

SOUTH CENTRAL COOPERATIVE
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SOUTH CENTRAL COOPERATIVE

SOUTH CENTRAL COOPERATIVE
COOPERATIVE OFFICIALS
JUNE 30, 2024

BOARD MEMBERS:

Jason Jons, President
Chad Odens, Vice President
Will Bennett
Chad Kreeger
Amanda Larson
Bridgette Muller
Joel Rempfer
Carrie Reiner

ADVISORY BOARD MEMBERS:

Brian Field
Kory Foss
Daniel Hoey
Brad Peters
George Seiler
Jeremy Wollman
Fallon Woods
Matt Yost

DIRECTOR:

Kristi Hilzendeger

BUSINESS MANAGER:

Debra A. Cahoy

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
South Central Cooperative
Tyndall, 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 each major fund of the South Central Cooperative, Tyndall, South Dakota (Cooperative), as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements and have issued our report thereon dated November 22, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Cooperative's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2024-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Cooperative's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Cooperative's response to the findings identified in our audit. The Cooperative's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Cooperative's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Cooperative'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.



Schoenfish & Co., Inc.
Certified Public Accountants
November 22, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
South Central Cooperative
Tyndall, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the South Central Cooperative, Tyndall, South Dakota (Cooperative), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2024. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the South Central 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, 2024.

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 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 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

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

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

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requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2024-001 to be a material weakness.

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

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

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
November 22, 2024

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2023-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Views of Responsible Officials and Planned Corrective Action Plan:

The South Central Cooperative Director, Kristi Hilzendeger, is the contact person responsible for the corrective action plan for this prior finding. This finding is due to the size of the South Central Cooperative, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Cooperative has developed policies to help monitor the lack of segregation of duties, but due to the size of the Cooperative it is not feasible, or fiscally responsible to implement anything else at this time. The Cooperative will continue to follow the controls currently in place. This is a repeat audit finding since fiscal year 1999. This finding has not been corrected and is restated under current audit finding number 2024-001.

PRIOR OTHER AUDIT FINDINGS:

There are no prior other audit findings to report except for the lack of segregation of duties for revenues stated above.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2024-001.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. A material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting the reporting compliance requirement category as discussed in finding number 2024-001.
- e. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit disclosed audit findings that are required to be disclosed in accordance with the 2 CFR 200.516(a). See finding number 2024-001.
- g. The federal awards tested as major programs were:
 - Special Education Cluster:
 - 1. Special Education – Grants to States FALN No. 84.027
 - 2. Special Education - Preschool Grants FALN No. 84.173
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. The South Central Cooperative did not qualify as a low-risk entity.

CURRENT FEDERAL AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2024-001:

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues which affect the reporting compliance requirement category.

Major Federal Program:

The major federal programs affected are Special Education – Grants to States, FALN No. 84.027; and Special Education - Preschool Grants, FALN No. 84.173.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS(Continued)Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets through the separation of key accounting and physical control.

The AICPA states that, "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

Cause of Condition:

The Business Manager processes all transactions from beginning to end. The Business Manager also receives money, issues receipts, records receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Potential Effect of Condition:

There is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Identification as a Repeat Finding:

This is a repeat audit finding since fiscal year 1999.

RECOMMENDATION:

1. We recommend that the South Central Cooperative officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

CURRENT OTHER AUDIT FINDINGS:

There are no current other audit findings to report except for the lack of segregation of duties for revenues as stated in finding number 2024-001.

CLOSING CONFERENCE

The audit was discussed with the director and the business manager during the audit and at the conclusion of the audit.

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SOUTH CENTRAL COOPERATIVE

EDUCATIONAL PROGRAMS

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ANDES CENTRAL SCHOOL DISTRICT 11-1
AVON SCHOOL DISTRICT 4-1
BON HOMME SCHOOL DISTRICT 4-2
MENNO SCHOOL DISTRICT 33-2

SCOTLAND SCHOOL DISTRICT 4-3
SOUTH CENTRAL SCHOOL DISTRICT 26-5
TRIPP/DELMONT SCHOOL DISTRICT 33-5
WAGNER COMMUNITY SCHOOL DISTRICT 11-4

CORRECTIVE ACTION PLAN

Finding Number 2024-001: Material weakness in internal controls due to a lack of segregation of duties

Views of Responsible Officials and Planned Corrective Action Plan:

The South Central Cooperative Director, Kristi Hilzendeger, is the contact person responsible for the corrective action plan for this finding. This finding is due to the size of the South Central Cooperative, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Cooperative has developed policies to help monitor the lack of segregation of duties, but due to the size of the Cooperative it is not feasible, or fiscally responsible to implement anything else at this time. The Cooperative will continue to follow the controls currently in place.

Debra Cahoy 11/12/24
Business Manager Date

Kristi Hilzendeger 11/12/2024
Director Date

It is the policy of the South Central Cooperative that no person be subjected to discrimination on the basis of race, national origin, religion, sex, age, disability, or marital status in any program, service, or activity for which the Cooperative is responsible. Nondiscrimination coordinator is the Cooperative Director.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Central Cooperative
Tyndall, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Central Cooperative, Tyndall, South Dakota (Cooperative), as of June 30, 2024, and for the year then ended, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the South Central Cooperative as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 (MD&A), the Budgetary Comparison Schedules, the Schedule of the Cooperative's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the Cooperative Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is

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presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Cooperative Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024 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 Cooperative's internal control over financial reporting and compliance.



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MANAGEMENT’S DISUCSSION AND ANALYSIS

This section of the South Central Cooperative’s annual financial report presents our discussion and analysis of the Cooperative’s financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the Cooperative’s financial statements, which follow this section.

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 governmental-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 parts of the school government, reporting the Cooperative’s operations in more detail than the government-wide statements.
- The only fund financial statements the Cooperative has are those pertaining to the governmental funds. These tell how general governmental 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 supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

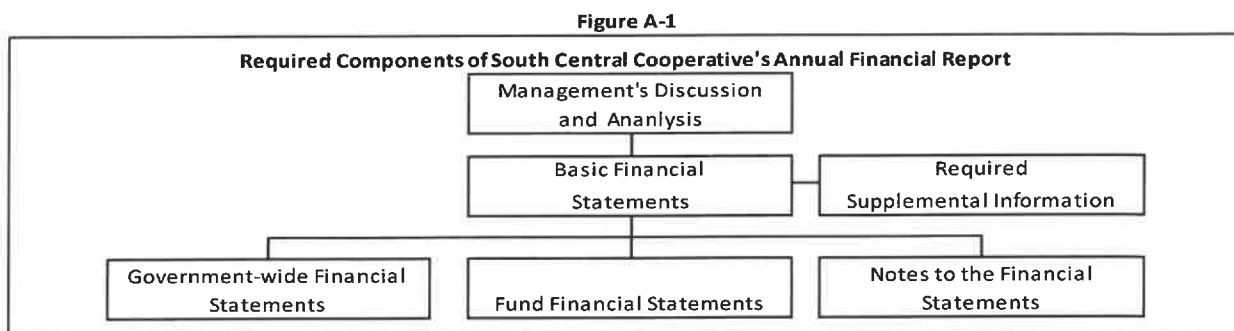


Figure A-2 summarizes the major features of the Cooperative’s financial statements, including the portion of the school government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Features of South Central Cooperative's Government-wide and Fund Financial Statements		
	<u>Government-wide Statements</u>	<u>Fund Financial Statements</u>
Scope	Entire school government	The activities of the SCC that are not proprietary or fiduciary. The SCC has no proprietary or fiduciary funds.
Required Financial Statements	* Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures & Changes in Fund Balance
Accounting Basics and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets included.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide 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 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 they have 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 an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Cooperative are reported in only one category – Governmental Activities. This category includes the Cooperative's basic instructional services, such as early childhood special education programs, support services (psychological, speech/language, student therapy, executive administration, fiscal services, etc.) and capital equipment purchases. Revenue from services provided to other LEA's and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Cooperative's fund. The Cooperative has one kind of fund – Governmental Funds. All of the Cooperative's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets can readily be 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.

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE

Net Position – The Cooperative's combined net position changed as follows:

Table A-1
Statement of Net Position

	Governmental Activities	
	2023	2024
Current and Other Assets	1,128,070	1,056,187
Net Pension Asset	4,908	5,301
Capital Assets	208,164	242,236
Total Assets	1,341,142	1,303,724
Pension Related Deferred Outflows	491,808	437,149
Total Deferred Outflows of Resources	491,808	437,149
Long-Term Debt Outstanding	0	0
Other Liabilities	229,035	147,815
Total Liabilities	229,035	147,815
Pension Related Deferred Inflows	297,774	277,611
Total Deferred Outflows of Resources	297,774	277,611
Net Position:		
Net Investment in Capital Assets	208,164	242,236
Restricted for SDRS Pension Purposes	198,941	164,839
Unrestricted	899,034	908,372
Total Net Position	1,306,140	1,315,447
Beginning Net Position	1,310,736	1,306,140
Increase(Decrease) in Net Position	-4,596	9,307
% of Increase(Decrease) in Net Position	-0.4%	0.71%

The current year's total assets and liabilities were lower than the previous year. Overall, there was a 0.71% increase in net position for 2024.

Changes in Net Position

The overall revenues and expenditures both decreased from the previous year. The Cooperative's total revenues were \$1,961,917 and total expenses were \$1,952,610. (See Table A-2)

GOVERNMENTAL ACTIVITIES

Table A-2, and the narrative that follows, considers the operations of the governmental activities.

Table A-2
Changes in Net Position

	Governmental Activities	
	2023	2024
Revenues		
Program Revenues		
Charges for Services	892,008	897,039
Operating Grants & Contributions	1,556,774	1,018,205
General Revenues	17,039	46,672
Total Revenues	\$2,465,821	\$1,961,917
Expenses		
Instruction	461,493	446,690
Support Services	2,008,925	1,505,920
Total Expenses	\$2,470,417	\$1,952,610
Increase(Decrease) in Net Position	(4,596)	9,307
Total Net Position	\$1,306,140	\$1,315,447

FINANCIAL ANALYSIS OF THE COOPERATIVE'S FUNDS

The General fund had a slight positive change in net position for the year. Our revenues totaled less than the current year expenditures for the general operation of the Cooperative.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Center Board revised the Cooperative's General Fund budget. The original budget was \$2,055,780 and the final budget was \$2,127,520.

CAPITAL ASSET ADMINISTRATION

Table A-3
Capital Assets (net of depreciation)

	Governmental Activities	
	2023	2024
Land	16,063	16,063
Buildings	122,798	118,266
Machinery and Equipment	69,303	107,907
Total Capital Assets (Net)	208,164	242,236

By the end of fiscal year 2024, the Cooperative had invested \$242,236 in Capital Assets (net of depreciation) including, land, buildings, and various machinery and equipment. (See Table A-3).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The main sources of revenue for the Cooperative's Special Education programs are funding from IDEA and local district assessments from our member schools. These assessments are based primarily on the schools' ADM. Any decreases in school's ADM, or in the funding they receive at the federal and state levels are inevitably going to affect the funding of the Cooperative. In FY24 the Cooperative no longer received additional funding in the form of the GEER MTSS Grant, which was a two-year grant.

Our general education Carl Perkins program is self-funded, that being, the expenditures are based on the amount of revenue received for that current year.

CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT

This financial report is designated to provide our communities 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 South Central Cooperative Administrative Office, 406 W. 14th Avenue, Tyndall, SD 57066.

**SOUTH CENTRAL COOPERATIVE
STATEMENT OF NET POSITION
As of June 30, 2024**

	Primary Government
	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	913,968.71
Other Assets	134,949.00
Restricted Assets:	
Cash and Cash Equivalents	7,269.13
Net Pension Asset	5,301.00
Capital Assets:	
Land	16,063.00
Other Capital Assets, Net of Depreciation	226,172.70
TOTAL ASSETS	1,303,723.54
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferred Outflows	437,148.61
TOTAL DEFERRED OUTFLOWS OF RESOURCES	437,148.61
LIABILITIES :	
Accounts Payable	4,552.26
Other Current Liabilities	143,262.61
TOTAL LIABILITIES	147,814.87
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferred Inflows	277,610.62
TOTAL DEFERRED INFLOWS OF RESOURCES	277,610.62
NET POSITION:	
Net Investment in Capital Assets	242,235.70
Restricted for:	
SDRS Pension Purposes	164,838.99
Unrestricted (Deficit)	908,371.97
TOTAL NET POSITION	1,315,446.66

The notes to the financial statement are an integral part of this statement.

**SOUTH CENTRAL COOPERATIVE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Governmental Activities:					
Instruction	446,689.75	315,040.00	220,962.00		89,312.25
Support Services	1,505,920.00	581,999.20	797,243.20		(126,677.60)
Total Governmental Activities	1,952,609.75	897,039.20	1,018,205.20	0.00	(37,365.35)
Total Primary Government	1,952,609.75	897,039.20	1,018,205.20	0.00	(37,365.35)
General Revenues:					
					38,779.15
					7,893.03
Total General Revenues					46,672.18
Change in Net Position					9,306.83
Net Position - Beginning					1,306,139.83
NET POSITION - ENDING					1,315,446.66

The notes to the financial statements are an integral part of this statement.

**SOUTH CENTRAL COOPERATIVE
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2024**

	General Fund
ASSETS:	
Cash and Cash Equivalents	913,968.71
Due from Other Government	134,949.00
Restricted Cash and Cash Equivalents	7,269.13
TOTAL ASSETS	1,056,186.84
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts Payable	4,552.26
Contracts Payable	110,456.07
Payroll Deductions and Withholdings and Employer Matching Payable	32,806.54
Total Liabilities	147,814.87
Fund Balances:	
Assigned for Vehicle Purchase	6,500.00
Assigned for Unemployment	7,269.13
Assigned for Early Retirement	330,000.00
Assigned for Next Year's Budget	260,395.00
Unassigned	304,207.84
Total Fund Balances	908,371.97
TOTAL LIABILITIES AND FUND BALANCES	1,056,186.84

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL COOPERATIVE
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	<u>908,371.97</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>5,301.00</u>
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	<u>242,235.70</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>437,148.61</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(277,610.62)</u>
Net Position - Governmental Activities	<u><u>1,315,446.66</u></u>

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund
Revenues:	
Revenue from Local Sources:	
Earnings on Investments and Deposits	38,779.15
Other Revenue from Local Sources:	
Services Provided Other School Districts	897,039.20
Other	7,893.03
Revenue from Federal Sources:	
Grants-in-Aid:	
Restricted Grants-in-Aid Received from Federal Government Through the State	1,018,205.20
Total Revenue	1,961,916.58
Expenditures:	
Instruction:	
Regular Programs:	
High School	74,829.17
Special Programs:	
Programs for Special Education	365,040.09
Support Services:	
Students:	
Psychological	286,600.27
Speech Pathology	506,500.32
Student Therapy Services	278,303.32
Instructional Staff:	
Improvement of Instruction	10,689.21
Educational Media	4,959.58
General Administration:	
Board of Education	23,734.78
Executive Administration	193,531.63
Business:	
Fiscal Services	91,190.17
Operation and Maintenance of Plant	63,577.45
Capital Outlay	53,623.00
Total Expenditures	1,952,578.99
Net Change in Fund Balances	9,337.59
Fund Balance - Beginning	899,034.38
FUND BALANCE - ENDING	908,371.97

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL COOPERATIVE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	<u>9,337.59</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>34,071.70</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (pension expense)	<u>(13,688.61)</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(20,413.85)</u>
Change in Net Position of Governmental Activities	<u><u>9,306.83</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of South Central Cooperative (Cooperative) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. The Cooperative has only governmental funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each 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, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Governmental Funds:

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, 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 governmental fund types.

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the South Central Cooperative, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2024 are grants from the State of South Dakota and revenue for services provided.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

d. Capital Assets:

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

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Statements:

All capital assets are valued at historical cost. Donated capital assets are valued at their estimated acquisition value on the date donated.

Interest costs incurred during the construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2024 balance of capital assets for governmental activities is all valued at original cost.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 0.00	----N/A-----	-----N/A-----
Buildings	\$ 50,000.00	Straight-line	50 yrs.
Improvements	\$ 10,000.00	Straight-line	20-50 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	10-50 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

e. Program Revenues:

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

f. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

g. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components.

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguishes between Nonspendable, Restricted, Committed, Assigned or Unassigned components.

h. Application of Net Position:

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.

i. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

NOTES TO THE FINANCIAL STATEMENTS(Continued)

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

j. Pensions:

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

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

Deposits – The 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 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

As of June 30, 2024, the Cooperative did not have any investments.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

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

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.

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

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Cooperative expects all receivables to be collected within one year.

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Primary Government:				
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	16,063.00			16,063.00
Total, not being depreciated	<u>16,063.00</u>	<u>0.00</u>	<u>0.00</u>	<u>16,063.00</u>
Capital Assets, being depreciated:				
Buildings	226,618.00			226,618.00
Machinery & Equipment	206,971.00	53,623.00	(51,360.00)	209,234.00
Total, being depreciated	<u>433,589.00</u>	<u>53,623.00</u>	<u>(51,360.00)</u>	<u>435,852.00</u>
Less Accumulated Depreciation for:				
Buildings	(103,820.00)	(4,532.00)		(108,352.00)
Machinery & Equipment	(137,668.00)	(15,019.30)	51,360.00	(101,327.30)
Total Accumulated Depreciation	<u>(241,488.00)</u>	<u>(19,551.30)</u>	<u>51,360.00</u>	<u>(209,679.30)</u>
Total Capital Assets, being depreciated, net	<u>192,101.00</u>	<u>34,071.70</u>	<u>0.00</u>	<u>226,172.70</u>
Governmental Activity Capital Assets, Net	<u>208,164.00</u>	<u>34,071.70</u>	<u>0.00</u>	<u>242,235.70</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Support Services	<u>\$ 19,551.30</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. RESTRICTED NET POSITION

Restricted net position for the fiscal year ended June 30, 2024 was as follows:

<u>Major Purposes:</u>	<u>Restricted By</u>	<u>Amount</u>
SDRS Pension	Governmental Accounting Standards	\$ 164,838.99
Total Restricted Net Position		<u>\$ 164,838.99</u>

6. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.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 members: Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits 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 that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living 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 fiscal years ended June 30, 2024, 2023, and 2022 were \$70,363.39, \$84,052.00, and \$74,405.83 respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the Cooperative as of the measurement period ending June 30, 2023 and reported by the Cooperative as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 7,870,040.09
Less proportionate share of net pension restricted for pension benefits	<u>\$ 7,875,341.09</u>
Proportionate share of net pension liability (asset)	<u>\$ (5,301.00)</u>

At June 30, 2024, the Cooperative reported a liability (asset) of \$(5,301.00) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (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, 2023, the Cooperative's proportion was 0.05431100%, which is an increase (decrease) of 0.0023770% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Cooperative recognized pension expense (reduction of pension expense) of \$34,102.45. At June 30, 2024, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 150,259.34	
Changes in assumption.	\$ 181,233.68	\$ 264,923.29
Net Difference between projected and actual earnings on pension plan investments.	\$ 35,292.20	
Changes in proportion and difference between Cooperative contributions and proportionate share of contributions.		\$ 12,687.33
Cooperative contributions subsequent to the measurement date.	<u>\$ 70,363.39</u>	
TOTAL	<u>\$ 437,148.61</u>	<u>\$ 277,610.62</u>

\$70,363.39 reported as deferred outflow 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, 2025. 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:	
2025	\$ 67,271.34
2026	(85,080.42)
2027	99,963.19
2028	<u>7,020.49</u>
TOTAL	<u>\$ 89,174.60</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
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 COLAs	1.91%

Mortality Rates

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2022.

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, 2023 (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%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
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).

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(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 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Cooperative’s proportionate share of the net pension liability (asset)	\$1,086,518.15	\$(5,301.00)	\$(898,200.78)

Pension Plan Fiduciary Net Position:

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

7. FINANCING OF COOPERATIVE

Local financing of the Cooperative is raised by each member cooperative contributing a pro-rated share of said amount based upon the number of children listed in the Annual Accreditation Report, plus any children enrolled in private schools from each member district.

The members of the Cooperative and their relative percentage participation in the Cooperative are as follows:

Andes Central School District No. 11-1	12.03%
Avon School District No. 4-1	9.31%
Bon Homme School District No. 4-2	18.41%
Menno School District No. 33-2	10.48%
Scotland School District No. 4-3	10.48%
South Central School District No. 26-5	3.94%
Tripp-Delmont School District No. 33-5	7.68%
Wagner School District No. 11-4	<u>27.67%</u>
TOTAL	<u><u>100.00%</u></u>

8. 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 period ended June 30, 2024, the Cooperative managed its risks as follows:

Employee Health Insurance:

The Cooperative joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. 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 also includes a \$2,000,000 lifetime maximum payment per person.

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 not exceeded the liability coverage during the past three years.

See Independent Auditor’s Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Liability Insurance:

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

Worker's Compensation:

The Cooperative purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits:

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

At June 30, 2024, no claims had been filed or were outstanding. It is not anticipated that any claims for unemployment benefits will be filed in the next fiscal year.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At June 30, 2024, the Cooperative was not involved in any significant litigation.

10. EARLY RETIREMENT BENEFITS

These conditions will apply to any full time employee who is employed by the South Central Cooperative at the end of the 2010-2011 school year. "Full time employee" shall mean an employee who has a full-time contract with the Cooperative in which he/she works at least forty (40) hours per week for a minimum of one hundred and seventy-five (175) days per school year. These conditions shall not apply to anyone hired after the 2010-2011 school year. The employee must be at least 55 years of age but less than 62 years of age on June 30 in the year in which retirement will commence. These conditions will apply to any staff member covered by this agreement.

1. Application for retirement shall be submitted to the Director by January 15 in the year in which retirement will commence and the approved or denied application shall be returned to the applicant within 10 days of the next regularly scheduled Center Board meeting.
2. A limit of two eligible employees only could retire in a given year. Priority is based on the most years of service in the Cooperative. The Board reserves the right to waive the number of eligible employees that may retire.
3. Years of required service shall be consecutive service with the South Central Cooperative, with the exception of approved leave of absence by the Board.
4. The retirement benefit will be limited to the person's salary.
5. All health and dental benefits will be terminated the last day of the month in which the final paycheck is paid.
6. After fifteen years in the Cooperative, any employee electing early retirement may do so under the following schedule:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

<u>Length of Service</u>	<u>Percentage Factor of Present Year's Salary</u>
15	35%
16	40%
17	45%
18	50%
19	55%
20	60%
21	65%
22	70%
23	75%
24	80%
25	85%

7. The benefit paid to each eligible employee shall be in accordance with the employee's final salary with the Cooperative excluding extra pay or extended pay. The retiring employee will have two options for payment: Option #1 – The benefit shall be payable in one (1) installment and the employee will choose to have the payment made either in the July payroll or the January payroll immediately following retirement. Option #2 – The benefit shall be payable in two (2) equal installments and these payments will be made in the July payroll and the January payroll immediately following retirement. All payments are subject to all payroll deductions as required by law.
8. The payments shall be reduced by Federal Withholding Tax and Social Security according to the procedures set up by the governing organizations for those deductions.
9. In the event an employee entitled to a benefit hereunder shall die while all or part of such benefit remains unpaid, such unpaid benefit or part thereof shall be paid to the beneficiary designated in writing by the employee on a form prescribed by the business manager. In the event no beneficiary designation has been made, the unpaid benefit shall be paid to the estate of the deceased employee. Payment by the cooperative in accord herewith shall fully discharge the cooperative's obligation under this article.
10. At such time that employment becomes less than full time, the employee is entitled to apply for and receive the Cooperative "early retirement benefit" which will be based on the present year's full time salary and the total number of year's service in the Cooperative.

11. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through November 22, 2024, the date on which the financial statements were available to be issued.

See Independent Auditor's Report.

REQUIRED SUPPLEMENTARY INFORMATION
SOUTH CENTRAL COOPERATIVE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND(10)
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Earnings on Investments and Deposits	20,000.00	20,000.00	38,779.15	18,779.15
Other Revenue from Local Sources:				
Services Provided Other School Districts	887,050.00	897,050.00	897,039.20	(10.80)
Other	0.00	0.00	7,893.03	7,893.03
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	1,001,233.00	1,017,923.00	1,018,205.20	282.20
Total Revenue	1,908,283.00	1,934,973.00	1,961,916.58	26,943.58
Expenditures:				
Instruction:				
Regular Programs:				
High School	77,000.00	77,000.00	74,829.17	2,170.83
Special Programs:				
Programs for Special Education	376,032.00	409,247.00	396,140.59	13,106.41
Support Services:				
Students:				
Psychological	354,381.00	354,381.00	286,600.27	67,780.73
Speech Pathology	528,050.00	541,550.00	506,500.32	35,049.68
Student Therapy Services	278,940.00	295,440.00	278,303.32	17,136.68
Instructional Staff:				
Improvement of Instruction	16,550.00	16,550.00	10,689.21	5,860.79
Educational Media	5,850.00	5,850.00	4,959.58	890.42
General Administration:				
Board of Education	23,400.00	25,200.00	23,734.78	1,465.22
Executive Administration	198,655.00	224,180.00	216,054.13	8,125.87
Business:				
Fiscal Services	92,390.00	93,390.00	91,190.17	2,199.83
Operation and Maintenance of Plant	74,532.00	80,282.00	63,577.45	16,704.55
Contingencies	30,000.00	4,450.00		
Amount Transferred				4,450.00
Total Expenditures	2,055,780.00	2,127,520.00	1,952,578.99	174,941.01
Net Change in Fund Balances	(147,497.00)	(192,547.00)	9,337.59	201,884.59
Fund Balance - Beginning	899,034.38	899,034.38	899,034.38	0.00
FUND BALANCE - ENDING	751,537.38	706,487.38	908,371.97	201,884.59

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting:

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

1. Prior to the first regular meeting in May of each year the 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 board at the first regular meeting held in the month of 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 taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated by number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total cooperative budget and may be transferred by resolution of the board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund.
11. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Student Transportation function of government, along with all other current Student Transportation related expenditures.

REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF THE COOPERATIVE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last 10 Fiscal Years *

	Cooperative's proportion of the net pension liability/asset	Cooperative's proportionate share of net pension liability (asset)	Cooperative's covered-employee payroll	Cooperative's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.0543110%	\$ (5,301)	\$ 1,400,864	0.38%	100.10%
2023	0.0519340%	\$ (4,908)	\$ 1,240,094	0.40%	100.10%
2022	0.0443140%	\$ (339,369)	\$ 1,005,627	33.75%	105.52%
2021	0.0450668%	\$ (1,957)	\$ 989,080	0.20%	100.04%
2020	0.0436894%	\$ (4,630)	\$ 928,925	0.50%	100.09%
2019	0.0484390%	\$ (1,130)	\$ 1,024,057	0.11%	100.02%
2018	0.0553649%	\$ (5,024)	\$ 1,124,892	0.45%	100.10%
2017	0.0549457%	\$ 185,601	\$ 1,044,789	17.76%	96.89%
2016	0.0541331%	\$ (229,594)	\$ 988,308	23.23%	104.10%
2015	0.0672263%	\$ (484,338)	\$ 1,141,561	42.43%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 06/30 of the previous year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COOPERATIVE PENSION CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Cooperative's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2024	\$ 70,363	\$ 70,363	\$ -	\$ 1,172,720	6.00%
2023	\$ 84,052	\$ 84,052	\$ -	\$ 1,400,864	6.00%
2022	\$ 74,406	\$ 74,406	\$ -	\$ 1,240,094	6.00%
2021	\$ 60,338	\$ 60,338	\$ -	\$ 1,005,627	6.00%
2020	\$ 59,345	\$ 59,345	\$ -	\$ 989,080	6.00%
2019	\$ 55,736	\$ 55,736	\$ -	\$ 928,925	6.00%
2018	\$ 61,444	\$ 61,444	\$ -	\$ 1,024,057	6.00%
2017	\$ 67,494	\$ 67,494	\$ -	\$ 1,124,892	6.00%
2016	\$ 62,688	\$ 62,688	\$ -	\$ 1,044,789	6.00%
2015	\$ 59,299	\$ 59,299	\$ -	\$ 988,308	6.00%

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes from Prior Valuation

The June 30, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change in actuarial assumptions from the June 30, 2022 Actuarial Valuation.

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

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

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

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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.

**SOUTH CENTRAL COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Expenditures FY 2024
US Department of Education:			
Pass-Through the SD Department of Education:			
Vocational Education - Basic Grants to States	84.048	V048A230041	77,280.00
Special Education Cluster:			
Special Education - Grants to States (Note 3)	84.027A	H027A230091	881,506.01
Special Education - Preschool Grants (Note 3)	84.173A	H173A230091	48,682.00
Total Special Education Cluster			930,188.01
Total US Department of Education			1,007,468.01
US Department of Homeland Security - Pass-Through Programs:			
SD Department of Public Safety - Office of Emergency Management,			
Homeland Security Grant Program	97.067	HLS-2023-00317	10,737.19
GRAND TOTAL			\$1,018,205.20

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Cooperative under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Cooperative, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Cooperative.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Cooperative has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.