
Hopi Junior/Senior High School

*Basic Financial Statements,
Independent Auditor's Reports, and
Single Audit Reports*
June 30, 2018



CPAs | Business & Financial Advisors

Hopi Junior/Senior High School

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Statement of Net Position	11
Statement of Activities	12
<i>Governmental Fund</i>	
Balance Sheet — Governmental Fund	13
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance — Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — Governmental Fund	17
<i>Fiduciary Fund</i>	
Statement of Fiduciary Net Position — Fiduciary Fund	18
Statement of Changes in Fiduciary Net Position — Fiduciary Fund	19
Notes to the Financial Statements	20-30
Supplementary Information	
Schedule of Expenditures of Federal Awards	31
Notes to the Schedule of Expenditures of Federal Awards	32

Hopi Junior/Senior High School

Table of Contents — continued

	<u>Page</u>
Single Audit Reports	
Independent Auditor's Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Compliance For Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	35-37
Schedule of Findings and Questioned Costs	38-48
Summary Schedule of Prior-Year Audit Findings	49
Corrective Action Plan	50-53

Independent Auditor's Report

The Honorable Members of the Governing Board
Hopi Junior/Senior High School
Keams Canyon, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparison for the major special revenue fund of Hopi Junior/Senior High School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Hopi Junior/Senior High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from 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 entity'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 entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparison for the major special revenue fund of the Hopi Junior/Senior High School as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hopi Junior/Senior High School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2019, on our consideration of the Hopi Junior/Senior High 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 Hopi Junior/Senior High 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 Hopi Junior/Senior High School's internal control over financial reporting and compliance.

REDW LLC

Phoenix, Arizona
February 13, 2019

Hopi Junior/Senior High School

Management's Discussion and Analysis

For the Year Ended June 30, 2018

As management of Hopi Junior/Senior High School (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the following financial statements.

Financial Highlights

- ◆ The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$12,435,857 (net position).
- ◆ As of the close of the current fiscal year, the School's governmental fund reported an ending fund balance of \$4,611,184.
- ◆ The School's unrestricted cash balance at June 30, 2018, was \$852,059 representing a decrease of \$112,342 from June 30, 2017.
- ◆ The School had intergovernmental revenues of \$12,228,314, rental and other income of \$140,756 and program expenses of \$11,943,576 for the year ended June 30, 2018.
- ◆ The School had capital outlays of \$215,790 for the year ended June 30, 2018.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of four components: 1) government-wide financial statements; 2) fund financial statements; 3) budgetary comparison schedule for the special revenue fund; and 4) notes to the financial statements. In addition to the basic financial statements, this report also contains the schedule of expenditures of federal awards as supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

Hopi Junior/Senior High School

Management's Discussion and Analysis

For the Year Ended June 30, 2018

The government-wide financial statements report on the function of the School that is principally supported by intergovernmental revenues. The School's function is to provide a positive and safe learning environment based on the strengths and values of the Hopi Community, which are funded primarily with grant revenue received from the U.S. Department of Interior, Bureau of Indian Education, and the Office of Indian Education Programs.

The statement of net position and the statement of activities are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status. The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has only one fund – the special revenue fund.

The *fund financial statements* focus on individual parts of the government and reporting the School's operations in more detail than the government-wide statements. Fund financial statements for the special revenue fund are on pages 13 through 16.

Government funds — All of the School's basic services are included in the governmental fund. Governmental funds focus on how cash and other financial assets that can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between governmental activities and balances reported in the statement of net position and the statement of activities and the governmental fund statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Hopi Junior/Senior High School's own programs. Fiduciary funds are presented using the economic resources measurement focus and the accrual basis of accounting.

The basic fiduciary fund statements can be found on pages 18 and 19 of this report.

Hopi Junior/Senior High School
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Notes to the Financial Statements

The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 30 of this report.

Supplemental Information

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget and, the Uniform Guidance, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The schedule of expenditures of federal awards can be found on page 31 of this report.

Government-Wide Financial Analysis

The following is an analysis of significant changes in operations from the prior year:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$12,435,857 at the close of the most recent fiscal year.

Current assets of the School increased by approximately \$.8 million (17.30%) due to increases in cash, investments and receivables resulting from an increase in grantor funding and decrease in expenses as discussed elsewhere. Capital assets decreased approximately \$473,000 for the recognition of the current year depreciation. Capital outlays for the year ended June 30, 2018, totaled \$215,790. Total liabilities and deferred inflows of resources collectively had a moderate decrease of 16.40% related to an increase in grantor funding which, based on the timing of the grant award, was not fully earned and therefore deferred as of the year-end. Net position increased by approximately \$.4 million over the prior year; mostly related to the increase in grantor funding and decrease in expenses. The largest portion of the School's net position (63 percent) reflects its net investment in capital assets. A portion of net position is restricted for scholarships using School resources for future school expenditures. For the year ended June 30, 2018, the portion of restricted net position is an available resource that the School may use for ongoing operations as needed.

Hopi Junior/Senior High School
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Net Position
June 30

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	\$ 5,486,691	\$ 4,677,461
Capital assets	7,971,828	8,444,735
Total assets	13,458,519	13,122,196
Liabilities		
Current liabilities	645,185	660,446
Noncurrent liabilities	110,108	181,261
Total liabilities	755,293	841,707
Deferred Inflows of Resources		
Unearned facilities grant revenue	267,369	270,126
Total deferred inflows of resources	267,369	270,126
Net Position		
Net investment in capital assets	7,880,654	8,293,204
Restricted for scholarships	240,585	240,501
Restricted	4,314,618	3,476,658
Total net position	\$ 12,435,857	\$ 12,010,363

The School's revenues are earned primarily from intergovernmental school grants issued by the U.S. Department of the Interior – Bureau of Indian Education and the U.S. Department of Education. The School receives funding from the Bureau of Indian Education for its academic activities including instruction, transportation, facilities' maintenance and support services. The School had sufficient revenues and reserves to fund the expenses incurred during the year.

Operating grants of \$12,228,314 represents an increase of \$175,609 (1.46%) over the prior year. Program expenses of \$11,943,576 increased approximately \$1 million (9.27%) over the prior year which reflected increases in all expense classifications other than basic education. A more detail discussion of fluctuations in the individual expense classifications can be found on pages 9 through 10.

Hopi Junior/Senior High School
Management's Discussion and Analysis
For the Year Ended June 30, 2018

The following reports the School's expenses by function:

Description	2018	2017
Basic education	\$ 3,688,761	\$ 5,368,277
Special education	1,385,878	1,134,499
Student transportation	1,460,387	1,332,298
Facilities	2,118,716	1,719,969
Supportive services	1,413,540	963,247
Child nutrition	569,621	216,458
School climate	1,082,575	70,160
Remedial education	<u>224,098</u>	<u>124,986</u>
Total governmental activities expenses by function	<u>\$ 11,943,576</u>	<u>\$ 10,929,894</u>

Special Revenue Fund Financial Analysis

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's governmental fund is discussed below:

Governmental Fund

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the School's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental fund, which consists of one special revenue fund, reported an ending fund balance of \$4,611,184. The School's two major sources of revenues are intergovernmental grant revenues of \$12,228,314 and rental income of \$84,768. The fund balance primarily represents the accumulation of intergovernmental revenues in excess of expenditures.

Special Revenue Fund Budgetary Analysis

Overall the School reported \$755,463 more revenue and \$372,417 less expenditures than budgeted.

Hopi Junior/Senior High School
Management's Discussion and Analysis
For the Year Ended June 30, 2018

The following discusses the significant variances between the results and the budget for the year:

- ◆ Intergovernmental revenue of \$12,228,314 was \$614,707 (5.3%) more than budgeted due to additional funding in the Administrative Support Cost, additional per mileage increase in Transportation and additional funding for the Facilities Management Minor Improvement & Repair (MI&R) that was received.
- ◆ Basic education expenditures of \$3,638,314 were \$45,416 more than budgeted due to increased educational cost by the School to assist in meeting the state and federal student standards in their mandated testing.
- ◆ Student transportation expenditures of \$1,447,503 were \$137,577 more than budgeted due to increased price in diesel and GSA bus rental and surcharge cost for the school year.
- ◆ Facilities expenditures of \$1,741,514 were \$544,165 greater than budgeted due to continued maintenance of the aging infrastructure and the budget did not reflect the MI&R revenue.
- ◆ Special education expenditures of \$1,385,878 were \$485,529 less than budgeted due to vacancies in the teaching and support staff that were not filled due to the School being in an isolated area and applicants not wanting to travel greater distance for amenities. In addition, there was a reduction in costs for related services than budgeted for the SPED program.
- ◆ Supportive services expenditures of \$1,163,138 were \$292,238 less than budgeted due to cost saving measures that were implemented by the School.
- ◆ School climate expenditures of \$1,071,124 were \$510,416 less than budgeted because expenditures were funded by other programs, which includes the ARRA Title Programs.
- ◆ Child nutrition expenditures of \$569,621 were \$215,124 more than budgeted because of an increase in cost of food through the vendor and claim reimbursement declined since not all students are participating in the breakfast/lunch program.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the School's investment in capital assets for its governmental activities was \$7,971,828 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings, building and facility improvements, furniture and fixtures, vehicles, and computer equipment.

The School had capital expenditures of \$215,790 during the current fiscal year. Additional information on the School's capital assets can be found in Note 6 on pages 27-28 of this report.

Hopi Junior/Senior High School

Management's Discussion and Analysis

For the Year Ended June 30, 2018

Long-Term Liabilities

As of June 30, 2018, the School had total outstanding debt which consisted of capital leases of \$91,174 and compensated absences payable to the School's employees of \$55,981. Additional information on the School's long-term debt can be found in Notes 7 and 8 on page 28 and page 29 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the School's budget for the 2019 fiscal year:

- ◆ The School does not expect any significant change in the student population for 2019 and expects the weighted-student units to remain consistent with 2018. It is unknown what amounts, if any, of federal funding will be reduced in 2019.

Future Events that will Financially Impact the School

With the current Administration at the Federal Level proposing cuts to the Department of the Interior and both the Bureau of Indian Affairs and Education are identified to be impacted, but to what extent we do not know that. Hopi Tribal Council has interest in unifying the Hopi Schools into a One School District. This change will more than likely cause the schools to lose their Administrative Cost Funds of approximately over a million dollars across the Hopi Reservation schools. There currently is no data available about possible cost savings from consolidating services like Transportation, Food Service and Special Education Programs. The TED (Tribal Education Department) grant supports the idea of conducting a feasibility study and Ordinance 36 revision. Hopi Junior/Senior High School will continue to address the implementation of the ESSA (Every Student Succeed Act). To achieve the implementation of ESSA, districts have more input into educational standards that students are held to. This is particularly good for special education professionals in achieving better outcomes for students with disabilities. Trainings will need to be done during the summer months and throughout the school year 2018-2019; 2019-2020 for our administration and teaching faculty. Additionally, Hopi Junior/Senior High School will be implementing the Year 4 AVID model for career and college readiness for the Junior and Senior High School. To put this model into action, the School will need to conduct training during the summer of 2019 that includes research based best practices for professional development.

Contacting the School's Financial Management

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief School Administrator, Hopi Junior/Senior High School, P.O. Box 337, Keams Canyon, AZ 86034, or call (928) 738-5111.

Basic Financial Statements

Hopi Junior/Senior High School
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 852,059
Restricted cash	240,585
Investments	3,424,697
Intergovernmental receivables	969,350
Capital assets (net of accumulated depreciation)	7,971,828
Total assets	13,458,519
Liabilities	
Accounts payable	176,257
Accrued expenses	128,199
Unearned revenues	295,388
Due to agency fund	8,294
Noncurrent liabilities	
Due within one year	37,047
Due in more than one year	110,108
Total liabilities	755,293
Deferred Inflows of Resources	
Unearned facilities grant revenues	267,369
Total deferred inflows of resources	267,369
Net Position	
Net investment in capital assets	7,880,654
Restricted for scholarships	240,585
Restricted	4,314,618
Total net position	\$ 12,435,857

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Hopi Junior/Senior High School
Statement of Activities
For the Year Ended June 30, 2018

			Net (Expense) Revenue and Changes in Net Position
	Expenses	Program Revenues Operating Grants and Contributions	Governmental Activities
Functions/Programs			
Governmental activities			
Basic education	\$ 3,688,761	\$ 4,180,668	\$ 491,907
Student transportation	1,460,387	1,656,580	196,193
Facilities	2,118,716	1,414,826	(703,890)
Special education	1,385,878	1,940,300	554,422
Supportive services	1,413,540	1,412,337	(1,203)
Child nutrition	569,621	202,187	(367,434)
School climate	1,082,575	102,146	(980,429)
Instructional training	-	144,200	144,200
Remedial education	224,098	1,175,070	950,972
Total governmental activities	<u>\$ 11,943,576</u>	<u>\$ 12,228,314</u>	284,738
General revenues			
Rental income			84,768
Interest income			55,988
Change in net position			425,494
Net position, beginning of year			<u>12,010,363</u>
Net position, end of year			<u><u>\$ 12,435,857</u></u>

The accompanying notes are an integral part of these financial statements.

Governmental Fund

Hopi Junior/Senior High School
Balance Sheet — Governmental Fund
June 30, 2018

	Special Revenue
Assets	
Cash and cash equivalents, unrestricted	\$ 852,059
Restricted cash	240,585
Intergovernmental receivables	969,350
Investments	3,424,697
Total assets	\$ 5,486,691
 Liabilities	
Accounts payable	\$ 176,257
Accrued expenses	128,199
Unearned revenues	295,388
Due to other funds	8,294
Total liabilities	608,138
 Deferred Inflows of Resources	
Unearned facilities grant revenues	267,369
Total deferred inflows of resources	267,369
 Fund Balance	
Restricted for scholarships	240,585
Restricted	4,370,599
Total fund balance	4,611,184
Total liabilities, deferred inflows of resources and fund balance	\$ 5,486,691

The accompanying notes are an integral part of these financial statements.

Hopi Junior/Senior High School
Reconciliation of the Balance Sheet of the
Governmental Fund to the Statement of Net Position
June 30, 2018

Total fund balance of governmental fund \$ 4,611,184

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements. 7,971,828

Long-term liabilities, including compensated absences and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements. (147,155)

Net position of governmental activities \$ 12,435,857

The accompanying notes are an integral part of these financial statements.

Hopi Junior/Senior High School
Statement of Revenues, Expenditures and Changes in
Fund Balance — Governmental Fund
For the Year Ended June 30, 2018

	Special Revenue
Revenues	
Intergovernmental	\$ 12,228,314
Interest income	55,988
Rental income	84,768
Total revenues	12,369,070
 Expenditures	
Current	
Basic education	3,638,314
Student transportation	1,447,503
Facilities	1,741,514
Special education	1,385,878
Supportive services	1,163,138
Child nutrition	569,621
School climate	1,071,124
Remedial education	224,098
Capital outlay	215,790
Debt service	
Principal	32,262
Interest	15,534
Total expenditures	11,504,776
Net change in fund balance	864,294
 Fund balance, beginning of year	 3,746,890
Fund balance, end of year	\$ 4,611,184

The accompanying notes are an integral part of these financial statements.

Hopi Junior/Senior High School
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balance – governmental fund	\$ 864,294
Amounts reported for governmental activities in the statement of activities are different because:	
The change in compensated absences reported in the statement of activities does not require the use of current financial resources and therefore, is not reported as expenditures in the governmental fund. This is the amount which compensated absences decreased during the current period and has been reported as a decrease of expenses in the statement of activities	
	1,844
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The repayment of the principal of long-term debt consumes current financial resources of governmental funds, however, the repayment of principal on long-term debt has no effect on net position. This is the amount of the principal payments reported in the governmental fund.	
Principal repaid	32,262
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Loss on disposal of capital assets	(12,883)
Capital outlay	215,790
Depreciation expense	<u>(675,813)</u>
Change in net position of governmental activities	<u>\$ 425,494</u>

The accompanying notes are an integral part of these financial statements.

Hopi Junior/Senior High School
Statement of Revenues, Expenditures and Changes in
Fund Balance—Budget and Actual — Governmental Fund
For the Year Ended June 30, 2018

	Special Revenue			Variance Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues				
Intergovernmental	\$ 11,613,607	\$ 11,613,607	\$ 12,228,314	\$ 614,707
Interest income	-	-	55,988	55,988
Rental income	-	-	84,768	84,768
Total revenues	<u>11,613,607</u>	<u>11,613,607</u>	<u>12,369,070</u>	<u>755,463</u>
Expenses				
Current				
Basic education	3,592,898	3,592,898	3,638,314	(45,416)
Student transportation	1,309,926	1,309,926	1,447,503	(137,577)
Facilities	1,197,349	1,197,349	1,741,514	(544,165)
Special education	1,871,407	1,871,407	1,385,878	485,529
Supportive services	1,455,376	1,455,376	1,163,138	292,238
Child nutrition	354,497	354,497	569,621	(215,124)
School climate	1,581,540	1,581,540	1,071,124	510,416
Remedial education	250,614	250,614	224,098	26,516
Total expenditures	<u>11,613,607</u>	<u>11,613,607</u>	<u>11,241,190</u>	<u>372,417</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,127,880</u>	<u>\$ 1,127,880</u>

The School's adopted budget does not include debt service payments or capital outlays. Therefore the following reconciliation is necessary to present actual expenditures, on a budgetary basis, in order to provide a meaningful comparison:

	<u>Total Expenditures</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	\$ 11,241,190
Capital outlay	215,790
Debt service payments	
Principal	32,262
Interest	<u>15,534</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance (page 15)	<u>\$ 11,504,776</u>

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund

Hopi Junior/Senior High School
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2018

	<u>Agency</u>
Assets	
Cash and cash equivalents	\$ 117,506
Due from other funds	<u>8,294</u>
Total assets	<u>\$ 125,800</u>
Net Position	
Funds held for others	<u>\$ 125,800</u>

The accompanying notes are an integral part of these financial statements.

Hopi Junior/Senior High School
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2018

	Agency
Additions	
Collection from student activity events	\$ 137,906
Deductions	
Payments for student activity events	146,256
Change in net position	(8,350)
Net position, beginning of year	134,150
Net position, end of year	\$ 125,800

The accompanying notes are an integral part of these financial statements.

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

1) Summary of Significant Accounting Policies

The accounting policies of the Hopi Junior/Senior High School (the “School”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The School is located on the Hopi Reservation in northeastern Arizona and is operated under the authority of the Hopi Junior/Senior High School Governing Board. The board receives its administrative powers from the Hopi Tribal Council under Hopi Tribal Ordinance No. 36 and consists of six voting members who are elected by community members.

The School was established by Hopi Tribal Council Resolution H-11-95 and began operations as a grant school on July 1, 1995. The School was previously operated by the Bureau of Indian Affairs. The School provides an accredited basic education for grades 7-12 and supplementary programs and services to meet identified student needs. In addition, the School operates and maintains a housing complex located on the School’s property. The housing is provided for the benefit of the School’s employees.

Basis of Presentation

The basic financial statement include both government-wide statements and fund financial statements. The government-wide statements focus on the School as a whole, while the fund statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between other schools to enhance the usefulness of the information.

Government-Wide and Fund Financial Statements

The *government-wide* statement of net position and statement of activities report information on all nonfiduciary activities of the School. Eliminations have been made to minimize the double counting of internal activities. The School has no business-type activities.

Governmental activities are financed primarily through operating grants from the U.S. Department of the Interior, Bureau of Indian Education, and the U.S. Department of Education.

The government-wide statement of activities reflects the cost of the School’s programs and functions (instruction, supportive services, student transportation, operation and maintenance, and operation of noninstructional services) reduced by directly associated revenues (charges for services and operating grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expense for

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

governmental activities is then adjusted for general revenues to determine the change in net position for the year. Indirect expenses such as support services and administration incurred in the general government and other functions/activities are not allocated to the program/function that they may benefit. When both restricted and unrestricted resources are available for use, it the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

The *fund* financial statements provide information about the School's funds. A combined statement for each fund category is presented. The emphasis of fund financial statements is on major governmental funds displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The School has only one governmental fund.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place. Other receipts become measurable and available when cash is received by the School and are recognized as revenue at that time.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers all revenues to be available if the revenues are collected within sixty days of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund.

The School reports the following major governmental fund:

- ◆ *Special Revenue Fund*—The special revenue fund accounts for grants and other resources whose use is restricted for a particular purpose.

Additionally, the School reports the following fiduciary fund type:

- ◆ *Agency Fund*—The agency fund accounts for assets held by the School as an agent for the students; primarily student activities monies.

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

Budgets

The governing board policy and procedure manual provides that the chief school administrator has the responsibility for preparing an annual budget that is reviewed and approved by the governing board. The governing board retains the right and authority to modify the proposed budget in its entirety or on a line-item basis. The budgetary comparison for the special revenue fund is presented as part of the basic financial statements.

Use of Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Net Position

Net position is classified as follows:

- ◆ Net investment in capital assets represents the School's total investment in capital assets, net of accumulated depreciation and related debt.
- ◆ Restricted net position – Those amounts with constraints placed on them by external groups such as grantors, contributors, financial institutions, or laws or regulations of other governments.

Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The *nonspendable fund balance* classification includes amounts that cannot be spent because they are either not in spendable form such as inventories, or are legally or contractually required to be maintained intact.

The *restricted fund balance* includes amounts that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

The *unrestricted fund balance* category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved in a public meeting by the School Board, which is the highest level of decision-making

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

authority within the School. The constraints placed on committed fund balances can only be removed or changed by the School Board in a public meeting.

Assigned fund balances are resources constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. The School Board has authorized the chief school administrator to make assignments of resources for a specific purpose.

The *unassigned fund balance* includes all spendable amounts not reported in the other classifications. Deficits in fund balances of the other governmental funds are also reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the School's policy to use restricted fund balances first. For the disbursement of unrestricted fund balances, the School's policy is to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

All investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The School's policy allows investment in U.S. government obligations and short-term interest bearing investments consisting of certificates of deposit, mutual funds and other income producing securities. Earnings on investments are comprised of interest, dividends, and net changes in the fair value of applicable investments.

Intergovernmental Receivables

Intergovernmental receivables consists of amounts due for reimbursement of approved expenditures on grants and contracts entered into with various governmental agencies. Receivables of this nature are not collateralized and are considered fully collectible. Amounts received from the federal government for grants and contracts are recognized as revenue when they are expended or obligated. Unspent or unobligated funds must generally be returned to the funding agency and therefore are not recognized as revenue. Expenditures are recorded when the related fund liability is incurred.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. parking area, sidewalks, and similar items), are reported in the governmental activities in the government-wide financial statements. For financial reporting purposes, capital assets

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The estimated useful lives of capital assets are as follows:

Assets	Years
Buildings and improvements	5-20
Furniture and fixtures	5-7
Computers and software	5
Vehicles	5-10

Depreciation is provided using the straight-line method over estimated useful lives.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The School’s buildings, facilities and other fixed assets acquired prior to July 1, 1995, are property of the U.S. Department of the Interior, Bureau of Indian Education (BIE). The assets owned by the BIE are provided to the School without rent; however, the School is responsible for the maintenance and repair of the School facilities.

Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before all eligibility requirements are met are recorded as unearned revenue.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

During 2018, the deferred inflows of resources relates to facilities operations and maintenance funds received in advance and is to be used for specific future time frame.

Income Taxes

As a component unit of the Hopi Tribe, a governmental entity, the School is not subject to federal or state income taxes.

Compensated Absences

It is the School’s policy to allow employees to accrue vacation and sick pay benefits. There is no liability for unpaid vacation pay since the School does not have to pay any

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

amounts when employees separate service from the School. However, sick pay is accrued at a rate of \$25 per day after an employee has reached three years of service at the School. A liability for the sick pay liability has been reported in the government-wide statements only.

2) Cash and Investments

Cash

At June 30, 2018, the carrying amount of the School’s deposits was \$852,059 and the bank balance was \$927,599 of which \$339,128 was deposited in U.S. government backed money market funds. The bank balance was covered by federal depository insurance or by collateral held by the School’s bank in the School’s name. The School’s policy for custodial credit risk is to maintain deposits so that they are: (1) covered by the federal depository insurance company; (2) collateralized by the School’s bank in the School’s name; or (3) held in U.S. government securities or securities back by the U.S. government.

The School was granted a donation to be used for scholarships for graduates of the high school to attend either a two-year or four-year college or university. As of June 30, 2018, the investment totaling \$240,585 is being held in a certificate of deposit reported as restricted cash.

Investments

The School reports investments at fair value which consist of U.S. treasury notes.

The School’s investments at June 30, 2018, categorized within the fair value hierarchy established by generally accepted accounting principles, are as follows:

Investment Type	Fair Value Measurement Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. treasury notes	\$ -	\$ 3,424,697	\$ -

Investments categorized as Level 2 are valued using a broker quote in a nonactive market for those investments.

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

Concentration of Credit Risk: At June 30, 2018, the School's investments subject to credit risk consisted of U.S. agency and government backed securities.

Credit Risk: The School's primary investment objective is safety. The School seeks to achieve safety through adherence to permitted investments which are backed by the full faith and credit of, or a guarantee of principal and interest by the U.S. government or a government agency or are issued by a government-sponsored agency, coupled with an appropriate maturity date.

Interest Rate Risk: Interest rate risk is the risk that an investment's value will change due to a change in interest rates. The School does not have a formal policy regarding interest rate risk. The School's investment objective is to achieve the highest yield for the permitted types of investments.

Investment Type	Fair Value	Years to Maturity	
		<1 year	1-5
U.S. Treasury notes	\$ 3,424,697	\$ 3,350,630	\$ 74,067

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the School will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. At June 30, 2018, the School's investments were uninsured and unregistered and held by the counterparty or by its trust department or agent in the School's name.

3) Intergovernmental Receivables

Intergovernmental receivables at June 30, 2018, consist of amounts due from the Bureau of Indian Education.

Indian School Equalization Program	\$ 969,162
Junior Reserve Officers Training Corps	188
Total intergovernmental receivables	<u>\$ 969,350</u>

4) Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

5) Operating Lease Commitments

The School has agreements with the U. S. General Services Administration for school bus and vehicle rental. These agreements are month-to-month and are cancellable at the School's discretion. Rental expense for the year ended June 30, 2018 was \$568,996.

6) Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Retirements	Balance at June 30, 2018
<u>Governmental activities</u>				
<i>Capital assets being depreciated</i>				
Furniture and fixtures	\$ 639,817	\$ 53,064	\$ (117,316)	\$ 575,565
Computers and software	316,040	31,185	(287,049)	60,176
Vehicles	864,473	-	(11,668)	852,805
Buildings	328,341	-	-	328,341
Building improvements	<u>13,502,696</u>	<u>131,541</u>	<u>(751,080)</u>	<u>12,883,157</u>
Total capital assets being depreciated	<u>15,651,367</u>	<u>215,790</u>	<u>(1,167,113)</u>	<u>14,700,044</u>
Less accumulated depreciation for				
Furniture and fixtures	(526,135)	(41,586)	117,316	(450,405)
Computers and software	(315,776)	(2,883)	287,049	(31,610)
Vehicles	(832,814)	(16,968)	11,668	(838,114)
Buildings	(244,298)	(14,444)	-	(258,742)
Building improvements	<u>(5,287,609)</u>	<u>(599,932)</u>	<u>738,196</u>	<u>(5,149,345)</u>
Total accumulated depreciation	<u>(7,206,632)</u>	<u>(675,813)</u>	<u>1,154,229</u>	<u>(6,728,216)</u>
Total capital assets being depreciated, net	<u>\$ 8,444,735</u>	<u>\$ (460,023)</u>	<u>\$ (12,884)</u>	<u>\$ 7,971,828</u>

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

Depreciation expense was charged to functions as follows:

	<u>Governmental Activities</u>
Supportive services	\$ 250,402
Basic education	36,757
Facilities	377,203
Instructional training	<u>11,451</u>
Total depreciation expense	<u><u>\$ 675,813</u></u>

7) Long-Term Liabilities

Capital lease—The School leases seven copiers under noncancelable agreements expiring September 2021. The assets and liabilities under capital leases are recorded at the lower of present value of minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their related lease terms or their estimated useful lives. Amortization of the related capital assets is reported as a component of depreciation expense.

The following schedule details debt service requirements to maturity for the School's capital lease payable at June 30, 2018:

	<u>Amount</u>
Year ending June 30,	
2019	\$ 47,426
2020	47,426
2021	<u>11,856</u>
Total minimum lease payments	106,708
Less amount representing interest	<u>(15,534)</u>
Present value of net minimum lease payments	<u><u>\$ 91,174</u></u>

The following is a summary of the property held under capital lease as of June 30, 2018:

Copiers	\$ 170,195
Less accumulated amortization	<u>(96,444)</u>
Total capital lease, net	<u><u>\$ 73,751</u></u>

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

8) Changes in Noncurrent Liabilities

Noncurrent liabilities activity for the year ended June 30, 2018, follows:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Current Portion
Capital lease obligations	\$ 123,436	\$ -	\$ (32,262)	\$ 91,174	\$ 37,047
Compensated absences	57,825	75,600	(77,444)	55,981	-
	<u>\$ 181,261</u>	<u>\$ 75,600</u>	<u>\$ (109,706)</u>	<u>\$ 147,155</u>	<u>\$ 37,047</u>

9) Retirement Plan

The School has a 401(a) defined contribution pension plan covering all of its eligible employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. An employee becomes eligible to participate in the plan on the first day of each quarter of the plan year immediately following the later of the first day of employment or attainment of age 21. Employees may contribute up to 20% of their eligible salary.

For the year ended June 30, 2018, the School matched 100% of the first three percent contributed by employees, and 50% of the next 2% of employee contributions. The School's contributions to the plan were \$103,988 and the employees' contributions were \$162,420 during the year.

10) Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Hopi Junior/Senior High School
Notes to the Financial Statements
June 30, 2018

11) Expenditures in Excess of Appropriations

For the year ended June 30, 2018, although total expenditures were 1.39% less than budgeted, expenditures in the special revenue fund type for the basic education, student transportation, facilities, and child nutrition programs exceeded appropriations by \$93,212, \$137,577, \$544,165, and \$215,124, respectively. The School funded the excess expenditures for the facilities program using carryover funds from prior years and available current year funding that was not fully expended for other programs.

Supplementary Information

Hopi Junior/Senior High School
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor Agency/Program Title	CFDA	Grant or Pass-Through Number	Expenditures
U.S. Department of Agriculture			
Passed through the Arizona Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	09-91-03-000	\$ 142,405
National School Lunch Program	10.555	09-91-03-000	427,216
Total Child Nutrition Cluster and total U.S. Department of Agriculture			<u>569,621</u>
U.S. Department of the Interior			
Indian School Equalization Program	15.042	N/A	4,841,485
Indian Schools Student Transportation	15.044	N/A	1,448,112
Administrative Cost Grant for Indian Schools	15.046	N/A	1,294,070
Indian Education Facilities, Operations and Maintenance	15.047	N/A	1,645,872
Total U.S. Department of the Interior			<u>9,229,539</u>
U.S. Department of Education			
Special Education Cluster - IDEA			
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	1,434,345
Title I Grant to Local Education Agencies (Title I, Part A of the ESEA)	84.010	N/A	224,099
Total U.S. Department of Education			<u>1,658,444</u>
Total expenditures of federal awards			<u>\$ 11,457,604</u>

See accompanying notes to schedule of expenditures of federal awards.

Hopi Junior/Senior High School
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1) Basis of Accounting

The accompanying schedule of expenditures of federal awards (Schedule) includes Hopi Junior/Senior High School's (School) federal grant activity for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3) Indirect Cost Rate, Subrecipients, and Outstanding Federal Loans

Grantor funding under the School's federal awards does not allow for indirect costs and, accordingly, the School did not use the 10 percent de minimis indirect cost rate covered in 2 CFR §200.414. The School provided no awards to subrecipients and does not have any federal loan obligations.

4) Reconciliation of the Schedule to the Financial Statements

The following is a reconciliation of the expenditures reported on the School's Schedule to expenditures report in the statement of revenues, expenditures and changes in fund balance for the year ended June 30, 2018:

Federal expenditures according to the schedule	\$ 11,457,604
Nonfederal expenditures	<u>47,172</u>
Expenditures according to the financial statements	<u><u>\$ 11,504,776</u></u>

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*

The Honorable Members of the Governing Board
Hopi Junior/Senior High School
Keams Canyon, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparison for the major special revenue fund of Hopi Junior/Senior High School, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Hopi Junior/Senior High School's basic financial statements, and have issued our report thereon dated February 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hopi Junior/Senior High School'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 Hopi Junior/Senior High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Hopi Junior/Senior High 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a material weakness.

Compliance and Other Matters

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

Hopi Junior/Senior High School's Response to Findings

Hopi Junior/Senior High School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Hopi Junior/Senior High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

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

REDW LLC

Phoenix, Arizona
February 13, 2019

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the *Uniform Guidance*

The Honorable Members of the Governing Board
Hopi Junior/Senior High School
Keams Canyon, Arizona

Report on Compliance for Each Major Federal Program

We have audited Hopi Junior/Senior High School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hopi Junior/Senior High School's major federal programs for the year ended June 30, 2018. Hopi Junior/Senior High School's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hopi Junior/Senior High School'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 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). 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 Hopi Junior/Senior High School'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 qualified and unqualified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Hopi Junior/Senior High School's compliance.

Basis for Qualified Opinion on CFDA 10.553/10.555 Child Nutrition Cluster – School Breakfast Program; National School Lunch Program

As described in the accompanying schedule of findings and questioned costs, Hopi Junior/Senior High School did not comply with requirements regarding procurement for CFDA 10.553/10.555 Child Nutrition Cluster as described in finding number 2018-002. Compliance with such requirements is necessary, in our opinion, for Hopi Junior/Senior High School to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 10.553/10.555 Child Nutrition Cluster – School Breakfast Program; National School Lunch Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Hopi Junior/Senior High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster – School Breakfast Program; National School Lunch Program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Hopi Junior/Senior High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed other 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 and questioned costs as items 2018-003 and 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

Hopi Junior/Senior High School's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hopi Junior/Senior High School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Hopi Junior/Senior High School 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 Hopi Junior/Senior High School's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Hopi Junior/Senior High School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-004, and 2018-005 to be significant deficiencies.

Hopi Junior/Senior High School's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hopi Junior/Senior High School's response was not subjected to the 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.

REDW LLC

Phoenix, Arizona
February 13, 2019

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I — Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Type of auditor’s report issued on compliance for major federal programs:	
Child Nutrition Cluster – School Breakfast Program/National School Lunch Program	Qualified
Indian School Student Transportation	Unmodified
Special Education Cluster – Special Education Grants to States, IDEA Part B	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section I — Summary of Auditor’s Results — continued

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster – School Breakfast Program/National School Lunch Program
15.044	Indian School Student Transportation
84.027	Special Education Cluster – Special Education Grants to States, IDEA Part B

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Other Matters

Auditee’s summary Schedule of Prior Audit Findings required to be
reported in accordance with 2 CFR 200.511(b)? No

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section II — Financial Statement Findings

2018-001 — Capital Asset Disposals – Material Weakness

Criteria or Specific Requirement: To ensure proper controls over capital assets, disposals should be documented and approved at the time of disposal and communicated to the granting agency promptly.

Condition: The capital asset disposal process is occurring significantly later than when the asset was disposed of. Not until auditor asked about disposals was a form produced, and even then, the School only completed forms for selected capital assets.

Context: The School had \$14,700,043 of capital assets, total disposals of \$1,167,114 with a net book value of \$12,884, as of June 30, 2018.

Cause and Effect: Lack of timely communication between departments. The risk of assets being stolen increases if the School information is not timely.

Auditor's Recommendations: We recommend department managers communicate to accounting at the time of disposal to initiate the disposal form process.

Management's Response: The School's Business Office staff had not seen the depreciation schedule from previous auditors until the Fall of 2018. Upon receipt of the depreciation detail schedule interviews were conducted with department managers in order to record abandonments. The School will develop procedures to conduct an annual inventory of capital assets. Department Managers will be interviewed by the Property Supply/Central Receiving Office staff annually and abandonments will be documented, approved and recorded annually in the future.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III —Federal Award Findings

2018-002 — Procurement – Material Weakness in Internal Controls over Compliance and Compliance

Federal program information:

Funding agency:	Department of Education, Department of Agriculture
Title:	Special Education Cluster – Special Education Grants to States/IDEA Part B, Child Nutrition Cluster – School Breakfast Program/National School Lunch Program
CFDA number:	84.027, 10.553/10.555
Award number:	AADD65H220, ED09-0001
Award period:	7/1/2017-6/30/2018
Pass-through entity: (if applicable)	Arizona Department of Education for the Child Nutrition Cluster

Criteria: Requirements for procurement are contained in the Uniform Guidance 2 CFR 200.317-326, federal awarding agency regulations, and the terms of the award. Procurement transactions should be conducted in a manner providing full and open competition in accordance with procurement standards. The School’s procurement policy requires the evaluation of written bids for purchases of any items or group of items over \$30,000. A contract may be awarded for a material, service, or construction item without competition if the Governing Board determines in writing that there is only one (1) source for the required material, service, or construction item. In addition, under the Uniform Guidance 2 CFR 200.212, when a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition: The School does not have policies and procedures that meet the federal regulations for open competition using procurement regulations and for suspension and debarment checks.

Context: According to review of 100% of the vendors over \$25,000 for nonpayroll transactions, selected on a haphazard basis, for two programs, exceptions were noted as follows:

Child Nutrition Cluster – School Breakfast Program/National School Lunch Program

- 1) The program purchased school meal supplies through vendor Sysco New Mexico totaling \$226,051 without formal bidding process.
- 2) Sole Source determination was not in writing before the contract was entered with vendor Shamrock AZ Dairy. The School purchased goods of \$23,707 from this vendor in fiscal year 2018.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III — Federal Award Findings — continued

2018-002 — Procurement – Material Weakness in Internal Controls over Compliance and Compliance — continued

Special Education Cluster – Special Education Grants to States/IDEA Part B

- 1) Sole Source determination was not in writing before the contract was entered with vendors (expenditures spent in fiscal year 2018 present in parenthesis):

Gary A Plank (\$43,631);
Michael E. Gerner, PH.D., PC PRES (\$87,563);
Northland-Rural Therapy (\$29,090); and
Scott Rice, Mot, OTR/L (\$44,170).

In addition, the School does not have a policy and procedure in place to verify contractors are not suspended or debarred.

Questioned Costs: None.

Cause and Effect: Controls over procurement in regards to formal bidding and sole source documentation as documented in the School’s procurement policy have not been followed. No proper control is in place to ensure that the School does not contract with a debarred entity. The School is not in compliance with the procurement requirements under the federal regulations and runs the risk of losing future federal funds.

Auditor’s Recommendations: We recommend the School to formally implement policies and procedures that will promote adequate monitoring of the procurement and bidding process. We also recommend the School to establish policy and procedures to verify that the contractor is not suspended or debarred and documents the process and results properly.

Management’s Response: The School has implemented formal Bidding/Purchasing Procedures; the method is that all purchases will be in accordance with the Arizona school district procurement rules and Tribally Controlled School procedures with the following. Sealed bids will be requested when an award is to be made for a transaction to purchase materials or services costing more than thirty thousand dollars (\$30,000). Due to the School being in an isolated location, vendors from the metro areas do not want to travel great distances to provide services to the schools on Hopi. The School also uses the procurement of the Mohave Educational Services and General Service Administration FED-Strip, the bidding/quoting requirements are WAIVED if purchases are made through the Arizona State and Federal Purchasing/Procurement contract.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III — Federal Award Findings — continued

2018-003 — Reporting – Late Submission of Claiming Reports – Significant Deficiency in Internal Controls over Compliance and Compliance

Federal program information:

Funding agency:	U.S. Department of Agriculture
Title:	Child Nutrition Cluster – School Breakfast Program; National School Lunch Program
CFDA number:	10.553/10.555
Award number:	ED09-0001
Award period:	7/1/2017-6/30/2018
Pass-through entity: (if applicable)	Arizona Department of Education

Criteria: In accordance with the program’s contract provisions, the program is required to submit a Monthly Claiming Report within 60 days following the last day of the claiming month. Claims for reimbursement not filed within the window will be disallowed.

Condition: The Child Nutrition Cluster program did not submit January and February 2018’s claiming report until May 2, 2018. The granting agency granted a one-time exception for the School to recover their January’s grant reimbursement. However, the program lost their February’s reimbursement in the amount of \$18,312 due to the late submission of the reports.

Questioned Costs: None.

Context: The School’s finance department did not have sufficient controls to ensure that cash management reports were filed timely to ensure claims were filed and cash reimbursements received by the School as required by the Arizona Department of Education.

Cause and Effect: No adequate tracking system was used to remind staff about the report due dates. No adequate monitoring over reporting activities. The School is not in compliance with reporting requirements for this program. The program lost one month of the federal funding due to the late submission of the claiming reports.

Auditor’s Recommendations: Policy and procedures should be developed and implemented to ensure all program reports are properly completed and submitted to the granting agency by the required due dates.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III —Federal Award Findings — continued

2018-003 — Reporting – Late Submission of Claiming Reports – Significant Deficiency in Internal Controls over Compliance and Compliance – continued

Management's Response: The School has implemented an Operating Procedure for submitting claims by the Food Service Manager; Child Nutrition Cluster – School Breakfast Program; National School Lunch Program. The procedures are developed by ADE, implemented through the Finance and Operations Health and Nutrition Services with adequate tracking system. It is the responsibility of the Food Service Manager to be in compliance with all documentation submitted on a monthly and timely basis. Claims for the current month can be submitted starting the 1st day of the following month; Claims can be submitted for previous months within the 60 day deadline; Claims cannot be submitted in advance; Claims are now being processed daily, beginning the 1st business day of each month, except for the last week during which no claims will be processed.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III — Federal Award Findings — continued

2018-004 — Cash Management – Significant Deficiency in Internal Controls over Compliance and Compliance

Federal program information:

Funding agency:	U.S. Department of Agriculture
Title:	Child Nutrition Cluster – School Breakfast Program; National School Lunch Program
CFDA number:	10.553/10.555
Award number:	ED09-0001
Award period:	7/1/2017-6/30/2018
Pass-through entity: (if applicable)	Arizona Department of Education

Criteria: Uniform Guidance, 24 CFR §85.21 requires procedures for payments be established to minimize the time elapsing between the receipt of federal funds and the expenditure of those funds on program activities. In accordance with the program’s contract provisions, claims for reimbursement not filed within 60 days following the last day of the claiming month will be disallowed.

Condition: The School’s finance department did not have sufficient controls to ensure that cash management reports were filed timely to ensure claims were filed and cash reimbursements received by the School as required by the Arizona Department of Education.

Questioned Costs: None.

Context: The Child Nutrition Cluster program did not submit its January and February 2018’s claiming report until May 2, 2018. The granting agency granted a one-time exception for the School to recover their January’s grant reimbursement. However, the program lost their February’s reimbursement in the amount of \$18,312 due to the late submission of the reports.

Cause and Effect: The School did not have adequate tracking system and/or supervisory control to remind staff about the report due dates. Therefore, there did not appear to be adequate monitoring over cash management activities. The School is not in compliance with cash management requirements for this program. The program lost one month of the federal funding due to the late submission of the claiming reports.

Auditor’s Recommendations: Policy and procedures should be developed and implemented to ensure the cash drawdown activity is being monitored. An adequate tracking system should be established for the timing of cash drawdowns to be in compliance with the program requirements and in place to ensure the cash needs of the School are being met as allowed by the awarding agencies.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III —Federal Award Findings — continued

2018-004 — Cash Management – Significant Deficiency in Internal Controls over Compliance and Compliance — continued

Management's Response: The School has implemented an Operating Procedure for submitting claims by the Food Service Manager; Child Nutrition Cluster – School Breakfast Program; National School Lunch Program. The procedures are developed by ADE, implemented through the Finance and Operations Health and Nutrition Services with adequate tracking system. It is the responsibility of the Food Service Manager to be in compliance with all documentation submitted on a monthly and timely basis. Claims for the current month can be submitted starting the 1st day of the following month; Claims can be submitted for previous months within the 60 day deadline; Claims cannot be submitted in advance; Claims are now being processed daily, beginning the 1st business day of each month, except for the last week during which no claims will be processed.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III — Federal Award Findings — continued

2018-005 — Character Investigations – Significant Deficiency in Internal Controls over Compliance

Federal program information:

Funding agency:	Department of Interior, Department of Education, Department of Agriculture
Title:	Indian Schools Student Transportation, Special Education Cluster – Special Education Grants to States/SPED Part B, Child Nutrition Cluster – School Breakfast Program/National School Lunch Program
CFDA number:	15.044, 84.027, 10.553/10.555
Award number:	A17AV00671, AADD65H220, ED09-0001
Award period:	7/1/2017-6/30/2018
Pass-through entity: (if applicable)	Arizona Department of Education for the Child Nutrition Cluster

Criteria: The Indian Child Protection and Family Violence Prevention Act (25 USC §3201 et seq.) requires Indian tribes and tribal organizations that receive funds under the ISDEAA or the Tribally Controlled Schools Act to conduct an investigation of the character of each individual who is employed or is being considered for employment by such Indian tribe or tribal organization in a position that involves regular contact with, or control over, Indian children. The Act further states that the Indian tribe or tribal organization may employ individuals in those positions only if the individuals meet standards of character, no less stringent than those prescribed under subpart B–Minimum Standards of Character and Suitability for Employment (25 CFR Part 63), as the Indian tribe or tribal organization establishes.

Condition: The adjudicator performing the character investigations was the adjudicator for his own character investigation. Although a new adjudication letter was provided after the audit field work to prove the adjudicator was in compliance, the control was not in place during fiscal year 2018.

Questioned Costs: None.

Context: For all grants, the adjudicator performing the character investigations was the adjudicator for his own character investigation dating back to 2015.

Hopi Junior/Senior High School
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section III —Federal Award Findings — continued

2018-005 — Character Investigations – Significant Deficiency in Internal Controls over Compliance — continued

Cause and Effect: The School did not implement internal controls to ensure compliance with the federal requirements for character investigations for the above grants. Management did not institute controls to ensure that the adjudicator does not perform his own background check. The lack of an effective internal control structure exposes the School to greater risk of noncompliance with federal requirements. The School may have an unqualified employee working for these programs that place Indian children and other employees at risk. Further, funding agencies could impose sanctions or other remedies for noncompliance.

Auditor's Recommendations: We recommend the School strengthen its internal control structure by training a second person to adjudicate background checks. Each adjudicator should adjudicate the other person's background check.

Management's Response: The School has implemented policies and procedures to strengthen the internal control structure of the character and background investigations. The Human Resource Officer has been on board and is providing all the functions of the duties of HR, accepting employment applications making sure all required information are in the applications and all the required background release documents are done and in compliance with school HR policies. Human Resource Technician has been given training on compliance related issues in performing the character investigation on all staff for suitability in working with the Indian Children. HR Technician will be attending trainings on the Basic and Advance Adjudication training for compliance.

Hopi Junior/Senior High School
Summary Schedule of Prior-Year Audit Findings
For the Year Ended June 30, 2018

There were no financial statement or federal award findings for the year ended June 30, 2017.

***HOPi JUNIOR/SENIOR HIGH SCHOOL
Post Office Box 337
Keams Canyon, Arizona 86034
Telephone: (928) 738-5111
Fax: (928) 738-5333***

*Principal
Dr. Steven Berbeco, Superintendent*

Mrs. Lynn Fredericks, High School

Mr. Alban Naha, Junior High Principal

**Hopi Junior/Senior High School
Corrective Action Plan
For the Year Ended June 30, 2018**

Audit Finding	Corrective Action Plan	Person(s) Responsible	Estimated Completion Date
2018-001 — Capital Asset Disposals	The school will develop procedures to conduct an annual inventory of capital assets. Department Managers will be interviewed by the Property Supply/Central Receiving Office staff annually and abandonments will be documented, approved and recorded annually in the future.	Guy Josytewa, Central Receiving/Property Inventory	January 31, 2019
2018-002 — Procurement	The school has implemented formal Bidding/Purchasing Procedures; the method is that all purchases will be in accordance with the Arizona school district procurement rules and Tribally Controlled School procedures with the following. Sealed bids will be requested when an award is to be made for a transaction to purchase materials or services costing more than thirty thousand dollars (\$30,000). Due to the school being in an isolated location, vendors from the metro areas do not want to travel great distances to provide services to the schools on Hopi. The school also uses the procurement of the Mohave Educational Services and General Service Administration FED-Strip, the bidding/quoting requirements are WAIVED if purchases are made through the Arizona State and Federal Purchasing/Procurement contract.	Special Education Director	January 31, 2019

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Hopi Junior/Senior High School
Corrective Action Plan
For the Year Ended June 30, 2018

Audit Finding	Corrective Action Plan	Person(s) Responsible	Estimated Completion Date
2018-003 — Reporting Late Submission of Claims Reports	The school has implemented an Operating Procedure for submitting claims by the Food Service Manager; Child Nutrition Cluster – School Breakfast Program; National School Lunch Program. The procedures are developed by ADE, implemented through the Finance and Operations Health and Nutrition Services with adequate tracking system. It is the responsibility of the Food Service Manager to be in compliance with all documentation submitted on a monthly and timely basis. Claims for the current month can be submitted starting the 1st day of the following month; Claims can be submitted for previous months within the 60 day deadline; Claims cannot be submitted in advance; Claims are now being processed daily, beginning the 1st business day of each month, except for the last week during which no claims will be processed.	Roselyn Dempsey- Jim, Food Service Manager	January 31, 2019

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Hopi Junior/Senior High School
Corrective Action Plan
For the Year Ended June 30, 2018

Audit Finding	Corrective Action Plan	Person(s) Responsible	Estimated Completion Date
2018-004 — Cash Management	The school has implemented an Operating Procedure for submitting claims by the Food Service Manager; Child Nutrition Cluster – School Breakfast Program; National School Lunch Program. The procedures are developed by ADE, implemented through the Finance and Operations Health and Nutrition Services with adequate tracking system. It is the responsibility of the Food Service Manager to be in compliance with all documentation submitted on a monthly and timely basis. Claims for the current month can be submitted starting the 1st day of the following month; Claims can be submitted for previous months within the 60 day deadline; Claims cannot be submitted in advance; Claims are now being processed daily, beginning the 1st business day of each month, except for the last week during which no claims will be processed.	Roselyn Dempsey-Jim, Food Service Manager	January 31, 2019

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**Hopi Junior/Senior High School
Corrective Action Plan
For the Year Ended June 30, 2018**

Audit Finding	Corrective Action Plan	Person(s) Responsible	Estimated Completion Date
2018-005 — Character Investigations	The school has implemented policies and procedures to strengthen the internal control structure of the character and background investigations. The Human Resource Officer has been on board and is providing all the functions of the duties of HR, accepting employment applications making sure all required information are in the applications and all the required background release documents are done and in compliance with school HR policies. Human Resource Technician has been given training on compliance related issues in performing the character investigation on all staff for suitability in working with the Indian Children. HR Technician will be attending trainings on the Basic and Advance Adjudication training for compliance.	Dakota Francis, Human Resource Technician	January 31, 2019