NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2021

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
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CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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*

To the Board of Directors
Northwest Area Schools
Multi-District/Educational Cooperative

of America and the standards applicable to financial statement 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 Northwest Area Schools Multi-District/Educational Cooperative, South Dakota, Cooperative, as of and for the year ended June 30, 2021, 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 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwest Area Schools Multi-District/Educational 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 over financial reporting. 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 control 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below and in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2021-001, 2021-002, and 2021-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northwest Area Schools Multi-District/Educational 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 that are required to be reported under *Government Auditing Standards*.

Cooperative's Responses to Findings

Northwest Area Schools Multi-District/Educational Cooperative's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Cooperative's responses were 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Cahill Bauer

Cahill Bauer & Associates, LLC

Mobridge, South Dakota
November 4, 2021

CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

School Board
Northwest Area Schools
Multi-District/Educational Cooperative

Report on Compliance for Each Major Federal Program

We have audited the Northwest Area Schools Multi-District/Educational Cooperative's, 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cooperative's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Cooperative's compliance.

Opinion on Each Major Federal Program

In our opinion, the Northwest Area Schools Multi-District/Educational Cooperative, South Dakota complied, in all material respects, with the 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, 2021.

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Report on Internal Control Over Compliance

Management of the Cooperative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cooperative's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Cahill Berne

Mobridge, South Dakota
November 4, 2021

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2021 AND FOR THE YEAR THEN ENDED

PRIOR FEDERAL AUDIT FINDINGS

No prior year federal audit findings were reported.

PRIOR OTHER AUDIT FINDINGS

Finding Number 2020-001

Initial Fiscal Year Finding Occurred: 2008

Finding Summary: The Cooperative does not have an internal control system designed for the proper segregation of duties.

Status: Ongoing. This finding has not been corrected and is retated as finding 2021-001 due to cost considerations, the Cooperative has determined it is not cost efficient to employ additional staff to adequately segregate duties. The Cooperative will implement compensating controls where practical.

Finding Number 2020-002

Initial Fiscal Year Finding Occurred: 2008

Finding Summary: The Cooperative does not have an internal control system designed for the preparation of the financial statements in accordance with generally accepted accounting principles.

Status: Ongoing. This finding has not been corrected and is retated as finding 2021-001 due to cost considerations, the Cooperative accepts the risks associated with the auditors preparing the financial statements. The cooperative will implement compensating controls where practical.

Finding Number 2020-003

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The Cooperative does not have an internal control system designed to provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Status: This finding has been corrected.

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2021 AND FOR THE YEAR THEN ENDED

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties as discussed in finding number 2021-001. A material weakness was disclosed by our audit of the financial statements for the preparation of the financial statements by the auditor as discussed in finding number 2021-002. A material weakness was disclosed by our audit of the financial statements for control deficiency not identifying payroll item setup incorrectly as discussed in finding number 2021-003.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the 2 CFR 516(a).

f. The federal awards tested as major programs were:
   1. **Special Education - Preschool Grants - CFDA No. 84.173**
   2. **Special Education - Grants to States - CFDA No. 84.027**

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

h. Northwest Area Schools did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS

There are no written current federal compliance audit findings to report.

(Continued on next page)

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2021 AND FOR THE YEAR THEN ENDED

CURRENT OTHER AUDIT FINDINGS

Internal Control-Related Findings: Material Weaknesses

Finding 2021-001

Criteria

To obtain adequate internal control over cash management, the duties of collecting and handling of cash must be segregated from the recording of the cash transaction. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process.

Statement of Condition

A lack of proper segregation of duties existed for the revenue function resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. The business manager processed all revenue transactions from beginning to end. The business manager received money, issued receipts, recorded receipts, posted receipts in the accounting records, prepared bank deposits, reconciled bank statements and prepared financial statements. As a result, an inadequate segregation of duties existed for the revenue function of the Cooperative.

Cause and Effect

Inaccurate financial statement and/or misappropriations of funds could result from a lack of segregation of duties.

Identification as a repeat finding: Yes, prior year finding from 2008.

Recommendation

We recommend that Cooperative's 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.

Finding 2021-002

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

(Continued on next page)

Statement of Condition

The Cooperative does not have an internal control system designed to provide for the preparation of the annual financial statements including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause and Effect

This condition may affect the Cooperative's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Identification as a repeat finding: Yes, prior year finding from 2008.

Recommendation

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Finding 2021-003

Statement of Condition

While conducting our audit, we identified payroll deductions that were setup incorrectly causing SDRS retirement contributions to be calculated incorrectly.

Criteria

An organization's internal control structure should provide for the correct setup of all payroll deductions.

Cause and Effect

This condition may affect the Cooperative's ability to process and record payroll transactions appropriately.

Identification as a repeat finding: This is the initial year for this finding.

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

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Multi-District/Educational Cooperative

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CORRECTIVE ACTION PLAN

Finding Number 2021-001

Internal control over financial reporting and compliance is not adequate.

Views of responsible officials and planned corrective actions:

Quinn Lenk, is the contact at this entity responsible for the corrective action plan for this comment. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

Finding Number 2021-002

The Cooperative does not have an internal control system designed to provide for the preparation of the financial statements including required footnotes and disclosures, in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions:

Quinn Lenk, is the contact at this entity responsible for the corrective action plan for this comment. Both the Board of Directors and management are aware of this process and have expressed their confidence in that the information is accurate and they are willing to accept this risk.

Finding Number 2021-003

The Cooperative does not have an internal control system designed to ensure that all payroll deductions are calculated correctly.

Views of responsible officials and planned corrective actions:

Quinn Lenk, is the contact at this entity responsible for the corrective action plan for this comment. Both the Board of Directors and management are aware of this process and have expressed their confidence in that the information will be corrected in future years.

Business Manager

Superintendent

CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northwest Area Schools
Multi-District/Educational Cooperative

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Area Schools Multi-District/Educational Cooperative, as of June 30, 2021 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.

Management's Responsibility for the Financial Statements

The Cooperative's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cooperative's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Northwest Area Schools Multi-District/Educational Cooperative as of June 30, 2021, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of Cooperative Contributions and Schedule of the Cooperative's Proportionate Share of the Net Pension Liability (Asset) on pages 34 through 42 be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing the basic financial statements in 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

The Cooperative has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Emphasis of Matter

As discussed in Notes 2 and 14 to the financial statements, in 2021, the Cooperative adopted Govenernmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

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 is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2021 on our consideration of the Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cooperative's internal control over financial reporting and compliance.

Cahill Bauer

Mobridge, South Dakota
November 4, 2021

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
STATEMENT OF NET POSITIONS
JUNE 30, 2021

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	$ 794,165
Investments	349,000
Accounts Receivable	119,146
Due from Government	143,621
Net Pension Asset	1,901
Capital Assets:	
Other Capital Assets, Net of Depreciation	836,544
TOTAL ASSETS:	2,244,377
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferred Outflows	327,806
TOTAL DEFERRED OUTFLOWS OF RESOURCES:	327,806
LIABILITIES:	
Accounts Payable	26,196
Contracts Payable	125,684
Payroll Deductions and Withholdings Payable and Employer Matching Payable	16,598
Noncurrent Liabilities:	
Due in More Than One Year	5,086
TOTAL LIABILITIES:	173,564
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferred Inflows	257,438
TOTAL DEFERRED INFLOWS OF RESOURCES:	257,438
NET POSITION:	
Net Invested in Capital Assets	836,544
Restricted for SDRS Pension Purposes	72,269
Restricted for Special Education	429,591
Unrestricted	802,777
TOTAL NET POSITION:	$ 2,141,181

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

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities
Primary Government:					
Governmental Activities					
Instruction	$ 723,501	$ 335,072	$ 323,298	$ (65,131)	$ (65,131)
Support Services	1,145,333	502,609	484,947	(157,777)	(157,777)
Total Governmental Activities	1,868,834	837,681	808,245	(222,908)	(222,908)
Total Primary Government	$ 1,868,834	$ 837,681	$ 808,245	(222,908)	(222,908)
General Revenues:					
Revenue from State Sources-State Aid				574	574
Revenue from Federal Sources				48,700	48,700
Unrestricted Investment Earnings				4,120	4,120
Other General Revenues				51,251	51,251
Total General Revenues				104,645	104,645
Change in Net Position				(118,263)	(118,263)
Net Position - Beginning				2,249,853	2,249,853
Restatement - Implementation of GASB 84 (Note 14)				9,591	9,591
Net Position - Ending				$ 2,141,181	$ 2,141,181

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

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Education Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 696,324	$ 97,841	$ 794,165
Investments	130,000	200,000	330,000
Accounts Receivable	9,801	109,345	119,146
Due from Government	51,406	92,215	143,621
Restricted Investments	9,500	9,500	19,000
Total Assets	897,031	508,901	1,405,932
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	6,597	19,599	26,196
Contracts Payable	72,149	53,535	125,684
Payroll Deductions and Withholdings Payable and Employer Matching Payable	10,422	6,176	16,598
Total Liabilities	89,168	79,310	168,478
Fund Balances:			
Restricted			
Special Education	-	423,591	423,591
Assigned			
Unemployment	6,000	6,000	12,000
Unassigned	801,863	-	801,863
Total Fund Balances	807,863	429,591	1,237,454
Total Liabilities and Fund Balances	$ 897,031	$ 508,901	$ 1,405,932

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

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances - government funds	$	1,237,454
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The capitalized cost of the assets is $1,431,895 and the accumulated depreciation is ($595,351) for a net amount of $836,544.		836,544
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		1,901
Pension related deferred outflows are components of pension (liability) asset and therefore are not reported in the funds.		327,806
Pension related deferred inflows are components of pension (liability) asset and therefore are not reported in the funds.		(257,438)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Leave ($5,086)		(5,086)
Total Net Position - Governmental Activities	$	2,141,181

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

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Education Fund	Total Governmental Funds
REVENUES			
Earnings on Investments and Deposits	$ 2,848	$ 1,272	$ 4,120
Other Revenue from Local Sources			
Service Provided Other LEAs	644,040	193,641	837,681
Other	49,261	1,018	50,279
Total Revenue from Local Sources	696,149	195,931	892,080
Revenue from State Sources			
Grants-in-Aid			
Unrestricted Grants-in-Aid	574	-	574
Total Revenue from State Sources	574	-	574
Revenue from Federal Sources			
Unrestricted Grants-in-Aid Received from Federal Government Through State	28,696	20,004	48,700
Restricted Grants-in-Aid Received from Federal Government Through State	262,203	546,042	808,245
Total Revenue from Federal Sources	290,899	566,046	856,945
TOTAL REVENUES	$ 987,622	$ 761,977	$ 1,749,599

(Continued on next page)

MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Education Fund	Total Governmental Funds
EXPENDITURES			
Instruction			
Regular Programs			
High School	$ 539,426	$ -	$ 539,426
Special Programs			
Gifted & Talented	3,388	-	3,388
Programs for special education	-	68,835	68,835
Total Instruction	542,814	68,835	611,649
Support Services			
Pupils:			
Psychological	-	63,132	63,132
Speech Pathology	-	293,023	293,023
Student Therapy Services	-	11,970	11,970
Instructional Staff:			
Improvement of Instruction	161,537	140,549	302,086
Educational Media	840	-	840
General Administration			
Board of Education	42,318	27,578	69,896
Executive Administration	77,961	83,094	161,055
Business			
Fiscal Services	60,988	72,167	133,155
Operation and Maintenance of Plant	50,862	-	50,862
Special Education:			
Administrative Costs	-	2,724	2,724
Total Support Services	394,506	694,237	1,088,743
Capital Outlay	66,545	-	66,545
TOTAL EXPENDITURES	1,003,865	763,072	1,766,937
Excess of Revenue Over (Under) Expenditures	(16,243)	(1,095)	(17,338)
Other Financing Sources			
Sale of Surplus Property	3,498	-	3,498
Compensation or Loss of General Capital Asset	7,984	-	7,984
Total Other Financing Sources	11,482	-	11,482
Net Change in Fund Balances	$ (4,761)	$ (1,095)	$ (5,856)
Fund Balance - Beginning	803,033	430,686	1,233,719
Restatement - Implementation of GASB 84 (Note 14)	(9,591)	-	(9,591)
Fund Balance - Ending	$ 788,681	$ 429,591	$ 1,218,272

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

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021

Total net change in fund balances - government funds	$	(5,856)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.		(3,414)
In the statement of activities loss on disposal of capital assets are reported, whereas in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether or not gain or loss is realized.		(10,510)
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 the funds. e.g., pension expense ($98,031) and accrued leave ($452).		(98,483)
Total Change in Net Position - Governmental Activities	$	(118,263)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The reporting entity of the Northwest Area Schools Multi-District/Educational 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 the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities, equal net position). Net Positions are displayed in three components, as applicable, net invested 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 and 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.

(Continued on next page)

Fund Financial Statements

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the 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.

Special Education Fund - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the Cooperative. This fund is financed by grants and programs. This is 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, the governmental activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

(Continued on next page)

Fund Financial Statements

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to government funds.

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, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Northwest Area Schools Multi-District/Educational Cooperative, the length of that cycle is 60 days.

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 deferred inflow of resources.

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

d. Interfund Eliminations and Reclassifications

Government-wide Financial Statements

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

(Continued on next page)

e. Deposits and Investments

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

f. Capital Assets

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

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

Government-Wide Statements

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

For governmental activities, Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP.

Essentially none of the total June 30, 2021 balance of capital assets for governmental activities were determined by estimates of the original costs.

Depreciation of all exhaustible fixed 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 assets acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

(Continued on next page)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Improvements	$ 5,000	Straight-line	15-25 years
Buildings	$ 5,000	Straight-line	50-100 years
Machinery and Equipment	$ 5,000	Straight-line	5-20 years

The Cooperative does not own any land, if they did it would be considered an inexhaustible capital asset and would not be depreciated.

Fund Financial Statements

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

g. Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

h. 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:

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

b: 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.

c: 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.

(Continued on next page)

i. Equity Classifications

Government-wide Statements

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

a: Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation 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.

b: Restricted Net Position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c: Unrestricted Net Position - All other net assets 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 may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components.

j. 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.

k. 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:

(Continued on next page)

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

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Cooperative Board.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

l. 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.

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2021, the Cooperative implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The impact to the Cooperative resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84. The effect of the implementation of this standard on beginning net position is disclosed in Note 14.

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NOTE 3 - DEPOSITS AND INVESTMENTS

The Cooperative follows the practice of aggregating the cash assets of various funds in some instances 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. Deposits are reported at cost, plus interest, if the account is of the add-on type.

Investments - In general, SDCL 4-5-6 permits cooperative funds to be invested only 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, 2021, the Cooperative did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

As of June 30, 2021, the Cooperative the investments reported in the financial statements consist of only certificates of deposit.

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.

(Continued on next page)

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.

NOTE 4 - RECEIVABLES AND PAYABLES

The Cooperative does not aggregate receivables and payables in the financial statements. Detail of the significant components are as follows:

Receivables at June 30, 2021, were as follows:

	Accounts Receivable	Due from other Governments	Total Receivables
Governmental Activities:			
General Fund	$ 9,801	$ 51,406	$ 61,207
Special Education Fund	109,345	92,215	201,560
Total - Gov't Activities	$ 119,146	$ 143,621	$ 262,767
The portion of above amounts not scheduled for collection during the subsequent year	$ -	$ -	$ -

Payables at June 30, 2021, were as follows:

	Accounts Payable	Accrued Wages	Payroll Deductions	Total Payables
Governmental Activities:				
General Fund	$ 6,597	$ 72,149	$ 10,422	$ 89,168
Special Education Fund	19,599	53,535	6,176	79,310
Total - Gov't Activities	$ 26,196	$ 125,684	$ 16,598	$ 168,478

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NOTE 5 - CHANGES IN CAPITAL ASSETS

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Governmental activities:				
Capital assets, being depreciated:				
Buildings	$ 972,951	$ 14,720	$ -	$ 987,671
Machinery and Equipment	433,299	51,825	(40,900)	444,224
Total, being depreciated	$ 1,406,250	$ 66,545	$ (40,900)	$ 1,431,895
Less accumulated depreciation for:				
Buildings	304,312	33,451	-	337,763
Machinery and Equipment	251,470	36,508	(30,390)	257,588
Total accumulated depreciation	$ 555,782	$ 69,959	$ (30,390)	$ 595,351
Govt activity capital assets, net	$ 850,468	$ (3,414)	$ (10,510)	$ 836,544

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	63,881
Support Services	6,078
Total depreciation expense - governmental activities	$ 69,959

NOTE 6 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

Primary Government
Governmental Activities:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Compensated Absences	$ 4,634	$ 3,391	$ (2,939)	$ 5,086
Total	$ 4,634	$ 3,391	$ (2,939)	$ 5,086

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

Long-term liabilities at June 30, 2021 are comprised of the following:

Governmental Activities:

Compensated absences payable from General Fund	$ 5,086
Total	$ 5,086

(Continued on next page)

NOTE 7 - PENSION PLAN

Plan Information:

All permanent employees working twenty or more hours per week participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund 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 public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be: The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.

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

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% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Cooperative's share of contributions to the SDRS for the years ended June 30, 2021, 2020, and 2019 were $51,630, $57,636, and $78,140, respectively, equal to the required contributions each year.

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

At June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Cooperative as of the measurement period ending June 30, 2020 and reported by the Cooperative as of June 30, 2021 are as follows:

Proportionate share of total pension liability	$ 5,380,509
Less proportionate share of net position restricted for pension benefits	5,382,410
Proportionate share of net pension asset	$ (1,901)

(Continued on next page)

At June 30, 2021, the Cooperative reported an asset of $1,901 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020 and the total pension asset used to calculate the net pension asset was based on a projection of the Cooperative's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Cooperative's proportion was .04376890%, which is an increase of .000174827% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Cooperative recognized pension expense of $101,165. At June 30, 2021, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 7,272	$ 1,489
Changes in assumption	$ 61,229	$ 246,939
Net difference between projected and actual earnings on pension plan investments	$ 176,677	$ -
Changes in proportion and difference between Cooperative contributions and proportionate share of contributions	$ 30,998	$ 9,010
Cooperative contributions subsequent to the measurement date	$ 51,630	$ -
Total	$ 327,806	$ 257,438

$51,630 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, 2022. 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:	
2022	(15,879)
2023	(10,678)
2024	9,587
2025	35,708
TOTAL	$ 18,738

(Continued on next page)

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	30.00%	1.50%
Real Estate	10.00%	6.20%
Cash	2.00%	1.00%
Total	100.00%	

(Continued on next page)

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in discount rate:

The following presents the Cooperative's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5%, 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:

	1% Increase	Current Discount Rate	1% Decrease
Cooperative's proportionate share of the net pension liability/(asset)	$ 737,413	$ (1,901)	$ (606,645)

Pension Plan Fiduciary Net Position

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

NOTE 8 - POSTEMPLOYMENT HEALTHCARE PLAN

The Cooperative is a member of the Associated School Boards of South Dakota. The ASBSD has set up, for its members, a retiree pool, to house the health plans of the Cooperative's retiree participants. This method excludes retirees experience from being included in the rating process for the current employees. Rating in this manner, creates no impact on the insurance rates of the current employees. There is no future liability as the Cooperative is not paying higher rates with regards to it's participating retirees.

NOTE 9 - 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, 2021, the Cooperative managed its risks as follows:

(Continued on next page)

Employee Health Insurance

The Cooperative joined the South Dakota School District 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 Cooperative does not carry additional health insurance coverage to pay claims in the excess of the upper limit provided for with this coverage. Settled claims resulting from these risks have never exceeded the liability coverage.

Liability Insurance

The Multi-District/Educational Cooperative joined the Associated School Boards of South Dakota Property Liability Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The Multi-District/Educational Cooperative pays an annual premium to the pool to provide coverage for various types of liability insurance coverages. The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that coverages will be provided to various limits for the different types of coverage. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $50,000 to the upper limit. The Multi-District/Educational Cooperative has various deductibles for differing types of insurance coverage. The Multi-District/Educational Cooperative does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Workmen's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first $500,000 of any claim per individual. The pool has reinsurance which covers up to $1,000,000 per individual per incident.

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The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The Cooperative has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. As of June 30, 2021 the Cooperative had assigned fund balance designations in the General Fund in the amount of $6,000 and, in the Special Education Fund (reported as a special revenue fund) in the amount of $6,000 for the payment of future unemployment benefits. During the year ended June 30, 2021 no claims were paid relating to unemployment benefits. As of June 30, 2021, no claims are anticipated in the next fiscal year.

NOTE 10 - LITIGATION

At June 30, 2021 the Cooperative was not involved in any litigation.

NOTE 11 - SUBSEQUENT EVENTS

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

NOTE 12 - RESTRICTED NET POSITION

Restricted Net Position for the year ended was as follows:

Major Purposes	Restricted By	6/30/2021
Special Education Purposes	Law	$ 429,591
SDRS Pension Purposes	Law	$ 72,269

NOTE 13 - RELATED PARY DISCLOSURE

Northwest Area Schools Multi-District/Educational Cooperative is in a joint venture with the following School Districts: Harding County, Faith, Dupree, Timber Lake, McLaughlin, McIntosh, Smee, Tiospaye Topa, and Bison. The board members of Northwest Area Schools are also board members of the member districts. This could cause a conflict of interest when making decisions on behalf of these entities.

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NOTE 14 - IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of June 30, 2021 the Cooperative implemented GASB Statement No. 84, *Fiduciary Activities.* Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the General Fund. The Cooperative restated the net position and fund balance of the General Fund to appropriately reflect the July 1, 2020 balances as follows:

Net Position at June 30, 2020, as previously stated	$ 2,249,853
Restatement - Implementation of GASB 84	9,591
Net Position at July 1, 2020, as restated	2,259,444
General Fund Balance at June 30, 2020 as previously stated	803,033
Restatement - Implementation of GASB 84	9,591
General Fund Balance at July 1, 2020 as restated	$ 812,624

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Earnings on Investments and Deposits	$ 3,000	$ 3,000	$ 2,848	$ (152)
Other Revenue from Local Sources:				
Services Provided Other LEAs	643,650	643,650	644,040	390
Other	82,000	82,000	49,261	(32,739)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	-	-	574	574
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from the Federal Government Through the State	-	28,696	28,696	-
Restricted Grants-in-Aid Received from the Federal Government Through the State	295,569	295,569	262,203	(33,366)
Total Revenue	$ 1,024,219	$ 1,052,915	$ 987,622	$ (65,293)

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NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Instruction:				
Regular Programs:				
High School	$ 600,071	$ 600,071	$ 562,776	$ 37,295
Gifted and Talented	17,400	17,400	3,388	14,012
Support Services:				
Support Services-Instructional Staff:				
Improvement of Instruction	210,050	210,050	161,537	48,513
Education Media	1,500	1,500	840	660
Support Services-General Administration:				
Board of Education	47,899	47,899	42,318	5,581
Executive Administration	83,013	83,013	77,961	5,052
Support Services-Business:				
Fiscal Services	49,153	77,611	60,988	16,623
Operation & Maintenance of Plant	157,585	157,585	94,057	63,528
Contingencies	8,000	8,000	-	8,000
Total Expenditures	$ 1,174,671	$ 1,203,129	$ 1,003,865	$ 199,264
Excess Revenue Over/Under Expenditures	$ (150,452)	$ (150,214)	$ (16,243)	$ 133,971
Other Financing Sources				
Sale of Surplus Property	-	-	3,498	3,498
Compensation for Loss on General Assets	-	-	7,984	7,984
Total Other Financing Sources	-	-	11,482	11,482
Net Change in Fund Balances	(150,452)	(150,214)	(4,761)	145,453
Fund Balance - Beginning	803,033	803,033	803,033	-
Restatement - Implementation of GASB 84 (Note 14)	9,591	9,591	9,591	-
Fund Balance - Ending	$ 662,172	$ 662,410	$ 807,863	$ 145,453

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Earnings on Investments and Deposits	$ 1,500	$ 1,500	$ 1,272	$ (228)
Other Revenue from Local Sources:				
Services Provided Other LEAs	294,879	294,879	193,641	(101,238)
Other	-	-	1,018	1,018
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid				
Received from the Federal Government Through the State	-	20,004	20,004	-
Restricted Grants-in-Aid				
Received from the Federal Government Through the State	591,516	593,850	546,042	(47,808)
Total Revenue	$ 887,895	$ 910,233	$ 761,977	$ (148,256)

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NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Instruction:				
Special Programs:				
Programs for special education	$ 75,521	$ 75,521	$ 68,835	$ 6,686
Support Services:				
Pupils:				
Psychological	64,308	64,308	63,132	1,176
Speech Pathology	348,594	350,928	293,023	57,905
Student Therapy Services	61,611	61,611	11,970	49,641
Support Services-Instructional Staff:				
Improvement of Instruction	170,666	170,666	140,549	30,117
Support Services-General Administration:				
Board of Education	31,252	31,252	27,578	3,674
Executive Administration	88,180	88,180	83,094	5,086
Support Services-Business:				
Fiscal Services	71,489	91,255	72,167	19,088
Operation & Maintenance of Plant	2,000	2,000	-	2,000
Support Services-Special Education:				
Other Special Education Costs	2,724	2,724	2,724	-
Total Expenditures	$ 916,345	$ 938,445	$ 763,072	$ 175,373
Excess Revenue Over (Under) Expenditures	$ (28,450)	$ (28,212)	$ (1,095)	$ 27,117
Net Change in Fund Balances	(28,450)	(28,212)	(1,095)	27,117
Fund Balance - Beginning	430,686	430,686	430,686	-
Fund Balance - Ending	$ 402,236	$ 402,474	$ 429,591	$ 27,117

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

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 Board meeting in June of each year, the Cooperative causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General. The proposed budget is considered by the Board at the first regular meeting held in the month of June of each year. The proposed budget is published for public review no later than July 15 each year. Before October 1 of each year, the Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.

2. 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 in number 4.

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total Cooperative budget and may be transferred by resolution of the Board to any other budget category.

4. 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.

5. Unexpended appropriations lapse at year-end unless encumbered by resolution of the Board. No encumbrances were outstanding at June 30, 2021.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Education Fund.

7. Budgets for the General Fund and the Special Education Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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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 car 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 car would be reported as an expenditure of the Support Services-Operating & Maintenance of Plant function of government, along with all other current Operations & Maintenance project related expenditures.

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COOPERATIVE'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015
Cooperative's proportion of the net pension liability (asset)	0.0437689%	0.0612516%	0.0579945%	0.0598125%	0.0539334%	0.0581516%	0.0563358%
Cooperative's proportionate share of net pension liability (asset)	$ (1,901)	$ (6,491)	$ (1,353)	$ (5,428)	$ 182,182	$ (246,638)	$ (405,876)
Cooperative's covered-employee payroll	$ 960,595	$ 1,302,335	$ 1,205,645	$ 1,215,274	$ 1,028,504	$ 1,061,679	$ 985,159
Cooperative's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.20%	-0.50%	-0.11%	-0.45%	17.71%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.29%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year.

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COOPERATIVES CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 51,630	$ 57,636	$ 78,140	$ 72,339	$ 72,916	$ 61,710	$ 63,701
Contributions in relation to the contractually required contribution	$ 51,630	$ 57,636	$ 78,140	$ 72,339	$ 72,916	$ 61,710	$ 63,701
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cooperative's covered-employee payroll	$ 860,494	$ 960,595	$ 1,302,335	$ 1,205,645	$ 1,215,274	$ 1,028,504	$ 1,061,679
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Changes from prior valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

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 0.5% 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%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by $595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes

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

NORTHWEST AREA SCHOOLS
MULTI-DISTRICT/EDUCATIONAL COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures For The Year Ended June 30, 2021	Passed Through to Subrecipients June 30, 2021
US Department of Education:				
Pass-Through the SD Department of Education:				
Special Education Cluster				
Special Education - Grants to States	84.027	611-52201-19	$518,159	$11,970
Special Education - Preschool Grants	84.173	619-52201-19	27,883	0
Total for Special Education Cluster			$546,042	$11,970
Career and Technical Education - Basic Grants to States	84.048	PRPI-52201-19	$41,135	$0
Multi-Tierred System of Support (Note 3)	84.027A	N/A	$191,726	$0
State Personnel Grants Program	84.323A	N/A	$26,650	$0
Total US Department of Education:			$805,553	$11,970
US Department of Treasury				
US Department of Treasury - Pass-Through Programs From:				
SD Bureau of Finance and Management, Coronavirus Relief Fund	21.019	N/A	$48,700	$0
Total US Department of Health & Human Service:			$48,700	$0
US Department of Health & Human Service:				
Community-Based Child Abuse Prevention Grants	93.590	N/A	$2,692	$0
Total US Department of Health & Human Service:			$2,692	$0
Grand Total			$856,945	$11,970

NOTE 1: BASIS OF PRESENTATION: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cooperative under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federl 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 elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: FEDERAL REIMBURSEMENT: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.