities:	
Due Within One Year	<u>858,901</u>
<b>TOTAL LIABILITIES</b>	<u>2,334,969</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension-related Deferred Inflows	<u>3,720,663</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,720,663</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,699,038
Restricted:	
Proportionate Share of Net Pension Asset	1,925,423
Unrestricted	<u>7,524,182</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 11,148,643</u></u>

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Primary Government:				
Governmental Activities:				
Instruction	\$ 4,935,897	\$ 2,752,019	\$ 5,861,061	\$ 3,677,183
Support Services	17,961,232	9,397,078	6,365,467	(2,198,687)
Community Services	15,521,688	9,689,605	3,478,832	(2,353,251)
Total Governmental Activities	\$ 38,418,817	\$ 21,838,702	\$ 15,705,360	(874,755)
<b>GENERAL REVENUES</b>				
Revenue from State Sources				545
Unrestricted Investment Earnings				107,279
Other General Revenues				52,945
Total General Revenues				160,769
<b>DECREASE IN NET POSITION</b>				(713,986)
<b>NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED</b>				12,256,666
<b>RESTATEMENT FOR ACCOUNTING CHANGE</b>				(394,037)
<b>NET POSITION - BEGINNING, AS RESTATED</b>				11,862,629
<b>NET POSITION - ENDING</b>				\$ 11,148,643

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative**  
**Balance Sheet - Governmental Fund**  
**June 30, 2025**

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	General Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,457,090
Accounts Receivable	4,334,795
Prepaid Expenses	<u>67,266</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,859,151</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 861,211
Unearned Revenue	<u>614,857</u>
Total Liabilities	<u>1,476,068</u>
<b>FUND BALANCE</b>	
Nonspendable:	
For Prepaids	67,266
Unassigned	<u>8,315,817</u>
Total Fund Balance	<u>8,383,083</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 9,859,151</u></u>

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative  
Reconciliation of the Governmental Fund Balance  
Sheet to the Statement of Net Position  
June 30, 2025**

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Total Fund Balance - Governmental Fund	\$ 8,383,083
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.	1,699,038
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(858,901)
Net pension asset reported in the governmental activities is not an available financial resource and, therefore, is not reported in the governmental funds.	29,489
Pension-related deferred outflows are components of pension liability (asset) and, therefore, changes are not reported in the governmental funds.	5,616,597
Pension-related deferred inflows are components of pension liability (asset) and, therefore, changes are not reported in the governmental funds.	<u>(3,720,663)</u>
Net Position - Governmental Activities	<u>\$ 11,148,643</u>

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Governmental Fund**  
**For the Year Ended June 30, 2025**

	<u>General Fund</u>
<b>REVENUES</b>	
Revenue from Local Sources:	
Tuition and Fees	\$ 1,790,803
Transportation Fees	90
Earnings on Deposits	107,279
Other Revenue from Local Sources	20,153,846
Revenue from State Sources	10,016,396
Revenue from Federal Sources	<u>6,076,057</u>
Total Revenues	<u>38,144,471</u>
<b>EXPENDITURES</b>	
Instructional:	
Regular Programs	1,434,487
Special Programs	2,872,650
Adult Continuing Education Programs	<u>484,532</u>
Total Instructional	<u>4,791,669</u>
Support Services:	
Pupils	4,315,127
Instruction Staff	5,162,354
General Administration	1,214,393
Other Administrative Support Services	135,792
Business	3,552,328
Central	992,981
Special Education	712,414
Other Support Services	<u>1,132,871</u>
Total Support Services	<u>17,218,260</u>
Community Services:	
Custody and Care of Children Services	5,339,581
Welfare Activities Services	674,240
Other Community Services	<u>9,027,560</u>
Total Community Services	<u>15,041,381</u>
Capital Outlay	<u>565,366</u>
Total Expenditures	<u>37,616,676</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>527,795</u>

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Governmental Fund (Continued)**  
**For the Year Ended June 30, 2025**

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	General Fund
<b>OTHER FINANCING SOURCES</b>	
Compensation for Loss of General Capital Asset	21,565
Proceeds from the Sale of Capital Assets	<u>14,831</u>
Total Other Financing Sources	<u>36,396</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>	564,191
<b>FUND BALANCE - BEGINNING</b>	<u>7,818,892</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 8,383,083</u></u>

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative**  
**Reconciliation of the Governmental Fund Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance to the Statement of Activities**  
**For the Year Ended June 30, 2025**

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Net Change in Fund Balance, Prior to Change in Fund Balance Reserves - Governmental Fund	\$ 564,191
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not reflect a gain or loss on disposal of capital assets, but the Statement of Activities reports the gain or loss when assets are disposed. This reflects the cost in excess of accumulated depreciation on capital assets retired.	(13,626)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	145,021
The recognition of revenues in the governmental funds differs from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."	(462,410)
Governmental funds do not reflect the change in compensated absences and post employment benefits, but the Statement of Activities reflects the change in compensated absences and post employment benefits through expenses.	(229,493)
Pension revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	<u>(717,669)</u>
Change in Net Position - Governmental Activities	<u>\$ (713,986)</u>

The accompanying notes are an integral part of this statement.

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Black Hills Special Services Cooperative are prepared in accordance with generally accepted accounting principles. Black Hills Special Services Cooperative applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**A. REPORTING ENTITY**

Black Hills Special Services Cooperative (the Cooperative) was established in 1980 as a joint venture among member school districts for the purpose of providing vital educational services for both youth and adults. The Board of Directors of the Cooperative is comprised of one representative from each member school district. The Board of Directors is responsible for adopting the Cooperative's budget and setting service fees at a level adequate to fund the adopted budget. The member school districts retain no equity interest in the net position of the Cooperative but do have a responsibility to fund deficits of the Cooperative in proportion to their relative participation. There are no component units included within the reporting entity.

**B. RELATED ORGANIZATIONS**

Related organizations are excluded from the financial reporting entity either because the Cooperative's accountability for these organizations does not extend beyond making appointments or because management has determined the assets the Cooperative has the ability to access are not significant. The Cooperative's only related organization is described below:

*Black Hills Educational Benefits Cooperative Plan* - The Cooperative participates in a cooperative service unit with several other school districts to provide benefits to staff. See Note 9 for specific disclosure. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the Cooperative.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the Cooperative. These statements include the financial activities of the overall Cooperative. Governmental activities are generally financed through grants and other non-exchange transactions.

The Statement of Net Position reports all financial and capital resources in a net position format (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, and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Cooperative'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. 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 are presented as general revenues.



**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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. The funds are accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The Cooperative has one fund, which is classified as a governmental fund and therefore does not present proprietary or fiduciary fund categories.

**D. FUND TYPES AND MAJOR FUND**

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is a primary operating fund of the Cooperative.

The Cooperative only has one fund. This fund is described below.

*Governmental Funds*

General Fund - The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet the general operational costs of the Cooperative. The General Fund is always a major fund.

**E. 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, the governmental 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 the governmental fund types.

*Basis of Accounting*

*Government-wide Financial Statements*

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Cooperative gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenues from grants and donations are recognized in the fiscal year during which all eligibility requirements have been satisfied.

*Fund Financial Statements*

In the fund financial statements, the governmental fund is reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Cooperative considers significant revenues reported in the governmental fund to be available if the revenues are collected within 90 days after year-end.

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and changes in the OPEB liability, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Under the terms of grant agreements, the Cooperative funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Cooperative's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

**F. ACCOUNTS RECEIVABLE**

Accounts receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

**G. CAPITAL ASSETS**

Capital assets include a building, machinery, and equipment that are used in operations and that have initial useful lives extending beyond a single reporting period.

*Government-wide Financial Statements*

All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

Depreciation expense is calculated using the straight-line method. Depreciation of exhaustible fixed assets for machinery and equipment is recorded as an allocated expense in the Statement of Activities. The net capital assets are reflected in the Statement of Net Position.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Statement of Net Position are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Vehicles and Equipment	\$10,000	Straight-line	5 - 15 yrs

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

**H. LONG-TERM LIABILITIES**

The accounting treatment of long-term liabilities differs between the government-wide and fund financial statements.

*Government-wide Financial Statements*

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements when incurred. The long-term liabilities consist of compensated absences. Accounting policies related to compensated absences payable are as follows:

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Annual leave is earned by Class 3 hourly employees as outlined in the BHSSC Employee Handbook: Personnel Policies and Procedures Manual. Annual leave may be accrued up to 240 hours. Paid Personal leave is earned by Class 4 hourly employees and may be accrued up to 240 hours. Upon termination, employees are entitled to receive compensation for their accrued annual leave and paid personal leave.

Sick leave is earned by hourly and salaried employees as outlined in the BHSSC Employee Handbook. Sick leave may be accrued up to 60 days for salaried employees and 480 hours for hourly employees. Upon termination, salaried and hourly employees are not entitled to receive compensation for accrued sick leave balances.

*Fund Financial Statements*

In the fund financial statements, debt proceeds are reported as revenues, and payments of principal and interest are reported as expenditures when they become due. Compensated absences are recorded as expenditures when paid.

**I. LEASES**

For noncancelable leases of equipment and office space, the Cooperative recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Cooperative recognizes lease liabilities with an initial, individual value of \$10,000 or more. As of June 30, 2025, the Cooperative had no leases meeting the criteria for recognition under GASB 87. The Cooperative is a lessee for various leases of facilities that meet the criteria of a short-term lease, contain fiscal funding or cancellation clauses, and are exempt from GASB 87.

At the commencement of a lease, the Cooperative initially measures 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 Cooperative determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Cooperative uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Cooperative 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 Cooperative is reasonably certain to exercise.

The Cooperative monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS:**

For subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology, the Cooperative recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The Cooperative recognizes subscription liabilities with an initial, individual value of \$10,000 or more. As of June 30, 2025, the Cooperative did not have any subscription arrangements that were other than short-term.

At the commencement of a subscription, the Cooperative 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 Cooperative determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Cooperative uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Cooperative 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 Cooperative is reasonably certain to exercise.

The Cooperative 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.

**K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The Cooperative reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide Statement of Net Position. The deferred outflows of resources reported are deferred amounts arising from pension-related activities.

The Cooperative'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 90 days after the end of the Cooperative's fiscal year). The Cooperative reports pension-related deferred inflows of resources in the government-wide financial statements.

**L. UNEARNED REVENUE**

The governmental funds report various grants and payments received in advance of the eligibility criteria for revenue recognition as unearned revenue.

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. NET POSITION AND FUND BALANCE**

*Government-wide Financial Statements*

It is the Cooperative'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. Net position reported in the Statement of Net Position includes the following:

*Net Investment in Capital Assets* - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, or improvement of those assets, if applicable.

*Restricted* - Consists of net position with constraints placed on its 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.

*Unrestricted* - Represents all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Fund Financial Statements*

The Cooperative classifies governmental fund balances as follows:

*Nonspendable* - Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* - Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Assigned* - Amounts that are constrained by the Cooperative's intent to be used for specific purposes but are not restricted. Amounts can be assigned by committees of the Board of Directors or management of the Cooperative.

*Unassigned* - Represents fund balance that has not been restricted or assigned.

The Cooperative uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar-for-dollar spending. Additionally, the Cooperative would first use assigned and then unassigned amounts of fund balance when expenditures are made.

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

**N. PROGRAM REVENUE**

In the Statement of Activities, reported program revenue is derived directly from the program itself or from other parties as a whole. Program revenues are classified into two categories, as follows:

*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.

*Program Revenues - Operating Grants and Contributions* - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

# Black Hills Special Services Cooperative

## Notes to the Financial Statements

### June 30, 2025

#### NOTE 2 - DEPOSITS AND INVESTMENTS

Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

*Deposits* - The Cooperative'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% of the public deposit accounts that 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.

*Investments* - In general, SDCL 4-5-6 permits the Cooperative's 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 mutual 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 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.

*Credit Risk* - State law limits eligible investments for the Cooperative, as discussed above. The Cooperative has no investment policy that would further limit its investment choices. As of June 30, 2025, the Cooperative did not have any investments.

*Custodial Credit Risk - Deposits* - The risk that, in the event of a depository failure, the Cooperative's deposits may not be returned to it. The Cooperative does not have a deposit policy for custodial credit risk.

*Interest Rate Risk* - The Cooperative 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.

#### NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments include reimbursements from state and federal grants and charges for services.

State of South Dakota	\$ 3,264,266
Various School Districts	805,772
Miscellaneous Receivables	264,757
	<u>\$ 4,334,795</u>

#### NOTE 4 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Being Depreciated:				
Vehicles and Equipment	\$ 2,813,911	\$ 565,365	\$ 167,901	\$ 3,211,375
Less: Accumulated Depreciation				
Vehicles and Equipment	<u>1,246,268</u>	<u>420,344</u>	<u>154,275</u>	<u>1,512,337</u>
Net Capital Assets	<u>\$ 1,567,643</u>	<u>\$ 145,021</u>	<u>\$ 13,626</u>	<u>\$ 1,699,038</u>

# Black Hills Special Services Cooperative

## Notes to the Financial Statements

### June 30, 2025

#### NOTE 4 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 34,925
Support Services	307,280
Community Services	78,139
	<u>\$ 420,344</u>

#### NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025	Due Within One Year
Compensated Absences	\$ 601,938	\$ 256,963	\$ -	\$ 858,901	\$ 858,901
OPEB Liability	37,968	-	37,968	-	-
	<u>\$ 639,906</u>	<u>\$ 256,963</u>	<u>\$ 37,968</u>	<u>\$ 858,901</u>	<u>\$ 858,901</u>

#### NOTE 6 - LEASES

Numerous short-term leases exist for buildings, vehicles, and equipment. Lease expense for the year ended June 30, 2025 was \$920,008.

Due to the variability of funding, the Cooperative typically structures leases to be short-term and to contain fiscal funding or cancellation clauses. Future minimum payments for the fiscal year ending June 30, 2026 will be \$727,544.

#### NOTE 7 - PENSION PLAN

##### Plan Information

All employees working more than 20 hours per week during the year participate in the South Dakota Retirement System (SDRS). The SDRS is a hybrid defined-benefit plan designed with several defined-contribution plan-type provisions and is administered by the 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. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is 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.

##### Benefits Provided

SDRS has four different classes of employees: 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.

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 7 - PENSION PLAN (CONTINUED)**

Members who were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation 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. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members hired on or after July 1, 2017 are Generational members. Class A Generational members and Class B Generational judicial members retiring 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% joint and survivor benefit, or a 100% 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% of compensation funded by part of the employer contribution. VRAs will receive investment earnings 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 the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater than or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the third 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 third quarter CPI-W, no less than 0.5% and no greater than a restricted maximum, such that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater than or equal to the accrued liabilities.

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

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the cost-of-living adjustment.

**Contributions**

Per SDCL 3-12, contribution requirements of the active employees and the 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. The Cooperative's share of contributions to the SDRS for the years ended June 30, 2025, 2024, and 2023 was \$1,288,826, \$1,226,245, and \$1,126,755, respectively, equal to the required contributions each year.



**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

**NOTE 7 - PENSION PLAN (CONTINUED)**

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2024, SDRS was 100.03% funded and, accordingly, had a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the Cooperative as of the measurement period ending June 30, 2024 and reported by the Cooperative as of June 30, 2025 is as follows:

Proportionate Share of Total Pension Liability	\$ 108,676,104
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>108,705,593</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (29,489)</u>

At June 30, 2025, the Cooperative reported an asset of \$29,489 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 Cooperative's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Cooperative's proportion was 0.7285% which is an increase of 0.0004% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Cooperative recognized pension expense (reduction of pension expense) of \$717,669. At June 30, 2025, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 2,730,660	\$ -
Changes in Assumption	486,180	3,705,937
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,110,758	-
Changes in Proportion and Difference Between Cooperative Contributions and Proportionate Share of Contributions	173	14,726
Cooperative Contributions Subsequent to the Measurement Date	<u>1,288,826</u>	<u>-</u>
	<u>\$ 5,616,597</u>	<u>\$ 3,720,663</u>

# Black Hills Special Services Cooperative

## Notes to the Financial Statements

### June 30, 2025

#### NOTE 7 - PENSION PLAN (CONTINUED)

\$1,288,826 reported as deferred outflows of resources related to pensions resulting from Cooperative 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,	
2024	\$ (1,042,181)
2025	1,416,401
2026	144,219
2027	88,669
2028	-
Thereafter	-
	\$ 607,108

#### Actuarial Assumptions

The total pension liability (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, from 7.66% at entry to 3.15% after 25 years of service.
Discount Rate	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 COLA's	1.71%

#### Mortality Rates

All mortality rates are 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% or 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

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 7 - PENSION PLAN (CONTINUED)**

*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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
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	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (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 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).

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 7 - PENSION PLAN (CONTINUED)**

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Cooperative's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 14,984,494</u>	<u>\$ (29,489)</u>	<u>\$ (12,315,603)</u>

Pension Plan Fiduciary Net Position

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

**NOTE 8 - RELATED-PARTY TRANSACTIONS**

The Cooperative was formed through a joint venture between twelve school districts. The school districts are Belle Fourche School District 9-1, Custer School District 16-1, Douglas School District 51-1, Edgemont School District 23-1, Haakon School District 27-1, Hill City School District 51-2, Hot Springs School District 23-2, Lead-Deadwood School District 40-1, Meade School District 46-1, Oelrichs School District 23-3, Rapid City School District 51-4, and Spearfish School District 40-2. The Cooperative receives annual membership fees, tuition fees, and other service fees from its member school districts in return for providing technical assistance, consultation, or specialty services such as psychology or therapy services.

For the year ended June 30, 2025, the Cooperative earned revenue of \$5,794,602 as a result of membership fees, services fees, and tuition from member school districts.

The Cooperative contracts with some of the member school districts to provide meal services, busing, and transportation. As a result of these contracts, the Cooperative paid \$46,239 to member school districts for the year ended June 30, 2025. As of June 30, 2025, the Cooperative did not owe funds to member districts.

**NOTE 9 - JOINT VENTURE**

The Cooperative participates in the Black Hills Educational Benefits Cooperative (BHEBC), a cooperative service unit formed for the purpose of providing health insurance services to the member school districts.

The members of the joint venture are Black Hills Special Services Cooperative, New Underwood School District 51-3, Wall School District 51-5, Custer School District 16-1, Oelrichs School District 23-3, and Belle Fourche School District 9-1.

BHEBC's governing board is comprised of two representatives from each member district. The Board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget. Members are not liable for claims in excess of BHEBC's assets.

Separate financial statements may be obtained by writing to BHEBC, PO Box 218, Sturgis SD 57785. At June 30, 2025, this joint venture had audited total assets of \$6,933,881, liabilities of \$1,027,940, and net position of \$5,905,941.

# **Black Hills Special Services Cooperative**

## **Notes to the Financial Statements**

### **June 30, 2025**

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#### **NOTE 10 - CONCENTRATION OF BUSINESS RELATIONSHIP**

The Cooperative engages in significant business transactions with the West River Foundation (the Foundation). The nature of these transactions results in a concentration of business relationship. The various transactions between the Cooperative and the Foundation are as follows:

The Cooperative leases the majority of its building space from the Foundation. During the year ended June 30, 2025, the Cooperative paid \$669,939 for leases for vehicles and rent. In addition, the Cooperative purchased \$68,539 of equipment, supplies, and services from the Foundation. As of June 30, 2025, the Cooperative owed the Foundation \$8,330. The Foundation reimburses the Cooperative for its use of the Cooperative's administrative and clerical personnel and other expenses.

The Cooperative has contract agreements with the Foundation for the administration of various programs, such as the West River Business Service Center, and for purchases of goods and services. During the year ended June 30, 2025, the Foundation paid the Cooperative \$1,232,998 for these services. In addition, as of June 30, 2025, the Cooperative had outstanding accounts receivable of \$81,989 due from the Foundation.

#### **NOTE 11 - RISK MANAGEMENT**

The Cooperative 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 year ended June 30, 2025, the Cooperative managed its risks as follows:

##### Employee Health Insurance

The Cooperative joined together with other educational units in the state to form a public entity risk pool (see Note 9). This is a public entity risk pool currently operating as a common risk management and insurance program for the member school districts. The Cooperative pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage provides four deductible plan options for employees: \$2,000 per person or \$4,000 per family; \$3,500 per person or \$7,000 per family; or \$5,000 per person or \$10,000 per family. The pool also offers a PPO plan for \$3,000 per person or \$6,000 per family.

The Cooperative does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

##### Liability Insurance

The Cooperative purchases liability insurance for risks related to torts; theft of or damage to property; and errors and omissions of public officials from a commercial insurance carrier. In prior years, settled claims resulting from these risks have not exceeded the Cooperative's liability coverage.

##### Worker's Compensation

The Cooperative purchases insurance for worker's compensation from a commercial insurance carrier. In prior years, settled claims resulting from these risks have not exceeded the Cooperative's liability coverage.

##### Unemployment Benefits

The Cooperative has elected to use the cost reimbursement alternative for unemployment benefits. During the year ended June 30, 2025, \$17,575 of claims were filed for unemployment benefits. Based on historical trends, it is expected that future payment of unemployment benefit claims will be similar to the amount paid in the current year.

**Black Hills Special Services Cooperative**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**NOTE 12 - RESTATEMENT OF NET ASSETS - ACCOUNTING CHANGE**

The Cooperative implemented Governmental Accounting Standards Board Statement Number 101, *Compensated Absences* as of July 1, 2024. This standard requires the recognition of liabilities for compensated absences that have not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if (a) leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Previously, the Cooperative recorded a liability only for leave that was likely to be paid in cash to employees. The implementation of this new standard resulted in the recognition of an increase in previously recorded liability balances and a restatement of net assets as follows:

	<u>Governmental Activities</u>
Net Position - Beginning, as Previously Reported	\$ 12,256,666
Impact of Adoption of GASB 101	<u>(394,037)</u>
Net Position - Beginning, as Restated	<u><u>\$ 11,862,629</u></u>

**NOTE 13 - SIGNIFICANT CONTINGENCIES - LITIGATION**

The Cooperative, at times, may be a defendant or plaintiff in lawsuits arising principally in the normal course of operations. The Cooperative has retained legal counsel for suits as they arise and works with insurance carriers on the defense of claims, as applicable. As of June 30, 2025, there were pending claims against the Cooperative. Management does not expect the outcomes to be unfavorable at this time. Insurance should cover any claims and the Cooperative would only be required to pay the \$25,000 deductible.

**NOTE 14 - SUBSEQUENT EVENTS**

The Cooperative has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

**Black Hills Special Services Cooperative  
Budgetary Comparison Schedule -  
General Fund - Budgetary Basis  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from Local Sources:				
Tuition and Fees	\$1,730,277	\$1,730,277	\$1,790,803	\$ 60,526
Transportation Fees	1,053,406	1,053,406	90	(1,053,316)
Earnings on Investments and Deposits	131,000	121,000	107,279	(13,721)
Other Revenue from Local Sources	21,141,503	21,000,941	20,153,846	(847,095)
Revenue from State Sources	10,534,140	10,645,837	10,016,396	(629,441)
Revenue from Federal Sources	<u>5,410,301</u>	<u>5,614,385</u>	<u>6,076,057</u>	<u>461,672</u>
Total Revenues	<u>40,000,627</u>	<u>40,165,846</u>	<u>38,144,471</u>	<u>(2,021,375)</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular Programs	1,539,243	1,602,376	1,434,487	167,889
Special Programs	2,727,854	2,792,476	2,872,650	(80,174)
Adult Continuing Education Programs	<u>494,573</u>	<u>474,722</u>	<u>484,532</u>	<u>(9,810)</u>
Total Instruction	<u>4,761,670</u>	<u>4,869,574</u>	<u>4,791,669</u>	<u>77,905</u>
Support Services:				
Pupils	5,103,856	4,817,138	4,315,127	502,011
Instruction Staff	5,536,049	5,341,002	5,162,354	178,648
General Administration	1,198,418	1,188,418	1,214,393	(25,975)
Other Administrative Support Services	86,534	86,534	135,792	(49,258)
Business	5,619,858	5,703,257	3,552,328	2,150,929
Central	1,028,213	948,937	992,981	(44,044)
Special Education	702,787	702,787	712,414	(9,627)
Other Support Services	<u>1,117,841</u>	<u>1,117,841</u>	<u>1,132,871</u>	<u>(15,030)</u>
Total Support Services	<u>20,393,556</u>	<u>19,905,914</u>	<u>17,218,260</u>	<u>2,687,654</u>
Community Services:				
Custody and Care of Children Services	4,758,702	4,701,382	5,904,947	(1,203,565)
Welfare Activities Services	646,520	687,340	674,240	13,100
Other Community Services	<u>9,440,179</u>	<u>10,001,636</u>	<u>9,027,560</u>	<u>974,076</u>
Total Community Services	<u>14,845,401</u>	<u>15,390,358</u>	<u>15,606,747</u>	<u>(216,389)</u>
Total Expenditures	<u>40,000,627</u>	<u>40,165,846</u>	<u>37,616,676</u>	<u>2,549,170</u>



**Black Hills Special Services Cooperative  
Budgetary Comparison Schedule -  
General Fund - Budgetary Basis (Continued)  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Excess of Expenditures over Revenues	-	-	527,795	527,795
<b>OTHER FINANCING SOURCES</b>				
Proceeds from the Sale of Capital Assets	-	-	21,565	21,565
Proceeds from Insurance	-	-	14,831	14,831
Total Other Financing Sources	-	-	36,396	36,396
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>	-	-	564,191	564,191
<b>FUND BALANCE - BEGINNING</b>	<u>7,818,892</u>	<u>7,818,892</u>	<u>7,818,892</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 7,818,892</u>	<u>\$ 7,818,892</u>	<u>\$ 8,383,083</u>	<u>\$ 564,191</u>

**Black Hills Special Services Cooperative  
Schedule of the Cooperative's Proportionate Share  
of the Net Pension Liability (Asset)  
South Dakota Retirement System**

<u>Year*</u>	<u>Cooperative's Proportion of the Net Pension Liability (Asset)</u>	<u>Cooperative's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Cooperative's Covered- employee Payroll</u>	<u>Cooperative's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.7284770%	\$ (29,489)	\$ 20,438,446	0.14%	100.03%
2024	0.7280570%	\$ (71,062)	\$ 18,778,394	0.38%	100.07%
2023	0.7249010%	\$ (68,508)	\$ 17,274,093	0.40%	100.10%
2022	0.7086470%	\$ (5,427,023)	\$ 16,031,212	33.85%	105.52%
2021	0.6132859%	\$ (26,635)	\$ 13,466,856	0.20%	100.04%
2020	0.6228831%	\$ (66,644)	\$ 13,372,069	0.50%	100.09%
2019	0.6372764%	\$ (14,863)	\$ 13,252,564	0.11%	100.02%
2018	0.6563468%	\$ (59,564)	\$ 13,335,609	0.45%	100.10%
2017	0.6722685%	\$ 2,270,857	\$ 12,780,404	17.77%	96.89%
2016	0.7083794%	\$ (3,004,440)	\$ 12,931,725	23.23%	104.10%

\*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset), which is June 30 of the previous fiscal year.

**Black Hills Special Services Cooperative  
Schedule of Pension Contributions  
South Dakota Retirement System**

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<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Cooperative's Covered- employee Payroll</u>	<u>Contributions as a Percentage of Covered- employee Payroll</u>
2025	\$ 1,288,826	\$ 1,288,826	\$ -	\$ 21,480,394	6.00%
2024	\$ 1,226,245	\$ 1,226,245	\$ -	\$ 20,438,446	6.00%
2023	\$ 1,126,755	\$ 1,126,755	\$ -	\$ 18,778,394	6.00%
2022	\$ 1,040,697	\$ 1,040,697	\$ -	\$ 17,274,093	6.02%
2021	\$ 964,889	\$ 964,889	\$ -	\$ 16,031,212	6.02%
2020	\$ 807,587	\$ 807,587	\$ -	\$ 13,466,856	6.00%
2019	\$ 804,279	\$ 804,279	\$ -	\$ 13,372,069	6.01%
2018	\$ 794,666	\$ 794,666	\$ -	\$ 13,252,564	6.00%
2017	\$ 800,137	\$ 800,137	\$ -	\$ 13,335,609	6.00%
2016	\$ 766,880	\$ 766,880	\$ -	\$ 12,780,404	6.00%

# **Black Hills Special Services Cooperative**

## **Notes to the Required Supplementary Information**

### **South Dakota Retirement System**

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#### **NOTE 1 - BASIS OF PRESENTATION**

The Budgetary Comparison Schedule has been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedule - General Fund - Budgetary Basis presents capital outlay expenditures within each function, while the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund presents capital outlay expenditures as a separate function.

#### **NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

The Cooperative follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular Board meeting in May of each year, the Cooperative Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the Cooperative Board at the first regular meeting held in May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit member input prior to the approval of the budget.
5. Before October 1 of each year, the Cooperative Board must approve the budget for the ensuing fiscal year.
6. After adoption by the Cooperative Board, the operating budget is legally binding, and actual expenditures of each fund cannot exceed the amounts budgeted. An exception exists when, if it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when moneys are available to increase legal spending authority.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total Cooperative budget and may be transferred by resolution of the Cooperative to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. Unexpended appropriations lapse at year-end unless encumbered by resolution of the Board. No encumbrances were outstanding at June 30, 2025.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund.

#### **NOTE 3 - PENSION PLAN**

##### 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.

**Black Hills Special Services Cooperative  
Notes to the Required Supplementary Information  
South Dakota Retirement System**

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**NOTE 3 - PENSION PLAN (CONTINUED)**

Actuarial Assumptions 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 an 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.

## SUPPLEMENTARY INFORMATION

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Expenses**  
**For the Year Ended June 30, 2025**

Account Number and Title	Total	Support Services			Division of Developmental Disabilities (DDD)				
		Adjustments	Admin and Support	Fund-raising	Total of All Services	Group Home	Facility Day Services	Community Day Services	Supported Employment
1000 PERSONNEL SERVICES:									
1010 Administrative	\$ 783,730	\$ -	\$ 372,892	\$ -	\$ 410,838	\$ 207,460	\$ 159,656	\$ -	\$ 16,365
1020 Professional/Program Staff	21,401,467	-	-	-	21,401,467	2,000,438	956,540	42,718	122,833
1040 Support Staff	1,213,703	-	1,052,702	-	161,001	134,727	22,610	-	-
1050 Client Wages	55,930	-	1,996	-	53,934	799	6,992	-	45,344
TOTAL PERSONNEL SERVICES	23,454,830	-	1,427,590	-	22,027,240	2,343,424	1,145,798	42,718	184,542
1100 PERSONNEL BENEFITS AND TAXES									
1110 Retirement Plans	1,286,614	-	84,024	-	1,202,590	131,719	66,211	2,322	8,363
1120 Insurance Benefits	2,457,995	-	139,790	-	2,318,205	276,026	149,415	4,899	19,145
1130 Other Benefits	131,400	-	6,586	-	124,814	6,222	3,979	-	219
1140 FICA Taxes	1,728,829	-	103,155	-	1,625,674	174,748	84,539	3,146	14,000
1150 Unemployment Insurance	17,575	-	17,575	-	-	-	-	-	-
1160 Worker's Comp. Insurance	217,867	-	217,867	-	-	-	-	-	-
1170 Prof. Liability Insurance	290,640	-	289,942	-	698	-	-	-	-
1190 Other Benefits	-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL BENEFITS AND TAXES	6,130,920	-	858,939	-	5,271,981	588,715	304,144	10,367	41,727
1200 PROFESSIONAL FEES AND CONTRACT SERVICES									
1210 Administrative/Financial	1,761,461	-	244,408	-	1,517,053	13,437	15,639	-	482
1220 Habilitation/Rehabilitation	-	-	-	-	-	-	-	-	-
1230 Medical	-	-	-	-	-	-	-	-	-
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)	18,023	-	-	-	18,023	-	-	-	-
1237 Physician/Nursing Services	-	-	-	-	-	-	-	-	-
1238 Psychiatric Services	-	-	-	-	-	-	-	-	-
1290 Other	-	-	-	-	-	-	-	-	-
TOTAL PROFESSIONAL FEES AND CONTRACT SERVICES	1,779,484	-	244,408	-	1,535,076	13,437	15,639	-	482

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Expenses (Continued)**  
**For the Year Ended June 30, 2025**

Account Number and Title	Division of Developmental Disabilities (DDD)								Non-DDD
	Shared Living	Supervised Living	Supported Living	Specialized Medical Equipment	Service Coordination	Other Medical Services	ARPA Funds	Medicaid	BHSSC Non-DDD Divisions
1000 PERSONNEL SERVICES:									
1010 Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,402	\$ -	\$ -	\$ 20,955
1020 Professional/Program Staff	-	140,969	105,579	-	376,990	408,387	-	-	17,247,013
1040 Support Staff	-	-	-	-	-	3,664	-	-	-
1050 Client Wages	-	-	-	-	-	799	-	-	-
TOTAL PERSONNEL SERVICES	-	140,969	105,579	-	376,990	419,252	-	-	17,267,968
1100 PERSONNEL BENEFITS AND TAXES									
1110 Retirement Plans	-	6,998	6,155	-	22,620	21,227	-	-	936,975
1120 Insurance Benefits	-	17,056	8,034	-	59,748	36,292	-	-	1,747,590
1130 Other Benefits	-	-	-	-	5,040	1,786	-	-	107,568
1140 FICA Taxes	-	10,575	7,992	-	27,758	31,666	-	-	1,271,250
1150 Unemployment Insurance	-	-	-	-	-	-	-	-	-
1160 Worker's Comp. Insurance	-	-	-	-	-	-	-	-	-
1170 Prof. Liability Insurance	-	-	-	-	-	-	-	-	698
1190 Other Benefits	-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL BENEFITS AND TAXES	-	34,629	22,181	-	115,166	90,971	-	-	4,064,081
1200 PROFESSIONAL FEES AND CONTRACT SERVICES									
1210 Administrative/Financial	487,250	(245)	356	-	-	4,029	-	-	996,105
1220 Habilitation/Rehabilitation	-	-	-	-	-	-	-	-	-
1230 Medical	-	-	-	-	-	-	-	-	-
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)	-	-	-	-	-	18,023	-	-	-
1237 Physician/Nursing Services	-	-	-	-	-	-	-	-	-
1238 Psychiatric Services	-	-	-	-	-	-	-	-	-
1290 Other	-	-	-	-	-	-	-	-	-
TOTAL PROFESSIONAL FEES AND CONTRACT SERVICES	487,250	(245)	356	-	-	22,052	-	-	996,105

See independent auditor's report.



**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Expenses (Continued)**  
**For the Year Ended June 30, 2025**

Account Number and Title	Total	Support Services			Division of Developmental Disabilities (DDD)				
		Adjustments	Admin and Support	Fund-raising	Total of All Services	Group Home	Facility Day Services	Community Day Services	Supported Employment
1300 TRAVEL/TRANSPORTATION									
1390 Other	1,765,602	-	42,249	-	1,723,353	143,159	77,756	-	10,439
TOTAL TRAVEL/TRANSPORTATION	<u>1,765,602</u>	<u>-</u>	<u>42,249</u>	<u>-</u>	<u>1,723,353</u>	<u>143,159</u>	<u>77,756</u>	<u>-</u>	<u>10,439</u>
1400 SUPPLIES									
1440 Food	190,524	-	-	-	190,524	117,444	58,724	33	24
1490 Other	1,998,527	39,197	251,805	-	1,707,525	86,926	55,649	17	2,054
TOTAL SUPPLIES	<u>2,189,051</u>	<u>39,197</u>	<u>251,805</u>	<u>-</u>	<u>1,898,049</u>	<u>204,370</u>	<u>114,373</u>	<u>50</u>	<u>2,078</u>
1500 OCCUPANCY									
1510 Rent of Space	1,446,848	-	102,380	-	1,344,468	187,977	241,678	-	12,492
1520 Utilities & Telephone	163,610	-	10,926	-	152,684	53,793	43,664	-	3,930
1590 Other	207,419	-	10,116	-	197,303	76,666	96,630	-	9,276
TOTAL OCCUPANCY	<u>1,817,877</u>	<u>-</u>	<u>123,422</u>	<u>-</u>	<u>1,694,455</u>	<u>318,436</u>	<u>381,972</u>	<u>-</u>	<u>25,698</u>
1600 EQUIPMENT	<u>190,781</u>	<u>-</u>	<u>28,258</u>	<u>-</u>	<u>162,523</u>	<u>5,105</u>	<u>5,353</u>	<u>-</u>	<u>348</u>
1700 DEPRECIATION									
1710 Building	-	-	-	-	-	-	-	-	-
1720 Equipment	273,797	-	127,839	-	145,958	-	-	-	-
TOTAL DEPRECIATION	<u>273,797</u>	<u>-</u>	<u>127,839</u>	<u>-</u>	<u>145,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1800 MISCELLANEOUS									
1810 Clothing	-	-	-	-	-	-	-	-	-
1860 Bad Debt	14,334	13,962	372	-	-	-	-	-	-
1800 MISCELLANEOUS	-	-	-	-	-	-	-	-	-
TOTAL MISCELLANEOUS	<u>14,334</u>	<u>13,962</u>	<u>372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditure Subtotal	37,616,676	53,159	3,104,882	-	34,458,635	3,616,646	2,045,035	53,135	265,314
Admin. And Support Allocation	-	N/A	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 37,616,676</u>	<u>\$ 53,159</u>	<u>\$ 3,104,882</u>	<u>\$ -</u>	<u>\$ 34,458,635</u>	<u>\$ 3,616,646</u>	<u>\$ 2,045,035</u>	<u>\$ 53,135</u>	<u>\$ 265,314</u>

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Expenses (Continued)**  
**For the Year Ended June 30, 2025**

Account Number and Title	Division of Developmental Disabilities (DDD)								Non-DDD
	Shared Living	Supervised Living	Supported Living	Specialized Medical Equipment	Service Coordination	Other Medical Services	ARPA Funds	Medicaid	BHSSC Non-DDD Divisions
1300 TRAVEL/TRANSPORTATION									
1390 Other	-	9,268	68	-	14,041	19,615	-	-	1,449,007
TOTAL TRAVEL/TRANSPORTATION	-	9,268	68	-	14,041	19,615	-	-	1,449,007
1400 SUPPLIES									
1440 Food	319	-	671	-	-	179	-	-	13,130
1490 Other	464	200	1,249	9,760	387,489	11,015	-	-	1,152,702
TOTAL SUPPLIES	783	200	1,920	9,760	387,489	11,194	-	-	1,165,832
1500 OCCUPANCY									
1510 Rent of Space	-	1,920	4,513	-	26,400	21,624	-	-	847,864
1520 Utilities & Telephone	-	1,768	3,156	-	(190)	6,901	-	-	39,662
1590 Other	-	-	2,922	-	-	9,586	-	-	2,223
TOTAL OCCUPANCY	-	3,688	10,591	-	26,210	38,111	-	-	889,749
1600 EQUIPMENT	-	-	-	-	1,824	70	-	-	149,823
1700 DEPRECIATION									
1710 Building	-	-	-	-	-	-	-	-	-
1720 Equipment	-	-	-	-	-	-	103,795	-	42,163
TOTAL DEPRECIATION	-	-	-	-	-	-	103,795	-	42,163
1800 MISCELLANEOUS									
1810 Clothing	-	-	-	-	-	-	-	-	-
1860 Bad Debt	-	-	-	-	-	-	-	-	-
1800 MISCELLANEOUS	-	-	-	-	-	-	-	-	-
TOTAL MISCELLANEOUS	-	-	-	-	-	-	-	-	-
Expenditure Subtotal	488,033	188,509	140,695	9,760	921,720	601,265	103,795	-	26,024,728
Admin. And Support Allocation	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 488,033	\$ 188,509	\$ 140,695	\$ 9,760	\$ 921,720	\$ 601,265	\$ 103,795	\$ -	\$ 26,024,728

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Revenues**  
**For the Year Ended June 30, 2025**

Account Number and Title	Total	Support Services			Division of Developmental Disabilities (DDD)				
		Adjustments	Admin and Support	Fund-raising	Total of All Services	Group Home	Facility Day Services	Community Day Services	Supported Employment
2000 FEES									
2020 Title XIX	\$ 8,133,941	\$ -	\$ -	\$ -	\$ 8,133,941	\$ -	\$ -	\$ -	\$ -
2025 Title VII, Ch 1 Part B	-	-	-	-	-	-	-	-	-
2030 Title VII, Ch 1 Part C	-	-	-	-	-	-	-	-	-
2045 SD Department of Education	144,112	-	-	-	144,112	-	144,112	-	-
2050 Dept of Corrections	-	-	-	-	-	-	-	-	-
2055 Client Pay (Fee for Service)	19,055,181	-	22,869	-	19,032,312	2,400	841,350	-	-
2060 Insurance	-	-	-	-	-	-	-	-	-
2065 Other States	-	-	-	-	-	-	-	-	-
2070 Room and Board	390,302	-	-	-	390,302	390,212	90	-	-
2075 Bureau of Indian Affairs	-	-	-	-	-	-	-	-	-
2080 Department of Human Services	35,577	-	-	-	35,577	-	35,577	-	-
2085 Department of Social Services	-	-	-	-	-	-	-	-	-
2090 Other-Specify on Notes to Schedule B: (eg Other Federal Funds, County Funds, Unified Judicial System)	199,450	-	36,000	-	163,450	-	-	-	-
<b>TOTAL FEES</b>	<b>27,958,563</b>	<b>-</b>	<b>58,869</b>	<b>-</b>	<b>27,899,694</b>	<b>392,612</b>	<b>1,021,129</b>	<b>-</b>	<b>-</b>
2100 GRANTS (Foundations, Corporations or Trusts)									
2110 Grants (Used for Capital Expenditures)	-	-	-	-	-	-	-	-	-
2120 Grants (Used for Non-Capital Expenditures)	9,514,756	-	-	-	9,514,756	-	-	-	-
<b>2100 TOTAL GRANTS</b>	<b>9,514,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,514,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Revenues (Continued)**  
**For the Year Ended June 30, 2025**

Account Number and Title	Division of Developmental Disabilities (DDD)								Non-DDD
	Shared Living	Supervised Living	Supported Living	Specialized Medical Equipment	Service Coordination	Other Medical Services	ARPA Funds	Medicaid	BHSSC Non-DDD Divisions
2000 FEES									
2020 Title XIX	\$ -	\$ -	\$ -	\$ -	\$ 823,303	\$ -	\$ 103,750	\$ 7,206,888	\$ -
2025 Title VII, Ch 1 Part B	-	-	-	-	-	-	-	-	-
2030 Title VII, Ch 1 Part C	-	-	-	-	-	-	-	-	-
2045 SD Department of Education	-	-	-	-	-	-	-	-	-
2050 Dept of Corrections	-	-	-	-	-	-	-	-	-
2055 Client Pay (Fee for Service)	-	-	-	-	-	-	-	-	18,188,562
2060 Insurance	-	-	-	-	-	-	-	-	-
2065 Other States	-	-	-	-	-	-	-	-	-
2070 Room and Board	-	-	-	-	-	-	-	-	-
2075 Bureau of Indian Affairs	-	-	-	-	-	-	-	-	-
2080 Department of Human Services	-	-	-	-	-	-	-	-	-
2085 Department of Social Services	-	-	-	-	-	-	-	-	-
2090 Other-Specify on Notes to Schedule B: (eg Other Federal Funds, County Funds, Unified Judicial System)	-	-	-	-	-	-	-	-	163,450
TOTAL FEES	-	-	-	-	823,303	-	103,750	7,206,888	18,352,012
2100 GRANTS (Foundations, Corporations or Trusts)									
2110 Grants (Used for Capital Expenditures)	-	-	-	-	-	-	-	-	-
2120 Grants (Used for Non-Capital Expenditures)	-	-	-	-	294,584	-	-	-	9,220,172
2100 TOTAL GRANTS	-	-	-	-	294,584	-	-	-	9,220,172

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Revenues (Continued)**  
**For the Year Ended June 30, 2025**

Account Number and Title	Total	Support Services			Division of Developmental Disabilities (DDD)				
		Adjustments	Admin and Support	Fund-raising	Total of All Services	Group Home	Facility Day Services	Community Day Services	Supported Employment
2200 CONTRIBUTIONS (Donation, In Kind, Fund Raising)									
2210 Contributions (Used for Capital Expenditures)	-	-	-	-	-	-	-	-	-
2220 Contributions (Used for Non-Capital Expenditures)	63,480	-	13,578	3,200	46,702	-	-	-	-
2200 TOTAL CONTRIBUTIONS	63,480	-	13,578	3,200	46,702	-	-	-	-
2300 OTHER INCOME									
2310 Commodities/Food Stamps/National School Lunch	-	-	-	-	-	-	-	-	-
2340 FMHA Rent Subsidy	-	-	-	-	-	-	-	-	-
2341 Section 8 Rental Assistance	-	-	-	-	-	-	-	-	-
2350 Transportation	-	-	-	-	-	-	-	-	-
2360 Production/Farm Revenue	30,175	-	-	-	30,175	-	-	-	30,175
2370 Investment Income/Interest	107,276	-	107,276	-	-	-	-	-	-
2380 County Per Capita	-	-	-	-	-	-	-	-	-
2390 Other-Specify:	44,204	-	27,700	-	16,504	-	-	-	-
TOTAL OTHER INCOME	181,655	-	134,976	-	46,679	-	-	-	30,175
TOTAL REVENUES	\$ 37,718,454	\$ -	\$ 207,423	\$ 3,200	\$ 37,507,831	\$ 392,612	\$ 1,021,129	\$ -	\$ 30,175

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Schedule of Revenues (Continued)**  
**For the Year Ended June 30, 2025**

Account Number and Title	Division of Developmental Disabilities (DDD)								Non-DDD
	Shared Living	Supervised Living	Supported Living	Specialized Medical Equipment	Service Coordination	Other Medical Services	ARPA Funds	Medicaid	BHSSC Non-DDD Divisions
2200 CONTRIBUTIONS (Donation, In Kind, Fund Raising)									
2210 Contributions (Used for Capital Expenditures)	-	-	-	-	-	-	-	-	-
2220 Contributions (Used for Non-Capital Expenditures)	-	-	-	-	-	-	-	-	46,702
2200 TOTAL CONTRIBUTIONS	-	-	-	-	-	-	-	-	46,702
2300 OTHER INCOME									
2310 Commodities/Food Stamps/National School Lunch	-	-	-	-	-	-	-	-	-
2340 FMHA Rent Subsidy	-	-	-	-	-	-	-	-	-
2341 Section 8 Rental Assistance	-	-	-	-	-	-	-	-	-
2350 Transportation	-	-	-	-	-	-	-	-	-
2360 Production/Farm Revenue	-	-	-	-	-	-	-	-	-
2370 Investment Income/Interest	-	-	-	-	-	-	-	-	-
2380 County Per Capita	-	-	-	-	-	-	-	-	-
2390 Other-Specify:	-	-	-	-	-	-	-	-	16,504
TOTAL OTHER INCOME	-	-	-	-	-	-	-	-	16,504
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 1,117,887	\$ -	\$ 103,750	\$ 7,206,888	\$ 27,635,390

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Notes to the Schedule of Revenues**  
**For the Year Ended June 30, 2025**

	Support Services				Division of Developmental Disabilities (DDD)				
	Total	Adjustments	Admin and Support	Fund-raising	Total of All Services	Group Home	Facility Day Services	Community Day Services	Supported Employment
<b>Detail of #2090 - Other Fee Revenues</b>									
BHSSC Membership Fees	\$ 36,000	\$ -	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CPL Membership Fees	163,450	-	-	-	163,450	-	-	-	-
<b>TOTAL # 2090</b>	<b>\$ 199,450</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ -</b>	<b>\$ 163,450</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Detail of #2390 - Other - Specify</b>									
Sublease Rents	\$ 7,809	\$ -	\$ -	\$ -	\$ 7,809	\$ -	\$ -	\$ -	\$ -
Insurance Restitution	21,565	-	12,869	-	8,696	-	-	-	-
Sale of Surplus Property	14,831	-	14,831	-	-	-	-	-	-
<b>TOTAL # 2390</b>	<b>\$ 44,205</b>	<b>\$ -</b>	<b>\$ 27,700</b>	<b>\$ -</b>	<b>\$ 16,505</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Client Pay (Fee for Service) #2055 includes all fees for services for BHSSC Non-DD Divisions to include: services to schools, state agencies, and private entities.

BHSSC does not separate bundled HCBS Choices payments - funds received are recognized as Medicaid funds.

BHSSC's financial statements are presented based on governmental accounting standards. For cost report purposes, BHSSC reports on earned revenue prior to the adjustment for period of availability. Therefore, a reconciliation of revenue per cost report to revenue per audit report is as follows:

	Per Cost Report	Per Audit Report
<b>TOTAL REVENUES</b>	\$ 37,718,454	\$ 38,180,867
<i>Reconciling Items:</i>		
Adjustment for Period of Availability	462,410	-
<b>RECONCILED TOTAL REVENUES</b>	<b>\$ 38,180,867</b>	<b>\$ 38,180,867</b>

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Notes to the Schedule of Revenues (Continued)**  
**For the Year Ended June 30, 2025**

	Division of Developmental Disabilities (DDD)								Non-DDD
	Shared Living	Supervised Living	Supported Living	Specialized Medical Equipment	Service Coordination	Other Medical Services	ARPA Funds	Medicaid	BHSSC Non-DDD Divisions
<b>Detail of #2090 - Other Fee Revenues</b>									
BHSSC Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CPL Membership Fees	-	-	-	-	-	-	-	-	163,450
TOTAL # 2090	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,450</u>
<b>Detail of #2390 - Other - Specify</b>									
Sublease Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,809
Insurance Restitution	-	-	-	-	-	-	-	-	8,696
Sale of Surplus Property	-	-	-	-	-	-	-	-	-
TOTAL # 2390	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,505</u>

See independent auditor's report.



**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Staffing Information**  
**For the Year Ended June 30, 2025**

Staff Type	Position Type	Job Title	Total Hours Paid	Total Wages Paid	Average Wage per Hour	Admin and Support Hours
Administrative 1010	Other	Board Members	117	\$ 11,700	\$ 100	117
Administrative 1010	President/CEO/Executive Director	Executive Director	1,720	160,000	93	1,720
Administrative 1010	President/CEO/Executive Director	Deputy Director	1,032	85,050	82	1,032
Administrative 1010	CFO/Finance Director/Bookkeeper	Business Manager	1,720	116,142	68	1,720
Administrative 1010	Other	Director-Dev & Grants	1,404	82,548	59	1,404
Administrative 1010	Administrator/Assistant Administrator	Director-DD	1,700	137,326	51	1,700
Administrative 1010	Administrator/Assistant Administrator	Admin Coordinators	7,200	252,557	35	7,200
Professional Program Staff 1020	Other	Family Support Coordinator	14,898	376,990	25	-
Professional Program Staff 1020	Nurse/PA/CNP	Nurse	6,487	178,793	28	-
Professional Program Staff 1020	Psychiatrist/Psychologist/Physician	Psychologist	696	52,214	75	-
Professional Program Staff 1020	Other	Speech Pathologist	1,520	85,610	56	-
Professional Program Staff 1020	Other	Physical Therapist	315	18,245	58	-
Professional Program Staff 1020	Other	Occupational Therapist	225	12,628	56	-
Professional Program Staff 1020	Teacher/Teachers Assistant/Classroom Aid	Teacher	2,880	94,514	33	-
Professional Program Staff 1020	Other	Coordinators	9,222	303,745	33	-
Professional Program Staff 1020	Direct Support Professional/Job Coach	Direct Support Professional	125,506	3,020,385	24	-
Support Staff 1040	Maintenance Staff	Deputy Director	6,163	167,891	27	-
Support Staff 1040	Other	Business Manager	342	8,397	25	-
Support Staff 1040	Secretarial/Office Assistant	Accounting & Personnel	4,399	117,876	27	4,399
Support Staff 1040	Other	IT Network Administrator	13,919	379,514	27	13,919
Support Staff 1040	Other	Office Manager-Admin	7,336	309,278	42	7,336
Support Staff 1040	Other	Transportation Coordinator	1,647	44,398	27	1,647
Support Staff 1040	Other	Mechanic	4,111	95,358	23	4,111
Support Staff 1040	Other	Grants Writer	119	5,367	45	119

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Staffing Information (Continued)**  
**For the Year Ended June 30, 2025**

Staff Type	Position Type	Job Title	Division of Developmental Disabilities (DDD)						
			Group Home	Facility Day Services	Community Day Services	Supported Employment	Shared Living	Supervised Living	Supported Living
Administrative 1010	Other	Board Members	-	-	-	-	-	-	-
Administrative 1010	President/CEO/Executive Director	Executive Director	-	-	-	-	-	-	-
Administrative 1010	President/CEO/Executive Director	Deputy Director	-	-	-	-	-	-	-
Administrative 1010	CFO/Finance Director/Bookkeeper	Business Manager	-	-	-	-	-	-	-
Administrative 1010	Other	Director-Dev & Grants	-	-	-	-	-	-	-
Administrative 1010	Administrator/Assistant Administrator	Director-DD	-	-	-	-	-	-	-
Administrative 1010	Administrator/Assistant Administrator	Admin Coordinators	-	-	-	-	-	-	-
Professional Program Staff 1020	Other	Family Support Coordinator	-	-	-	-	-	-	-
Professional Program Staff 1020	Nurse/PA/CNP	Nurse	-	-	-	-	-	-	-
Professional Program Staff 1020	Psychiatrist/Psychologist/Physician	Psychologist	-	-	-	-	-	-	-
Professional Program Staff 1020	Other	Speech Pathologist	-	-	-	-	-	-	-
Professional Program Staff 1020	Other	Physical Therapist	-	-	-	-	-	-	-
Professional Program Staff 1020	Other	Occupational Therapist	-	-	-	-	-	-	-
Professional Program Staff 1020	Teacher/Teachers Assistant/Classroom Aid	Teacher	-	2,880	-	-	-	-	-
Professional Program Staff 1020	Other	Coordinators	1,288	2,800	-	2,078	-	-	1,456
Professional Program Staff 1020	Direct Support Professional/Job Coach	Direct Support Professional	77,940	34,682	2,119	2,892	-	4,866	3,007
Support Staff 1040	Maintenance Staff	Deputy Director	6,163	-	-	-	-	-	-
Support Staff 1040	Other	Business Manager	-	342	-	-	-	-	-
Support Staff 1040	Secretarial/Office Assistant	Accounting & Personnel	-	-	-	-	-	-	-
Support Staff 1040	Other	IT Network Administrator	-	-	-	-	-	-	-
Support Staff 1040	Other	Office Manager-Admin	-	-	-	-	-	-	-
Support Staff 1040	Other	Transportation Coordinator	-	-	-	-	-	-	-
Support Staff 1040	Other	Mechanic	-	-	-	-	-	-	-
Support Staff 1040	Other	Grants Writer	-	-	-	-	-	-	-

See independent auditor's report.

**Black Hills Special Services Cooperative**  
**Department of Human Services, Community Support Provider Cost Report -**  
**Staffing Information (Continued)**  
**For the Year Ended June 30, 2025**

Staff Type	Position Type	Job Title	Division of Developmental Disabilities (DDD)					Non-DDD
			Specialized Medical Equipment	Service Coordinator	Other Medical Services	ARPA Funds	Medicaid	BHSSC Non-DDD Divisions
Administrative 1010	Other	Board Members	-	-	-	-	-	-
Administrative 1010	President/CEO/Executive Director	Executive Director	-	-	-	-	-	-
Administrative 1010	President/CEO/Executive Director	Deputy Director	-	-	-	-	-	-
Administrative 1010	CFO/Finance Director/Bookkeeper	Business Manager	-	-	-	-	-	-
Administrative 1010	Other	Director-Dev & Grants	-	-	-	-	-	-
Administrative 1010	Administrator/Assistant Administrator	Director-DD	-	-	-	-	-	-
Administrative 1010	Administrator/Assistant Administrator	Admin Coordinators	-	-	-	-	-	-
Professional Program Staff 1020	Other	Family Support Coordinator	-	14,898	-	-	-	-
Professional Program Staff 1020	Nurse/PA/CNP	Nurse	-	-	6,487	-	-	-
Professional Program Staff 1020	Psychiatrist/Psychologist/Physician	Psychologist	-	-	696	-	-	-
Professional Program Staff 1020	Other	Speech Pathologist	-	-	1,520	-	-	-
Professional Program Staff 1020	Other	Physical Therapist	-	-	315	-	-	-
Professional Program Staff 1020	Other	Occupational Therapist	-	-	225	-	-	-
Professional Program Staff 1020	Teacher/Teachers Assistant/Classroom Aid	Teacher	-	-	-	-	-	-
Professional Program Staff 1020	Other	Coordinators	-	-	1,600	-	-	-
Professional Program Staff 1020	Direct Support Professional/Job Coach	Direct Support Professional	-	-	-	-	-	-
Support Staff 1040	Maintenance Staff	Deputy Director	-	-	-	-	-	-
Support Staff 1040	Other	Business Manager	-	-	-	-	-	-
Support Staff 1040	Secretarial/Office Assistant	Accounting & Personnel	-	-	-	-	-	-
Support Staff 1040	Other	IT Network Administrator	-	-	-	-	-	-
Support Staff 1040	Other	Office Manager-Admin	-	-	-	-	-	-
Support Staff 1040	Other	Transportation Coordinator	-	-	-	-	-	-
Support Staff 1040	Other	Mechanic	-	-	-	-	-	-
Support Staff 1040	Other	Grants Writer	-	-	-	-	-	-

See independent auditor's report.

## SINGLE AUDIT INFORMATION

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*

Board of Directors  
Black Hills Special Services Cooperative  
Sturgis, 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 and general fund of Black Hills Special Services Cooperative (the Cooperative) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements and have issued our report thereon dated December 18, 2025.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cooperative'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

December 18, 2025

Independent Auditor's Report on Compliance for  
Each Major Federal Program and Report on Internal Control  
over Compliance in Accordance with the Uniform Guidance

Board of Directors  
Black Hills Special Services Cooperative  
Sturgis, South Dakota

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

*Opinion on Each Major Federal Program*

We have audited Black Hills Special Services Cooperative (the Cooperative)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2025. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year 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 Cooperative and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Cooperative's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Cooperative'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 Cooperative's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cooperative'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 Cooperative'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 the Cooperative'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 Cooperative'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.

See independent auditor's report.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

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 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.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

December 18, 2025

See independent auditor's report.

**Black Hills Special Services Cooperative  
Schedule of Findings and Questioned Costs  
June 30, 2025**

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**SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

- a. The Independent Auditor's Report expresses unmodified opinions on the financial statements of Black Hills Special Services Cooperative.
- b. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the 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*.
- c. There was no noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*.
- d. The independent auditor's report on compliance for the major federal award programs for Black Hills Special Services Cooperative expresses an unmodified opinion on all major federal programs.
- e. No significant deficiencies or material weaknesses in internal control related to major federal programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
- f. No noncompliance related to major federal programs is reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
- g. No audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported within this schedule.
- h. The federal awards tested as major programs were:

Assistance Listing (AL) Number	Name of Federal Program
17.264	National Farmworker Jobs Program
93.870	Maternal, Infant, and Early Childhood Homevisiting Grant
- i. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- j. Black Hills Special Services Cooperative qualified as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

None reported.

**FINDINGS - MAJOR FEDERAL PROGRAMS AUDIT**

None reported.

See independent auditor's report.



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## **PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

### **FINDINGS - FINANCIAL STATEMENT AUDIT**

None reported.

### **FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT**

None reported.

See independent auditor's report.

**Black Hills Special Services Cooperative  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025**

Major Program	AL Number	Cluster/Program Name	Pass-through Entity	Identifying Number	Amount
		<b><u>U.S. Department of Defense</u></b>			
N	12 . 404	National Guard ChalleNGe Program	South Dakota Department of Military	25-1624-03	\$ 1,449,281
		<b>Total U.S. Department of Defense</b>			<u>1,449,281</u>
		<b><u>U.S. Department of Labor</u></b>			
Y	17 . 264	National Farmworker Jobs Program	N/A	N/A	729,608
		<b>Total U.S. Department of Labor</b>			<u>729,608</u>
		<b><u>U.S. Department of Education</u></b>			
N	84 . 002A	Adult Education - Basic Grants to States	South Dakota Department of Labor	25AB-002	149,163
N	84 . 011A	Migrant Education State Grant Program	South Dakota Department of Education	N/A	6
N	84 . 287C	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-ESEA-40201	288,461
N	84 . 287C	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-ESEA-40201	300,000
N	84 . 287C	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-ESEA-40201	265,933
N	84 . 287C	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-ESEA-40201	206,689
N	84 . 287C	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-ESEA-40201	265,861
N	84 . 287C	Twenty-First Century Community Learning Centers	South Dakota Department of Education	2025G-ESEA-40201	327,719
N	84 . 365A	English Language Acquisition State Grants	South Dakota Department of Education	N/A	372,202
N	84 . 425U	Education Stabilization Fund	South Dakota Department of Education	2024G-128	7,180
N	84 . 425U	Education Stabilization Fund	South Dakota Department of Education	2024G-128	8,536
		<i>Special Education Cluster:</i>			
N	84 . 027A	Special Education - Grants to States	South Dakota Department of Education	2025G-029	5,500
		<b>Total U.S. Department of Education</b>			<u>2,197,250</u>

See independent auditor's report.

**Black Hills Special Services Cooperative  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025**

Major Program	AL Number	Cluster/Program Name	Pass-through Entity	Identifying Number	Amount
<b><u>U.S. Department of Health and Human Services</u></b>					
N	93 . 464	ACL Assistive Technology	South Dakota Department of Human Services	9195-657-111 24	120,983
N	93 . 464A	ACL Assistive Technology	South Dakota Department of Human Services	9195-657-111 25	346,482
N	93 . 630	Developmental Disabilities Basic Support and Advocacy Grants	South Dakota Department of Human Services	9191-657-075 22	1,286
Y	93 . 870	Maternal, Infant, and Early Childhood Home Visiting Grant	South Dakota Department of Health	25SC091126	554,284
Y	93 . 870	Maternal, Infant, and Early Childhood Home Visiting Grant	South Dakota Department of Health	25SC091121 & 26SC091121	115,016
<i>Medicaid Cluster:</i>					
N	93 . 778	Medicaid Federal Assistance Program	South Dakota Department of Health	25SC091121 & 26SC091121	160,928
<b>Total Department of Health and Human Services</b>					<u>1,138,051</u>
<b><u>Social Security Administration</u></b>					
N	96 . 008	Social Security - Work Incentives Planning and Assistance Program	Montana State University Billings	622-034-03	31,393
<b>Total Social Security Administration</b>					<u>31,393</u>
<b>Total Federal Financial Assistance</b>					<u>\$ 5,545,583</u>

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cooperative and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: Black Hills Special Services Cooperative did not elect to use the 10% de minimis indirect cost rate.

NOTE 3: No funds were passed down to sub-recipients.

See independent auditor's report.

## OTHER INFORMATION

**Black Hills Special Services Cooperative  
Cooperative Officials  
June 30, 2025**

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**BOARD MEMBERS**

Anita Peterson, President  
Susan Humiston, Vice President  
Katie Burchfield  
Jodi Campbell  
Troy Carr  
Heather Grace  
Tanya Gray  
Terry Koontz  
Katie Merdanian  
Scott Reder  
Eric Skavang  
Rob Timm

**DIRECTOR**

Joe Hauge

**BUSINESS MANAGER**

Heidi Anderson

See independent auditor's report.