

**ISNA WICA OWAYAWA
(LONEMAN SCHOOL)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2021**



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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ISNA WICA OWAYAWA

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Isna Wica Owayawa
Oglala, South Dakota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **ISNA WICA OWAYAWA (LONEMAN SCHOOL)** (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 the School, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Questioned Costs

Additionally, as discussed in Note 4 to the financial statements, there are likely questioned costs totaling \$32,002 for the year ended June 30, 2021. Resolution of these costs needs to be made with the respective funding agency. The accompanying financial statements do not reflect any liability relating to the repayment that may be necessary due to these questioned costs, but do reflect a liability for questioned costs of prior years in which the Bureau of Indian Affairs has sent a related bill of collection. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Isna Wica Owayawa

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain other internal control matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 24-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Isna Wica Owayawa

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

May 23, 2023

ISNA WICA OWAYAWA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 11,240,589
Accounts Receivable	19,199
Inventory	25,900
Prepaid Expenses	5,511
Capital Assets Not Being Depreciated (Notes 3 and 5)	7,100
Capital Assets Being Depreciated, Net of Depreciation (Notes 3 and 5)	1,136,438
TOTAL ASSETS	\$ 12,434,737
<u>LIABILITIES</u>	
Accounts Payable	\$ 144,649
Interfund Payable (Note 2)	2,439
Accrued Liabilities	352,611
Disallowed Costs Payable (Note 4 and 9)	3,005,779
Compensated Absences (Note 5)	
Due Within One Year	12,276
Long-Term Liabilities (Note 5)	
Due Within One Year	29,511
Due in More than One Year	54,413
TOTAL LIABILITIES	3,601,678
<u>NET POSITION</u>	
Net Investment in Capital Assets	1,052,514
Restricted (Note 6)	
Education Stabilization Funds (CARES)	3,975,221
Construction	2,423,887
Indian School Equalization Program	2,181,206
Title Programs	856,056
Administrative	369,746
Transportation	142,306
Impact Aid	141,452
21st Century	100,313
Quarters Maintenance, Improvement and Repair	80,269
Assessment Grant	62,825
Student Support and Academic Enrichment	44,553
Program Enhancement	35,524
Facilities Operations and Maintenance	28,162
Program Adjustment - Safe and Secure Schools	15,324
Suicide Prevention	4,694
Backpack Program	1,569
Unrestricted Deficit	(2,682,562)
TOTAL NET POSITION	8,833,059
TOTAL LIABILITIES AND NET POSITION	\$ 12,434,737

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
<i>Governmental Activities:</i>				
Instruction				
Basic Operations	\$ 1,863,961	\$ -	\$ 2,314,212	\$ 450,251
Special Education-Part B	514,697	-	138,456	(376,241)
Title Programs	1,119,977	-	963,668	(156,309)
Program Enhancement	42,012	-	5,289	(36,723)
Program Adjustment	13,357	-	-	(13,357)
21st Century	102,106	-	142,433	40,327
Education Stabilization	748,590	-	3,946,614	3,198,024
Support Services				
Transportation	418,841	-	474,259	55,418
Administration	876,042	-	687,461	(188,581)
Facilities	427,305	-	458,772	31,467
Food Service	191,092	290	258,091	67,289
General				
Housing	63,540	63,930	-	390
General Operations	15,410	-	-	(15,410)
Construction				
Construction Operations	40,839	-	2,464,114	2,423,275
	6,437,769	64,220	11,853,369	5,479,820
Total Primary Government	\$ 6,437,769	\$ 64,220	\$ 11,853,369	5,479,820
General Revenues				
				(4,398)
Loss on Investments and Deposits				48,517
Miscellaneous				44,119
Total General Revenues				
Change in Net Position				5,523,939
Net Position -- June 30, 2020				3,309,120
Net Position -- June 30, 2021				\$ 8,833,059

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021

	General Fund	Educational Programs Fund	Support Programs Fund	Construction Fund	Total Governmental Funds
ASSETS					
Cash	\$ 413,497	\$ 7,794,742	\$ 608,463	\$ 2,423,887	\$ 11,240,589
Accounts Receivable	4,149	-	15,050	-	19,199
Interfund Receivable (Note 2)	-	2,227	-	-	2,227
Inventory	-	-	25,900	-	25,900
Prepaid Expenses	-	1,468	4,043	-	5,511
TOTAL ASSETS	\$ 417,646	\$ 7,798,437	\$ 653,456	\$ 2,423,887	\$ 11,293,426
LIABILITIES					
Accounts Payable	\$ 6,216	\$ 73,299	\$ 65,134	\$ -	\$ 144,649
Interfund Payable (Note 2)	2,439	-	2,227	-	4,666
Accrued Liabilities	329	307,970	44,312	-	352,611
Disallowed Costs Payable (Note 4 and 9)	3,005,779	-	-	-	3,005,779
TOTAL LIABILITIES	3,014,763	381,269	111,673	-	3,507,705
FUND BALANCES (DEFICIT)					
Nonspendable-Inventory	-	-	25,900	-	25,900
Nonspendable-Prepaid Expenses	-	1,468	4,043	-	5,511
Restricted (Note 6)	80,269	7,415,700	511,840	2,423,887	10,431,696
Unassigned (Note 9)	(2,677,386)	-	-	-	(2,677,386)
TOTAL FUND BALANCES (DEFICIT)	(2,597,117)	7,417,168	541,783	2,423,887	7,785,721
TOTAL LIABILITIES AND FUND BALANCES	\$ 417,646	\$ 7,798,437	\$ 653,456	\$ 2,423,887	\$ 11,293,426

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds	\$ 7,785,721
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets (net of depreciation) used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	1,143,538
Accrued absences do not require current financial resources. Therefore, they are not reported as a liability in the governmental funds balance sheet.	(12,276)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(83,924)
Net Position - Governmental Activities	\$ 8,833,059

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Educational Programs Fund	Support Programs Fund	Construction Fund	Total Governmental Funds
Revenues					
Revenue from Federal Sources	\$ -	\$ 7,510,672	\$ 1,878,583	\$ 2,464,114	\$ 11,853,369
Rentals	63,930	-	-	-	63,930
Earnings (Loss) on Investments and Deposits	(5,010)	-	-	612	(4,398)
Contributions	3,990	6,647	-	-	10,637
Miscellaneous Revenue	18,410	4,420	15,050	-	37,880
Charges for Services	-	-	290	-	290
Total Revenues	81,320	7,521,739	1,893,923	2,464,726	11,961,708
Expenditures (Note 7)					
<i>Instruction:</i>					
Basic Operations	-	1,844,230	-	-	1,844,230
Title Programs	-	1,117,687	-	-	1,117,687
Special Education-Part B	-	495,942	-	-	495,942
Program Enhancement	-	42,012	-	-	42,012
Program Adjustment	-	3,714	-	-	3,714
21st Century	-	102,106	-	-	102,106
Education Stabilization	-	748,590	-	-	748,590
<i>Support Services:</i>					
Facilities	-	-	423,873	-	423,873
Administration	-	-	862,099	-	862,099
Transportation	-	-	339,094	-	339,094
Food Service	-	-	191,092	-	191,092
<i>General:</i>					
Housing	58,261	-	-	-	58,261
General Operations	15,410	-	-	-	15,410
<i>Construction:</i>					
Construction Operations (Note 3)	-	-	-	40,839	40,839
Capital Outlay (Note 3)	108,220	94,873	145,845	-	348,938
Debt Service (Note 5)	25,339	1,801	928	-	28,068
Total Expenditures	207,230	4,450,955	1,962,931	40,839	6,661,955
Excess of Revenues Over (Under) Expenditures	(125,910)	3,070,784	(69,008)	2,423,887	5,299,753
Other Financing Sources (Uses)					
Proceeds from Debt	108,200	-	-	-	108,200
Transfers In (Out) (Note 2)	-	67,289	(67,289)	-	-
Total Other Financing Sources (Uses)	108,200	67,289	(67,289)	-	108,200
Net Change in Fund Balances	(17,710)	3,138,073	(136,297)	2,423,887	5,407,953
Fund Balance (Deficit) - June 30, 2020	(2,579,407)	4,279,095	678,080	-	2,377,768
Fund Balance (Deficit) - June 30, 2021	\$ (2,597,117)	\$ 7,417,168	\$ 541,783	\$ 2,423,887	\$ 7,785,721

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 5,407,953

Amounts reported for governmental activities in the Statement of Activities are different
because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation expense in the current period. 200,465

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 28,068

The issuance of long-term debt, including premiums, is an other financing source on the fund statements but an increase in long-term liabilities on the Government-wide statements. (108,200)

Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the governmental funds. In the Statement of Activities, expenses for these benefits are recognized when the employees earn leave credits. (4,347)

Change in Net Position - Governmental Activities	\$ 5,523,939
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The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Custodial Funds
<u>ASSETS</u>	
Interfund Receivable (Note 2)	\$ 2,439
TOTAL ASSETS	\$ 2,439
<u>LIABILITIES</u>	
Custodial Liability	\$ 2,439
TOTAL LIABILITIES	\$ 2,439

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Isna Wica Owayawa (Loneman School) (the School) operates an elementary and middle school on the Pine Ridge Indian Reservation in Oglala, South Dakota. The School receives substantially all of its funding through the Bureau of Indian Affairs (BIA) and the U.S. Department of Education.

All operations of the School are controlled by an elected School Board, responsible for all of the School's activities. The financial statements include all of the School's operations controlled by the School Board. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School is considered to be an independent reporting entity and has no component units.

Basis of Presentation

The basic financial statements of the School include the government-wide and fund financial statements. The focus is on the School as a whole in the government-wide financial statements, while reporting additional and detailed information about the School's major governmental activities in fund financial statements.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The School has no business-type activities. Governmental activities generally are financed through federal grants.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the School or it meets the following criteria:

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

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued):

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

Governmental Funds:

General Fund – A fund established by South Dakota Codified Law (SDCL) 13-16-3 to meet all the general operational costs and housing activities of the School, excluding those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Each of the funds described below is financed by the federal government and is considered a major fund.

Educational Programs Fund - Established to support the direct educational needs of the School.

Support Programs Fund - Established to account for supplemental funds received for support activities including food service, transportation, facility maintenance, and administration.

Construction Fund - Established to account for the construction of a bus barn for the School.

Fiduciary Funds:

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School maintains custodial funds to hold assets as an agent in a trustee capacity for monies earned by students for student activities. Fiduciary funds are never considered to be major funds.

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 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. Custodial funds are not included in the measurement of results of operation; therefore, measurement focus is not applicable to them, and they are omitted from the government-wide reporting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the fiduciary funds.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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, and expenses and related liabilities are recorded when an obligation is incurred. Revenue from non-exchange transactions (i.e. federal grants) generally includes certain eligibility and purpose requirements. Revenue from these grants is considered earned at the time all eligibility requirements have been satisfied.

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues generally are recognized when they become measurable and available. "Measurable" means knowing or being able to reasonably estimate the amount. "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 current liabilities (60 days).

Revenues from federal and state grants are recognized when all eligibility requirements have been satisfied and when the resources are available. Any unexpended portions of grant revenues that have been received are considered restricted. Expenditures in excess of amounts received but earned are recorded as due from grantor.

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

All fiduciary funds are accounted for using the accrual basis of accounting. Revenue is recognized when it is earned and expenses are recognized when they are incurred.

Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. In order to minimize the grossing-up effect on assets and liabilities within the governmental activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental activities columns, except for the net, residual amounts due between governmental and fiduciary activities, which are presented as internal balances.

Inventory

Inventory consists of food and fuel and is valued at the lower of cost or market value. The cost valuation method is first-in, first out. Donated commodities are valued at estimated market value based on the U.S. Department of Agriculture price list at the date of receipt.

Capital Assets

Capital assets include mobile homes, vehicles, 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.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

All federal grantors retain a reversionary interest in selected property purchased with their respective contract funds. Most of the capital assets reported by the School have been acquired with federal funds.

The BIA supplies the facilities required to operate the School. Accordingly, substantially all building and infrastructure utilized by the School are owned by the BIA. The BIA also provides a facilities grant to cover costs associated with operating the buildings. A value for these facilities supplied by the BIA is not reflected in the accompanying financial statements.

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

Government-wide Financial 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. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. The straight-line method of depreciation is used and the estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Estimated Useful Life
Vehicles	10 Years
Equipment	5-20 Years

Fund Financial Statements:

Capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition.

Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets 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 a note payable, capital lease and compensated absences (See Note 5).

Funding for compensated absences is expended in the same fund as the corresponding payroll. In the governmental fund financial statements, compensated absences are reported as expenditures when paid.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. 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.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Continued)

Program Revenues

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself. Program revenues are classified into three categories, as follows:

1. Charges for services arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions 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. The School has no capital grants or contributions.

Cash

The School follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments imposed by statute require funds to be invested in securities insured, secured, or guaranteed by the United States. The School's investment policy does not further limit its investment choices. As of June 30, 2021, the School's cash consisted of checking and savings accounts. The School's policy is to credit income to the fund in which the corresponding assets are recorded.

Use of Estimates

The preparation of the financial statements with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of certain financial statement balances. Actual results could vary from the estimates used.

Equity Classifications

Government-wide Financial Statements:

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

1. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on their use by either (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets." The School reports negative unrestricted net position. The amounts must be replaced to eliminate compliance findings regarding the misuse of advanced federal funds (Note 9).

Fund Financial Statements:

It is the School'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.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Fund Financial Statements (Continued):

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

1. Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. This includes inventory and prepaid expenses.
2. 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.
3. 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 (School Board approval) and does not lapse at year-end. Amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The School has no committed fund balances at June 30, 2021.
4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority (e.g. Superintendent or Business Manager). The School has no assigned fund balances at June 30, 2021.
5. 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 School uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the School would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

Federal Income Tax

The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income tax. As such, no income taxes have been provided for in the accompanying financial statements.

In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. At June 30, 2021, the School believes no significant uncertain tax positions or liabilities exist.

Implementation of New Accounting Standard

In 2021, the School implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required the School to present a Statement of Changes in Fiduciary Net Position for Custodial Funds for the year ended June 30, 2021. The implementation of this standard required the School to reclassify previously reported agency funds as custodial funds.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Concluded)

Emerging Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School has not yet determined the specific impact of this statement on the financial statements. The statement is effective for the School's year ending June 30, 2022.

(2) Interfund Balances and Transactions

Interfund receivable and payables are the result of an operational loan from the general fund to cover the needs of the custodial fund. Additionally, there was an under-expenditure of funds that was transferred between education and support funds. These are expected to be repaid within the next year. Amounts consist of the following at June 30, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 2,439
Custodial Fund	2,439	-
Education Fund	2,227	-
Support Fund	-	2,227
Total Interfund Balances	\$ 4,666	\$ 4,666

Interfund transfers for the year ended June 30, 2021, were as follows:

Fund	Transfers In	Transfers Out
Educational Programs Fund	\$ 67,289	\$ -
Support Programs Fund	-	67,289
Total Transfers	\$ 67,289	\$ 67,289

Transfers between the funds were for \$67,289 of grant funding to cover allowable expenditures that exceed program revenues and available carryover.

(3) Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021, is shown below:

	Balance June 30, 2020	Additions	Transfers / Deletions	Balance June 30, 2021
Governmental Activities:				
<i>Capital Assets Not Being Depreciated</i>				
Construction in Process*	\$ -	\$ 7,100	\$ -	\$ 7,100
<i>Capital Assets Being Depreciated</i>				
Vehicles and Equipment	1,512,402	341,838	-	1,854,240
<i>Less Accumulated Depreciation for:</i>				
Vehicles and Equipment	569,329	148,473	-	717,802
Total Governmental Activities Capital				
Assets Being Depreciated, Net	943,073	193,365	-	1,136,438
Total Capital Assets, Net	\$ 943,073	\$ 200,465	\$ -	\$ 1,143,538

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(3) Capital Assets (Continued)

* Construction in Process at June 30, 2021 consists of a downpayment for the purchase and delivery of a mobile home. Total estimated expenditure for the mobile home is expected to be approximately \$177,400 and is being funded through the General Fund.

Additionally, the School is committed to building a bus barn on behalf of Bureau of Indian Education. The total estimated expenditures for the project are expected to be approximately \$2,424,000 and are being funded through Construction – Replacement and Repair of Indian Schools grant in the Construction Fund. Expenses in excess of the grant will be paid from the General Fund.

Depreciation expense was charged to functions within governmental activities as follows:

Transportation	\$	78,743
SPED B		18,755
Basic Operations		23,212
Facilities		2,266
Administration		10,443
Housing		5,411
Program Adjustment		9,643
Total Depreciation Expense	\$	148,473

(4) Disallowed Costs Payable, Questioned Costs, and Noncompliance Contingency

Disallowed Costs Payable consists of the following at June 30, 2021:

Bill of Collection Date	For Year Ending	Bill of Collection Balance
November 1, 2011	June 30, 2007	\$ 161,849
December 21, 2010	June 30, 2008	252,445
November 22, 2012	June 30, 2011	474,607
September 27, 2013	June 30, 2012	1,075,873
June 9, 2015	June 30, 2013	1,041,005
Total Disallowed Costs Payable		\$ 3,005,779

The School's appeals for each bill of collection were finalized subsequent to year-end and resulted in all but \$144,935 being forgiven by the granting agency (Note 9).

The School also has noncompliance with federal grant requirements that resulted in likely questioned costs of \$32,002 for the year-ended June 30, 2021. The ultimate resolution of any liability for the noncompliance will be made by the federal agency.

(5) Long-Term Liabilities

The following is a summary of changes in long-term liabilities during the year ended June 30, 2021:

	Note Payable	Capital Lease	Compensated Absences	Total
Governmental Activities				
Long-Term Liabilities July 1, 2020	\$ -	\$ 3,792	\$ 7,929	\$ 11,721
Additions	108,200	-	50,341	158,541
Reductions	(25,339)	(2,729)	(45,994)	(74,062)
Long-Term Liabilities June 30, 2021	\$ 82,861	\$ 1,063	\$ 12,276	\$ 96,200
Due Within One Year	\$ 28,448	\$ 1,063	\$ 12,276	\$ 41,787

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(5) Long-Term Liabilities (Continued)

The compensated absences will be paid from the same fund as the related payroll. The capital lease will be paid from the same fund where the related copier is utilized (allocated between Educational Programs and Support Programs funds). The note payable will be paid from the General Fund.

The School has a non-cancelable capital lease for copiers. The copiers had a cost of \$12,380 with accumulated depreciation at June 30, 2021, of \$11,555. Payments of \$272 are due monthly through October 2021, including interest at 11.12 percent, secured by the copiers.

The School entered into a note payable with a bank for two mobile homes. The note requires monthly payments of \$2,546, including interest at 3.00 percent, through April 2024.

The annual requirements to amortize all debt outstanding as of June 30, excluding compensated absences, are as follows:

Year Ending June 30,	Note Payable		Capital Lease	
	Principal	Interest	Principal	Interest
2022	\$ 28,448	\$ 2,097	\$ 1,063	\$ 25
2023	29,313	1,232	-	-
2024	25,100	354	-	-
Total	\$ 82,861	\$ 3,683	\$ 1,063	\$ 25

Total interest expense was **\$2,960** for the year ended June 30, 2021.

(6) Grant Carryover

Fund balances at June 30, 2021, noted as restricted on the Governmental Funds Balance Sheet, represent amounts received in grant funding for which allowable expenditures have not yet been incurred. The School's restricted fund balances at June 30, 2021 are as follows:

Grant Carryover	General	Educational Programs	Support Programs	Construction	Total
Education Stabilization Fund (CARES)	\$ -	\$ 3,975,221	\$ -	\$ -	\$ 3,975,221
Construction	-	-	-	2,423,887	2,423,887
Indian School Equalization Program	-	2,181,206	-	-	2,181,206
Title Schoolwide Program	-	856,056	-	-	856,056
Administrative	-	-	369,746	-	369,746
Transportation	-	-	142,306	-	142,306
Impact Aid	-	141,452	-	-	141,452
21st Century	-	100,313	-	-	100,313
Quarters Maintenance, Improvement and Repair	80,269	-	-	-	80,269
Assessment Grant	-	62,825	-	-	62,825
Student Support and Academic Enrichment	-	44,553	-	-	44,553
Program Enhancement	-	35,524	-	-	35,524
Facilities Operations and Maintenance	-	-	28,162	-	28,162
Program Adjustment - Safe and Secure Schools	-	15,324	-	-	15,324
School Emergency Response to Violence	-	4,694	-	-	4,694
Backpack Program (non-federal)	-	-	1,569	-	1,569
Total Grant Carryover	80,269	7,417,168	541,783	2,423,887	10,463,107
Less Nonexpendable Portion of Grant Carryover:					
Prepaid Expenses	-	(1,468)	(4,043)	-	(5,511)
Inventory	-	-	(25,900)	-	(25,900)
Total Restricted Fund Balances	\$ 80,269	\$ 7,415,700	\$ 511,840	\$ 2,423,887	\$ 10,431,696

ISNA WICA OWAYAWA

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
JUNE 30, 2021**

(7) Employee Retirement Plan

The School has a 401(k) plan available for its employees. The School is required to match two percent of each eligible employee's salary. Each employee is allowed to contribute to the plan each year, however they are not required to. The School's matching contributions for the years ended June 30, 2021, 2020, 2019, and 2018 totaled **\$37,718**, \$36,265, \$27,185, and \$30,010, respectively. No amounts related to this retirement plan, other than the matching contributions, are reflected in the financial statements, as all employee accounts are immediately 100 percent vested.

(8) Risk Management

The School 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past year. The School provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

(9) Subsequent Events

At June 30, 2021, the School reports a fund deficit of **\$2,597,117** in the general fund mainly due to the questioned costs payable balance from prior years. This represents an increase in the deficit of \$17,710 from the prior year. The School's continued operation is dependent upon revenue sources to replace these funds and internal controls to ensure over-expenditures are eliminated. On July 20, 2021, the BIE determined the School owed \$144,935 for disallowed costs and forgave the remaining questioned costs (Note 4).

REQUIRED SUPPLEMENTARY INFORMATION

ISNA WICA OWAYAWA

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual- Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Rentals	\$ -	\$ -	\$ 63,930	\$ 63,930
Earnings on Investments and Deposits	-	-	(5,010)	(5,010)
Contributions	-	-	3,990	3,990
Miscellaneous Revenue	-	-	18,410	18,410
Total Revenues	-	-	81,320	81,320
EXPENDITURES				
Equipment	-	-	108,220	(108,220)
Travel/Taining	-	-	5,031	(5,031)
Miscellaneous	-	-	3,477	(3,477)
Supplies	1,000	1,000	44,298	(43,298)
Personnel and Fringe Benefits	2,025	2,025	2,244	(219)
Utilities	6,500	6,500	7,803	(1,303)
Contractual and Professional Services	7,000	7,000	10,818	(3,818)
Repairs and Maintenance	20,694	20,694	-	20,694
Debt Service	95,493	95,493	25,339	70,154
Total Expenditures	132,712	132,712	207,230	(74,518)
Excess of Revenues Over Expenditures	(132,712)	(132,712)	(125,910)	155,838
Other Financing Sources				
Proceeds from Debt	-	-	108,200	108,200
Net Change in Fund Balance	(132,712)	(132,712)	(17,710)	264,038
Fund Deficit -- June 30, 2020	(2,579,407)	(2,579,407)	(2,579,407)	-
Fund Deficit -- June 30, 2021	\$ (2,712,119)	\$ (2,712,119)	\$ (2,597,117)	\$ 264,038

The accompanying notes to required supplementary information are an integral part of this statement.

ISNA WICA OWAYAWA

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
EDUCATIONAL PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual- Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Revenue from Federal Sources	\$ 4,956,242	\$ 4,956,242	\$ 7,510,672	\$ 2,554,430
Donations	-	-	6,647	6,647
Miscellaneous Revenue	-	-	4,420	4,420
Total Revenues	4,956,242	4,956,242	7,521,739	2,565,497
EXPENDITURES				
Personnel and Fringe Benefits	3,620,533	4,901,331	3,180,731	1,720,600
Contractual and Professional Services	362,156	869,922	159,834	710,088
Supplies	318,715	968,679	374,717	593,962
Equipment	282,919	2,689,153	216,483	2,472,670
Student Activities	142,148	141,000	167,659	(26,659)
Training	72,336	114,560	96,250	18,310
Other, Primarily Extended School Year	69,385	2,149,010	142,277	2,006,733
Travel	39,800	76,726	3,117	73,609
Food	22,500	103,500	16,675	86,825
Insurance	20,750	20,750	22,056	(1,306)
Utilities	5,000	5,000	69,355	(64,355)
Debt Service	-	-	1,801	(1,801)
Total Expenditures	4,956,242	12,039,631	4,450,955	7,588,676
Excess of Revenues Over Expenditures	-	(7,083,389)	3,070,784	10,154,173
Other Financing Sources				
Transfers Out	-	-	67,289	67,289
Net Change in Fund Balance	-	(7,083,389)	3,138,073	10,221,462
Fund Balance -- June 30, 2020	4,279,095	4,279,095	4,279,095	-
Fund Balance -- June 30, 2021	\$ 4,279,095	\$ (2,804,294)	\$ 7,417,168	\$ 10,221,462

The accompanying notes to required supplementary information are an integral part of this statement.

ISNA WICA OWAYAWA

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SUPPORT PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual- Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Revenue from Federal Sources	\$ 1,756,669	\$ 1,756,669	\$ 1,878,583	\$ 121,914
Miscellaneous Revenue	-	-	15,050	15,050
Charges for Services	-	-	290	290
Total Revenues	1,756,669	1,756,669	1,893,923	137,254
EXPENDITURES				
Personnel and Fringe Benefits	939,564	979,781	910,956	68,825
Utilities	211,500	229,697	227,363	2,334
Food Supplies	-	205,916	176,192	29,724
Contractual and Professional Services	229,127	340,928	251,684	89,244
Supplies	61,853	87,038	68,051	18,987
Repairs and Maintenance	80,000	162,657	56,739	105,918
Insurance	84,375	112,000	84,196	27,804
Other	72,750	262,664	24,377	238,287
School Board	23,500	32,500	16,627	15,873
Debt Service	-	-	928	(928)
Training	7,000	19,000	2,345	16,655
Travel	-	6,000	2,099	3,901
Leases	5,000	5,000	2,143	2,857
Equipment	42,000	140,000	139,231	769
Total Expenditures	1,756,669	2,583,181	1,962,931	620,250
Excess of Revenues Over (Under) Expenditures	-	(826,512)	(69,008)	757,504
Other Financing Uses				
Transfers Out	-	-	(67,289)	(67,289)
Net Change in Fund Balance	-	(826,512)	(136,297)	690,215
Fund Balance -- June 30, 2020	678,080	678,080	678,080	-
Fund Balance -- June 30, 2021	\$ 678,080	\$ (148,432)	\$ 541,783	\$ 690,215

The accompanying notes to required supplementary information are an integral part of this statement.

ISNA WICA OWAYAWA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

(1) Basis of Presentation

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting.

(2) Budgets and Budgetary Accounting

The School documented the approval of their annual budget during the year ended June 30, 2021. The School follows these procedures in establishing the budgetary data reflected in the financial statements:

A tentative budget with projected revenue for program operations for the following school year shall be submitted to the Board for approval at the annual April meeting.

The Board shall approve the tentative annual budget two months prior to the end of contracts based on information, salary schedules and data submitted by the Principal.

The Principal and Business Manager shall advise the Board of the need for any changes and provide the Board with proposed revisions for the approval prior to any changes being implemented.

Unexpended appropriations lapse at year end unless encumbered by resolution of the governing board. The School did not encumber any amounts at June 30, 2021.

SINGLE AUDIT INFORMATION

ISNA WICA OWAYAWA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PASSTHROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	EXPENDITURES
U.S. Department of the Interior – Bureau of Indian Affairs:			
<i>Direct Funding:</i>			
Indian School Equalization Program	A19AV00780	15.042	\$ 1,998,547
Indian Schools Student Transportation	A19AV00780	15.044	478,202
Administrative Cost Grants for Indian Schools	A19AV00780	15.046	847,970
Indian Education Facilities, Operations, and Maintenance	A19AV00780	15.047	430,610
Construction - Replacement & Repair of Indian Schools	A19AV00780	15.062	40,227
Program Adjustments - Safe and Secure Schools	A19AV00780	15.149	31,687
Education Enhancements	A19AV00780	15.151	42,012
Total U.S. Department of Interior – Bureau of Indian Affairs			3,869,255
U.S. Department of Education			
<i>Pass-Through Funding - U.S. Department of Interior -- Bureau of Indian Affairs</i>			
Title I Grants to Local Education Agencies (Note 3)	A19AV00780	84.010	1,025,488
Title IA School Improvement (1003A) (Note 3)	A19AV00780	84.010	2,907
Special Education Part B	A19AV00780	84.027	266,904
Education for Homeless Children and Youth (Note 3)	A19AV00780	84.196	31,340
21st Century Community Learning Centers	A19AV00780	84.287	102,106
Rural Education (Note 3)	A19AV00780	84.358	2,930
Grants for State Assessments (Lakota Language)	A19AV00780	84.369	1,187
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act - COVID-19	A19AV00780	84.425U	7,100
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act - COVID-19	A19AV00780	84.425D	658,846
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act - COVID-19	A19AV00780	84.425R	89,600
<i>Pass-Through Funding - Oglala Lakota County School District 65-1 Impact Aid (P.L. 81-874)</i>	N/A	84.041	10,356
<i>Direct Funding:</i>			
Indian Education Grants to Local Education Agencies	N/A	84.060	101,447
Total U.S. Department of Education			2,300,211
U.S. Department of Agriculture			
<i>Pass-Through the S.D. Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Commodities):</i>			
National School Lunch Program (Note 5)	65-30700	10.555	10,936
<i>Cash Assistance (Note 4):</i>			
National School Lunch Program (Note 4)	65-30700	10.555	138,177
CANS Performance-Based Reimbursement	65-30700	10.555	2,601
School Breakfast Program (Note 4)	65-30700	10.553	87,464
Total Child Nutrition Cluster			239,178
Fresh Fruit and Vegetable Program	65-30700	10.582	18,912
Total U.S. Department of Agriculture			258,090
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,427,556

ISNA WICA OWAYAWA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of **ISNA WICA OWAYAWA** (the School) 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 Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the 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.

Note 2 – Indirect Cost Rate

The School has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – School-wide Title I Program

These grants were included as part of the School-wide Title I Program.

Note 4 – Cash Reimbursement

These amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

Note 5 – Non-monetary Assistance

These amounts include non-monetary assistance which is reported at fair market value of the commodities received and disbursed.



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

Board of Education
Isna Wica Owayawa
Oglala, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **ISNA WICA OWAYAWA (LONEMAN SCHOOL)** (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated May 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as Findings #2021-001, #2021-002, and #2021-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings.

Isna Wica Owayawa

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KETEL THORSTENSON, LLP
Certified Public Accountants

May 23, 2023



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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

Board of Education
Isna Wica Owayawa
Oglala, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ISNA WICA OWAYAWA's (LONEMAN SCHOOL) (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings for the year ended June 30, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

Isna Wica Owayawa

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings as Findings #2021-001, #2021-003, #2021-004, #2021-005, #2021-006 and #2021-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as Findings #2021-001, #2021-003, #2021-004 and #2021-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as Findings #2021-006 and #2021-007 to be significant deficiencies.

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

Isna Wica Owayawa

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KETEL THORSTENSON, LLP
Certified Public Accountants

May 23, 2023

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS
JUNE 30, 2021**

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on all of the financial statements of Isna Wica Owayawa (the School).
2. Material weaknesses are disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the School was disclosed during the audit.
4. Material weaknesses and significant deficiencies disclosed during the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the School expresses unmodified opinions on all major programs, as listed in #7.
6. Audit findings relative to the major federal award program for the School are reported in Part C of this schedule.
7. The programs tested as major programs include the following:

Major Programs	ALN #'s
<i>U.S. Department of the Interior – Bureau of Indian Affairs</i>	
Indian School Equalization Program	15.042
Administrative Cost Grants for Indian Schools	15.046
<i>U.S. Department of Education Pass-Through U.S. Department of Interior – Bureau of Indian Affairs</i>	
Education Stabilization Fund Under Coronavirus Aid, Relief and Economic Security Act	84.425
Schoolwide Program:	
Title I Grants to Local Education Agencies	84.010
Title IA School Improvement	84.010
Education for Homeless Children and Youth	84.196
Rural Education	84.358

8. The threshold for distinguishing types A and B programs was \$750,000.
9. The School was not determined to be a low risk auditee.

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2021**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

#2021-001 FINDING: Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Reporting

Questioned Costs: None

Condition and Cause: As in prior years, we were requested to draft the audited financial statements, related footnote disclosures, and the SEFA as part of our regular audit services. Auditing standards require auditors to communicate this situation to the School Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the School's financial statements, footnotes, and SEFA, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint, we do this for the School at the same time in connection with our audit. This is not unusual for schools of your size.

Criteria and Effect: This deficiency could result in a material misstatement to the financial statements and SEFA that would not have been prevented or detected by the School's management.

Repeat Finding from Prior Year: Yes, prior year finding #2020-001

Recommendation: We have instructed management to review a draft of the auditor prepared financials in detail for their accuracy, we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in the School's statements. We are satisfied that the appropriate steps have been taken to provide the School with complete financial statements. It is the responsibility of management and those charged with governance to accept the degree of risk associated with this condition because of cost or other considerations.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2021-002 FINDING: Internal Controls

Federal Program Affected: None

Compliance Requirement: N/A

Questioned Costs: None

Condition and Cause: During the audit process we noted the monthly bank reconciliations are not timely prepared and are not reviewed.

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2021**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESSES (CONTINUED)

#2021-002 FINDING: Internal Controls (Continued)

Criteria and Effect: Internal controls should be continually monitored to ensure they have been implemented as designed. A strong review function is a necessary part of any internal control system, and the effectiveness of the internal control system relies on enforcement by management. Specifically, the lack of timely preparation and review of bank reconciliations could lead to a potential misappropriation of assets.

Repeat Finding from Prior Year: No.

Recommendation: Bank reconciliations should be prepared and reviewed timely on a monthly basis.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2021-003 FINDING: Testing Errors

Federal Programs Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Allowable Costs/Cost Principles, Activities Allowed or Unallowed

Questioned Costs: Known questioned costs of \$1,753.43 for schoolwide program Title I Grants to Local Education Agencies ALN #84.010. A sample of 25 expenditures totaling \$58,224.59 was selected for testing from a total population of \$1,062,665. All other programs are below reporting threshold.

Condition and Cause: Out of a sample of 92 non-payroll transactions tested, we noted the School could not provide support for 11 transactions.

Additionally, out of a sample of 56 payroll transactions tested, we noted two employees were paid more than contracted for extended school, and one employee did not have a signed contract.

Criteria and Effect: Lack of adequate documentation and review could result in fraud, errors, and questioned costs.

Repeat Finding from Prior Year: Yes, prior year finding #2020-003.

Recommendation: The School should verify signed contracts exist for all employees and they are charged the correct rate.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2021**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDITS

The Finding #2021-001 and #2021-003 listed in Part B relates to major programs as noted in the individual finding.

MATERIAL WEAKNESS

#2021-004 FINDING: Equipment and Real Property Management Inventory Listing

Federal Program Affected: Indian School Equalization Program (ALN #15.042)

Compliance Requirement: Equipment and Real Property Management

Questioned Costs: None

Condition and Cause: The School did not have an internal control process in place to complete an inventory count at least once every two years, and the inventory listing does not list funding source, resulting in non-compliance.

Criteria and Effect: Lack of the inventory count during the required timeframe and lack of knowledge of funding source could lead to misappropriated assets, as well as grant non-compliance if assets are disposed of and proceeds are not returned to the appropriate federal agency.

Repeat Finding from Prior Year: Yes, prior year finding #2020-004.

Recommendation: We recommend the School perform the inventory count at least every two years. Additionally, the listing must include the funding sources for the items, in the event an item is disposed of in the future.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2021-005 FINDING: Uniform Guidance Audit Report Filed Late

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings and Corrective Action Plan.

Compliance Requirement: Reporting

Questioned Costs: None

Condition and Cause: The School will file its Uniform Guidance (UG) audit report and data collection form for fiscal year 2021 late. During the current year, turnover at the School caused audit requests to not be completed timely to allow an audit to be completed prior to the filing deadline.

Criteria and Effect: UG requires an entity expending more than \$750,000 of federal funds within a fiscal year to have the data collection form and reporting package submitted within nine months after the end of the audit period. For the year-ended June 30, 2021, the deadline was extended six months due to the coronavirus pandemic. The School was not in compliance with the federal grant requirement, which could lead to the School being placed under sanctions by the funding source.

Repeat Finding from Prior Year: No.

Recommendation: The School should establish a process to ensure all financial data is properly recorded and reviewed timely. An auditor should be provided adequate, timely information to ensure the completion of the audit allows for timely filings.

Response/Corrective Action Plan: The School agrees with the above finding. See attached Corrective Action Plan.

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS (CONCLUDED)
JUNE 30, 2021**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDITS (CONTINUED)

SIGNIFICANT DEFICIENCIES

#2021-006 FINDING: Procurement

Federal Program Affected: Administrative Cost Grants for Indian Schools (ALN #15.046)

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Condition and Cause: The School did not maintain documentation to support procurement internal control process was followed to meet the compliance requirements of procurement when entering into an insurance contract which was charged to federal programs.

Criteria and Effect: Non-federal entities must follow Uniform Guidance procurement policy when procuring property or services, such as insurance contracts, and maintain records to document history of procurements.

Repeat Finding from Prior Year: No.

Recommendation: We recommend the School follow their procurement policy and maintain support for procurements.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2021-007 FINDING: Collateralization

Federal Program Affected: Indian School Equalization Program (ALN #15.042) and Administration Cost Grants for Indian Schools (ALN #15.046)

Compliance Requirement: Special Tests and Provisions

Questioned Costs: None

Condition and Cause: There was not an internal control process in place for regular review of bank collateralization to ensure the School's funds are properly insured for amounts over the FDIC threshold. The financial institution utilized by the School was not under-collateralized when tested during fiscal year 2021.

Criteria and Effect: A School receiving advance payments should only deposit monies in accounts that are insured by an agency or instrumentality of the United States or are fully collateralized to ensure protection of the advance funds, even in the event of a bank failure.

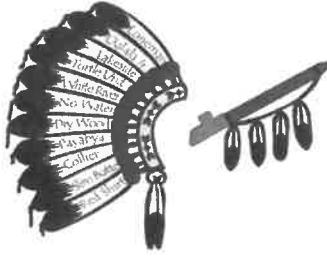
The lack of adequate internal controls over collateralization could result in the School's funds being deposited in an inadequately collateralized financial institution, which could result in noncompliance with federal requirements.

Repeat Finding from Prior Year: Yes, prior year finding #2020-007.

Recommendation: The School should obtain the bank collateralization report from the bank on a monthly basis and document the individuals' review to ensure the School's accounts are adequately collateralized.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

MANAGEMENT RESPONSE



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2021

Isna Wica Owayawa respectfully submits the following summary schedule of prior audit findings from the June 30, 2020 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2020 Schedule of Findings.

Finding #2020-001: Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation

Status: It is more cost effective for the School to hire Ketel Thorstenson, LLP, a public accounting firm, to prepare the full disclosure financial statements as a part of the annual audit process. The School has designated a member of management to review the draft financial statements and accompanying notes to the financial statements.

Initial Year Report: June 30, 2010

Reasons for Recurrence and Corrective Action Plan: A disclaimer of opinion has not been issued on the School's aggregate remaining fund information. However, as the School has accepted the risk associated with the auditor's preparation of the financial statements this will be repeated in 2021, see Corrective Action Plan.

Finding #2020-002: Internal Controls

Status: During the audit process we noted deficiencies in internal controls. Control deficiencies were caused throughout the year by turnover within the business office. Specific instances noted included:

1. The amount of the payroll initiated by the Payroll Clerk is not reviewed by the Business Manager after payment.

Initial Year Report: June 30, 2021

Reasons for Recurrence and Corrective Action Plan: The business office implemented a process of verifying the payroll amount submitted for payment each pay period.

Finding 2020-003: Testing Errors

Status: The School has procedures in place to review expenditures and ensure internal controls are implemented properly. Testing indicated a few instances where controls were not followed.

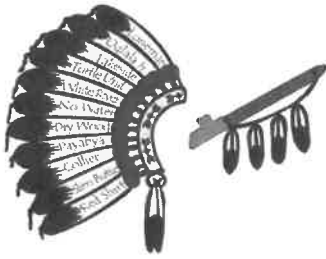
Initial Year Report: June 30, 2006

Reasons for Recurrence and Corrective Action Plan: Improvements have been made from prior years and improvements will continue to be made. However a similar version of this finding will be repeated in 2021, see Corrective Action Plan.

Finding 2020-004: Equipment and Real Property Management Inventory Listing

Status: The School did not have an internal control process in place to complete an inventory count at least once every two years, resulting in non-compliance.

Reasons for Recurrence and Corrective Action Plan: Due to turnover in the business office, an inventory count was not completed.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED) **JUNE 30, 2021**

Finding 2020-005: Grant Reporting

Status: The School filed the Grant Annual Report with BIE. As such, the finding is not repeated.

Initial Year Reported: June 30, 2017

Finding 2020-006: Suspension and Debarment

Status: The School developed an internal control process for suspension and debarment. As such, the finding is not repeated.

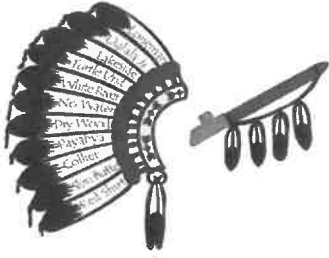
Initial Year Report: June 30, 2020

Finding 2020-007: Collateralization

Status: Collateralization reports from the bank were not being reviewed during the year. The financial institution utilized by the School was not under-collateralized when tested during fiscal year 2021.

Initial Year Report: June 30, 2020

Reasons for Reoccurrence and Corrective Action Plan: Although the School receives monthly reports from the bank, collateralization was not reviewed. The School will implement review of collateralization on a monthly basis.



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CORRECTIVE ACTION PLAN JUNE 30, 2021

Isna Wica Owayawa respectfully submits the following corrective action plan regarding findings from the June 30, 2021 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

#2021-001 FINDING: Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation

Responsible Individuals: Business Manager

Corrective Action Plan: The School has accepted the risk associated with requesting the auditors to prepare the financial statements and continues to plan for the auditors to prepare the reports.

Anticipated Completion Date: Ongoing

#2021-002 FINDING: Internal Controls

Responsible Individuals: Business Manager

Corrective Action Plan: Job duties within the Business Office will be clearly defined. Review processes will be set in place throughout the processing of all Business office functions including payroll, accounts receivable and payable. Entry of contracts, benefits, wage amounts etc. will be reviewed at the beginning of the fiscal year and whenever a new employee is added.

Anticipated Completion Date: Ongoing

#2021-003 FINDING: Testing Errors

Responsible Individuals: Business Manager

Corrective Action Plan: Work will continue on coding, review and processing of expenditures.

Anticipated Completion Date: Ongoing

#2021-004 FINDING: Equipment and Real Property Management Inventory Listing

Responsible Individuals: Business Manager

Corrective Action Plan: Property & Supply has been instructed to complete an inventory of all items including item, location in the school, condition of item and the funding source which purchased each item. This is to be completed annually.

Anticipated Completion Date: June 30, 2023



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CORRECTIVE ACTION PLAN (CONTINUED) **JUNE 30, 2021**

#2021-005 FINDING: Uniform Guidance Audit Report Filed Late

Responsible Individuals: Business Manager

Corrective Action Plan: This finding will be repeated on the 2022 audit because there was no auditing services secured prior to the due date for the report. An auditor has been secured to perform both the 2022 and 2023 audits. Requests for proposals for the 2024, 2025 and so on audits will be advertised in November and December 2023 prior to the fiscal year ending so this doesn't occur again.

Anticipated Completion Date: June 30, 2023

#2021-006 FINDING: Procurement

Responsible Individuals: Business Manager

Corrective Action Plan: Procurement policies will be updated, approved by the School Board and then communicated to all staff. Due to the timing of this plan this will be an ongoing process.

Anticipated Completion Date: June 30, 2023

#2021-007 FINDING: Collateralization

Responsible Individuals: Business Manager

Corrective Action Plan: Collateralization reports have been requested from the bank and will be reviewed on a monthly basis. This process has been implemented as of April 30, 2023.

Anticipated Completion Date: Ongoing monthly process