

SECTION IV--COOPERATIVES/MULTIDISTRICTS

COOPERATIVES AND MULTI-DISTRICTS

Authorization for Cooperatives and Multidistricts:

Special Education cooperatives and multidistrict centers are authorized by SDCL 13-5-33 and 13-39-53. These laws basically require that the cooperatives and multidistricts comply with the same laws and accounting requirements as apply to public school districts except that they have no power to levy taxes or issue bonds. Multidistricts are also required to follow the administrative procedures and rules as found in SDCL 1-26. The above statutes read as follows:

SDCL 13-5-33. - Cooperative educational service units - Compliance with school district requirements and budget procedures. Cooperative service units created pursuant to this chapter shall comply with school district requirements regarding bookkeeping, record maintenance, board meetings, publication of minutes, health and safety requirements and bid laws. Cooperative service units shall comply with budget procedures, except no tax levy may be transmitted to the county commissioners.

SDCL 13-39-53. - School district laws applicable to multidistrict centers. Multidistrict centers are subject to the rules adopted by the state board pursuant to chapter 1-26 and to applicable statutory requirements of school districts. A center board has the same power, authority, responsibility, and obligations as a school board, except for the authority to levy taxes and to issue bonds. South Dakota statutes relating to educational financial activities and other educational activities apply to multidistrict centers unless otherwise prohibited by sections 13-39-41 to 13-39-64, inclusive. (SDCL 13-39-41 to SDCL 13-39-64 are the laws applicable to multidistrict centers.)

Governmental Accounting:

Cooperatives and multidistrict centers are required to follow the same accounting principles as other school districts which are defined in Section I of this manual. The cooperatives and multidistricts will primarily consist of governmental funds which should be accounted for on the modified accrual basis of accounting.

Chart of Accounts:

Cooperatives and multidistrict centers are required to use the chart of accounts as shown in Section II of this manual.

Cooperatives and multidistricts will account for the financial transactions from the fund groups as follows:

General Fund - Almost all of the financial transactions will be recorded in the General Fund. Federal grants received will be accounted for by a specific revenue source as shown in Section II and be expended through the appropriate General Fund category.

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Note: Special Education operations must be reported as a special revenue fund for the purposes of reporting to DECA. However, since the Special Education program is the largest program in most Cooperatives, it should be reported as a general fund for the audit/GAAP financial statements.

Special Revenue Funds - Generally, special revenue funds will not exist except to account for federal grants which require a separate fund. Because these entities are not allowed to levy taxes, a Capital Outlay Fund or Special Education Fund should not exist. The Capital Outlay Fund and Special Education Fund are authorized by specific laws for the expending of special tax collections for specific purposes.

Debt Service Funds - Because the cooperatives and multidistricts cannot issue bonds, a Debt Service Fund probably will never exist.

Capital Projects Funds - It is unlikely that a Capital Projects Fund would ever exist unless a contribution was received for the construction of a project.

Proprietary Fund Types - As these entities generally do not operate enterprise type operations such as a food service program, enterprise funds would not exist. An internal service fund might exist if a form of self-insurance funds is established.

Fiduciary Funds - A cooperative and multidistrict may have **fiduciary funds** to account for the **trustee** control of funds for others. For example, an agency fund might exist to account for class funds held for special purposes.

General Capital Asset Accounts - These entities should have a General **Capital Asset** self-balancing accounts if they acquire property which meets the definition of General **Capital Assts.**

General Long-Term Liability Accounts - Because the cooperatives and multi-districts are not allowed to issue bonds, this group of accounts should only reflect items such as accrued leave payable and other debt not incurred by bonds.

General Requirements:

Cooperatives and multidistrict centers should follow the requirements as shown in Sections III through XIII of this manual as they apply to your entity. These sections of the manual include guidance in areas such as (a) accounting records, (b) federal grants, (c) preparation of budget, (d) financial reporting, (e) school laws, (f) school accounting terms, and (g) interpretations of various accounting principles.