

Federal Compliance Audit
and Other Financial Information

Pleasant Point Passamaquoddy Tribal
Council

December 31, 2010



Proven Expertise and Integrity

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

CONTENTS

DECEMBER 31, 2010

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET ASSETS	10
STATEMENT B - STATEMENT OF ACTIVITIES	11 - 12
<u>FUND FINANCIAL STATEMENTS</u>	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	13
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF ACTIVITIES	14
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	15
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
STATEMENT G - STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS	17
NOTES TO FINANCIAL STATEMENTS	18 - 30

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	31
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	32

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	33
SCHEDULE B - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	34
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	35
SPECIAL REVENUE FUNDS DESCRIPTION	36
SCHEDULE D - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	37
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	38
SCHEDULE F - COMBINING BALANCE SHEET – HHS	39
SCHEDULE G - COMBINING BALANCE SHEET – OTHER HEALTH SERVICES	40
SCHEDULE H - COMBINING BALANCE SHEET – PUBLIC SAFETY	41 - 42
SCHEDULE I - COMBINING BALANCE SHEET – ENVIRONMENTAL	43 - 45
SCHEDULE J - COMBINING BALANCE SHEET – OTHER PROGRAMS	46 - 48
SCHEDULE K - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – HHS	49
SCHEDULE L - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – INDIAN HEALTH SERVICES	50

SCHEDULE M - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER HEALTH SERVICES	51
SCHEDULE N - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – PUBLIC SAFETY	52 - 53
SCHEDULE O – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ENVIRONMENTAL	54 - 56
SCHEDULE P – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER PROGRAMS	57 - 59
CAPITAL PROJECTS FUNDS DESCRIPTION	60
SCHEDULE Q - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS	61 - 64
SCHEDULE R – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS	65 - 68
GENERAL CAPITAL ASSETS DESCRIPTION	69
SCHEDULE S - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	70
SCHEDULE T - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	71

FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	72 - 74
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	75
INDEPENDENT AUDITORS' REPORT 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>	76 - 77
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	78 - 80
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	81 - 91
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS	92 - 99
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS	100- 101



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

June 27, 2011

Tribal Council
Pleasant Point Passamaquoddy Tribal Council
Perry, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Point Passamaquoddy Tribal Council as of and for the year ended December 31, 2010, which collectively comprise the Pleasant Point Passamaquoddy Tribal Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pleasant Point Passamaquoddy Tribal Council's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Point Passamaquoddy Tribal Council as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2011 on our consideration of the Pleasant Point Passamaquoddy Tribal Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 32 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 statement 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pleasant Point Passamaquoddy Tribal Council's financial statements as a whole. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

(UNAUDITED)

The following management's discussion and analysis of Pleasant Point Passamaquoddy Tribal Council's (Council) financial performance provides an overview of the Council's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the Council's financial statements.

Financial Statement Overview

The Council's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government - Wide Financial Statements

The government-wide financial statements provide a broad view of the Council's operations in a manner that is similar to private businesses. These statements provide both short – term as well as long – term information in regards to the Council's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government – wide financial statements include the following two statements:

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have been presented for the Council for the following activities:

- *Governmental activities* – The activities in this section are mostly supported by intergovernmental revenues (federal and state grants) and other revenues. All of the Council's basic services are reported in governmental activities, which include general government, public safety, public works, education, welfare, environmental and other unclassified.

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 Council, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Council can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the Council are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government – wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Council's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Council.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Council presents several columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Council's major governmental funds are the general fund, BIA and Indian Health Services. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Council adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Council. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Council's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting. The Council shows its Census money in these fiduciary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Council's governmental and business-type activities. The Council's total net assets for governmental activities increased by \$2,364,461 from \$23.7 million to \$26.1 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$829,082 at the end of this year. Most of the increase in unrestricted was due to the increase in the general fund operations.

Table 1
Pleasant Point Passamaquoddy Tribal Council
December 31,

	2010	2009
(Restated)		
Assets		
Current and other assets	\$ 3,914,562	\$ 3,376,894
Capital Assets	22,358,946	20,655,723
Total Assets	\$ 26,273,508	\$ 24,032,617
 Liabilities		
Current Liabilities	\$ 103,665	\$ 227,862
Long-term Debt Outstanding	76,585	75,958
Total Liabilities	\$ 180,250	\$ 303,820
 Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 22,358,946	\$ 20,655,723
Restricted Net Assets: General fund	18,000	-
Special revenue	2,728,560	2,612,698
Capital projects	158,670	120,213
Other Net Assets	829,082	340,163
Total Net Assets	\$ 26,093,258	\$ 23,728,797

Table 2
Pleasant Point Passamaquoddy Tribal Council
Changes in Net Assets
For the Years Ended December 31,

	<u>2010</u>	<u>2009</u>
Revenues		
Intergovernmental		
State of Maine funding	\$ 40,893	\$ 150,827
Joint Tribal Council	56,021	8,787
Federal grants	9,646,394	7,543,981
State grants	152,218	352,532
Charges for services	1,826,289	2,057,153
Investment income	9,325	14,430
Excise taxes	57,533	49,507
Other revenue	439,533	245,350
Total Revenues	<u>12,228,206</u>	<u>10,422,567</u>
Expenses		
Salaries	2,866,070	2,812,855
Fringe benefits	1,026,896	900,092
Travel	135,571	156,443
Public works	-	16,512
Insurance	188,073	88,669
Supplies / postage	1,054,001	1,031,710
Telephone / utilities	206,335	242,211
Contractual services	1,465,509	2,233,619
Program assistance	930,393	1,477,503
Equipment purchase	203,049	39,704
Equipment rental / maintenance	100,492	96,483
Elected officials	507	290
Training / education	15,644	12,687
Professional fees	145,841	102,780
Donations	223,298	241,967
Other expense	181,973	126,335
Depreciation	1,120,093	899,419
Total Expenses	<u>9,863,745</u>	<u>10,479,279</u>
Change in Net Assets	2,364,461	(56,712)
Net Assets - January 1 - Restated	<u>23,728,797</u>	<u>23,785,509</u>
Net Assets - December 31	<u>\$ 26,093,258</u>	<u>\$ 23,728,797</u>

Revenues and Expenses

Revenues for the Council's governmental activities increased by \$1,805,639, while total expenses decreased by \$615,534. Federal grants increased from the prior year due to several large grants being received that were for capital outlay. Most of the decrease in expenses came from the capitalization of certain expenses.

Most other expense lines were consistent with the previous year with the exception of: insurance and equipment purchases which were increased and contractual services and program assistance which were decreased.

Financial Analysis of the Council's Fund Statements

Governmental funds: The financial reporting focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Council's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Pleasant Point Passamaquoddy Tribal Council
Fund Balances - Governmental Funds
December 31,

	2010	2009
General Fund:		
Reserved	\$ 18,000	\$ -
Unreserved		
Designated	115,940	76,786
Undesignated	812,064	427,567
Total General Fund	\$ 946,004	\$ 504,353
Major Funds:		
BIA	\$ 185,435	\$ 149,799
Indian Health Services	1,884,296	1,031,309
Total Major Funds	\$ 2,069,731	\$ 1,181,108
Nonmajor Funds:		
Special Revenue	\$ 636,492	\$ 1,356,554
Capital Projects	158,670	107,017
Total Nonmajor Funds	\$ 795,162	\$ 1,463,571

The general fund total fund balance increased by \$441,651 over the prior fiscal year. BIA increased by \$35,636 and Indian Health Services increased by \$852,987. The non-major fund balances decreased by \$668,409 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenue from budgeted amounts, and under-spent expenditures.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$353,526. This was a result of Nebco income and Transfers. Overall expenditure items were under budget by \$88,125.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2010, the net book value of capital assets recorded by the Council increased by \$1,703,223 over the prior year. This increase is the result of capital additions (net of disposals) of \$2,823,316 less current year depreciation expense of \$1,120,093. The prior year capital assets have been restated by \$6,355,555 for prior year additions not recorded.

Table 4
Pleasant Point Passamaquoddy Tribal Council
(Net of Depreciation)
Capital Assets December 31,

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 349,150	\$ 364,928
Buildings and improvements	7,827,622	8,210,483
Machinery and equipment	1,419,418	1,483,592
Vehicles	1,228,316	1,033,556
Art works and historical treasures	55,341	55,341
Infrastructure	<u>11,479,099</u>	<u>9,507,823</u>
Total	<u>\$ 22,358,946</u>	<u>\$ 20,655,723</u>

Economic Factors and Next Year's Budgets and Rates

The Council currently has a sufficient undesignated fund balance to sustain government operations for a period of at least three months.

Requests for Information

This financial report is designed to provide our agencies, tribal members and others with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager Andrew Seeley or the Tribal Council at P.O. Box 343, Perry, Maine, 04667.

STATEMENT A

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 2,790,137
Investments	121,065
Accounts receivable (net of allowance for uncollectibles)	
Grants	498,206
Other	475,641
Travel advances	29,513
Total current assets	3,914,562
Noncurrent assets	
Capital assets	
Land, infrastructure, and other assets not being depreciated	190,341
Buildings and vehicles, net of accumulated depreciation	22,168,605
Total noncurrent assets	22,358,946
Total assets	\$ 26,273,508
LIABILITIES	
Current liabilities	
Accounts payable	\$ 103,665
Current portion of long-term obligations	-
Total current liabilities	103,665
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	76,585
Total noncurrent liabilities	76,585
Total liabilities	180,250
NET ASSETS	
Invested in capital assets, net of related debt	22,358,946
Restricted: General fund	18,000
Special revenue	2,728,560
Capital projects	158,670
Unrestricted	829,082
Total net assets	26,093,258
Total liabilities and net assets	\$ 26,273,508

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities					
Salaries	\$ 2,866,070	\$ -	\$ -	\$ -	\$ (2,866,070)
Fringe benefits	1,026,896	-	-	-	(1,026,896)
Travel	135,571	-	-	-	(135,571)
Insurance	188,073	-	-	-	(188,073)
Supplies / postage	1,054,001	-	-	-	(1,054,001)
Telephone / utilities	206,335	-	-	-	(206,335)
Contractual services	1,465,509	-	-	-	(1,465,509)
Program assistance	930,393	-	-	-	(930,393)
Equipment purchase	203,049	-	-	-	(203,049)
Equipment rental / maintenance	100,492	-	-	-	(100,492)
Elected officials	507	-	-	-	(507)
Training / education	15,644	-	-	-	(15,644)
Professional fees	145,841	-	-	-	(145,841)
Donations	223,298	-	-	-	(223,298)
Other expense	181,973	-	-	-	(181,973)
Depreciation	1,120,093	-	-	-	(1,120,093)
Total governmental activities	9,863,745	-	-	-	(9,863,745)

STATEMENT B (CONTINUED)
PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Activities</u>
Changes In net assets:	
Net (expense) revenue	(9,863,745)
General revenue:	
Intergovernmental	9,839,505
Joint tribal council	56,021
Charges for services	1,826,289
Investment income	9,325
Miscellaneous	497,066
Total general revenue and transfers	<u>12,228,206</u>
Change in net assets	2,364,461
Net assets - January 1 - Restated	<u>23,728,797</u>
Net assets - December 31	<u><u>\$ 26,093,258</u></u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>General Fund</u>	<u>BIA</u>	<u>Indian Health Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
ASSETS					
Cash	\$ 2,790,137	\$ -	\$ -	\$ -	\$ 2,790,137
Investments	121,065	-	-	-	121,065
Accounts receivable (net of allowance for uncollectibles):					
Grants	-	-	-	498,206	498,206
Other	15,341	-	457,036	3,264	475,641
Travel advances	4,885	1,490	19,344	3,794	29,513
Due from other funds	36,715	201,303	1,408,126	326,613	1,972,757
Total assets	<u>\$ 2,968,143</u>	<u>\$ 202,793</u>	<u>\$ 1,884,506</u>	<u>\$ 831,877</u>	<u>\$ 5,887,319</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 86,097	\$ 17,358	\$ 210	\$ -	\$ 103,665
Due to other funds	1,936,042	-	-	36,715	1,972,757
Total liabilities	<u>2,022,139</u>	<u>17,358</u>	<u>210</u>	<u>36,715</u>	<u>2,076,422</u>
EQUITY					
Reserved reported in:					
General fund	18,000	-	-	-	18,000
Special revenue funds	-	185,435	1,884,296	658,829	2,728,560
Capital projects funds	-	-	-	158,670	158,670
Unreserved reported in:					
General fund					
Designated	115,940	-	-	-	115,940
Undesignated	812,064	-	-	-	812,064
Special revenue funds					
Undesignated	-	-	-	(22,337)	(22,337)
Total fund equity	<u>946,004</u>	<u>185,435</u>	<u>1,884,296</u>	<u>795,162</u>	<u>3,810,897</u>
Total liabilities and fund equity	<u>\$ 2,968,143</u>	<u>\$ 202,793</u>	<u>\$ 1,884,506</u>	<u>\$ 831,877</u>	<u>\$ 5,887,319</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 3,810,897
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	22,358,946
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(76,585)</u>
 Net assets of governmental activities	 <u><u>\$ 26,093,258</u></u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	BIA	Indian Health Services	Nonmajor Funds	Total Governmental Funds
REVENUES					
State of Maine Funding	\$ 40,893	\$ -	\$ -	\$ -	\$ 40,893
Tero tax	56,021	-	-	-	56,021
Indirect Income	1,005,823	-	-	-	1,005,823
Federal Grants	1,688	2,284,966	3,267,456	4,092,284	9,646,394
State Grants	-	134,910	-	17,308	152,218
Charges for services	141,145	-	1,685,144	-	1,826,289
Investment Income	9,325	-	-	-	9,325
Excise taxes	57,533	-	-	-	57,533
Nebco income	167,060	-	-	-	167,060
Other	156,766	-	-	115,707	272,473
Total revenues	<u>1,636,254</u>	<u>2,419,876</u>	<u>4,952,600</u>	<u>4,225,299</u>	<u>13,234,029</u>
EXPENDITURES					
Salaries	647,869	691,598	1,176,374	349,602	2,865,443
Fringe Benefits	220,982	273,745	412,002	120,167	1,026,896
Travel	19,421	20,008	20,607	75,535	135,571
Real estate taxes	9,657	-	-	-	9,657
Insurance	38,833	36,594	25,212	87,434	188,073
Supplies / Postage	12,954	43,937	848,873	148,237	1,054,001
Telephone / Utilities	61,293	79,146	63,402	2,494	206,335
Contractual services	79,757	170,533	1,024,688	2,570,551	3,845,529
Program assistance	2,123	418,191	-	510,079	930,393
Equipment purchases	1,776	13,345	23,162	608,062	646,345
Equipment rental / maintenance	6,625	84,812	3,141	5,914	100,492
Elected officials	507	-	-	-	507
Training / Education	1,693	5,853	150	7,948	15,644
Professional fees	145,841	-	-	-	145,841
Wastewater	76,394	146,904	-	-	223,298
Gates / other programs	20,049	-	-	-	20,049
Indirect expenses	-	342,296	475,896	187,631	1,005,823
Other expense	31,966	57,278	26,106	36,917	152,267
Total expenditures	<u>1,377,740</u>	<u>2,384,240</u>	<u>4,099,613</u>	<u>4,710,571</u>	<u>12,572,164</u>
Excess (deficiency) of revenues over (under) expenditures	<u>258,514</u>	<u>35,636</u>	<u>852,987</u>	<u>(485,272)</u>	<u>661,865</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	183,137	-	-	87,858	270,995
Operating transfers (out)	-	-	-	(270,995)	(270,995)
Total other financing sources (uses)	<u>183,137</u>	<u>-</u>	<u>-</u>	<u>(183,137)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>441,651</u>	<u>35,636</u>	<u>852,987</u>	<u>(668,409)</u>	<u>661,865</u>
FUND BALANCE - JANUARY 1	<u>504,353</u>	<u>149,799</u>	<u>1,031,309</u>	<u>1,463,571</u>	<u>3,149,032</u>
FUND BALANCE - DECEMBER 31	<u>\$ 946,004</u>	<u>\$ 185,435</u>	<u>\$ 1,884,296</u>	<u>\$ 795,162</u>	<u>\$ 3,810,897</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT F

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 661,865</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases capitalized	2,823,316
Capital asset disposed	-
Depreciation expense	<u>(1,120,093)</u>
	<u>1,703,223</u>
Debt proceeds provide current financial resources to governmental funds, but issuing long-term liabilities in the Statement of Net Assets.	
	<u>-</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term liabilities in the Statement of Net Assets	
	<u>-</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(627)</u>
	<u>(627)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 2,364,461</u></u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT G

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS
DECEMBER 31, 2010

	Private-Purpose Trust
	Census
ASSETS	
Cash	\$ 164,938
Receivables (net of allowance)	
Other	14,909
	14,909
Total assets	\$ 179,847
LIABILITIES	
Deposits held for others	\$ 87,341
Total liabilities	87,341
FUND EQUITY	
Fund balance	
Unreserved	
Designated for subsequent years' expenditures	92,506
Undesignated	-
	-
Total fund equity	92,506
Total liabilities and fund equity	\$ 179,847

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pleasant Point Passamaquoddy Tribal Council (Council) is a governmental entity that is a federal and state recognized Indian Tribe. Pleasant Point Tribal Council has a Council as its governing body and provides the following services: general services, public safety, public works, health services, environmental services, welfare, and education.

The Council's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council's combined financial statements include all accounts and all operations of the Council. We have determined that the Council has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government –Wide and Fund Financial Statements

The Council's basic financial statements include both government-wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Council's has no funds that are categorized as business-type activities. All activities of the Council are categorized as governmental.

In the government-wide Statement of Net Assets, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Council first utilizes restricted resources to finance qualifying activities.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions (general government, public safety, etc.). The functions are also supported by general government revenues (excise taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the inter-fund activity has been eliminated from these government – wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Council does allocate indirect costs. All direct costs are charged directly to the corresponding department, and indirect cost is allocated based on an approved rate and also on the individual grant restrictions.

The government-wide focus is more on the sustainability of the Council as an entity and the change in the Council's net assets resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Council are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Council:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Council:

- a. The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Council programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The Council's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Council presents its Census money in its fiduciary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories (if applicable). Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Council's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the prior fiscal year the Council prepared a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings on the budget were held.
3. The proposed budget was then approved by a majority of the Tribal Council.

Deposits and Investments

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Council's policy to value investments at fair value. None of the Council's investments are reported at amortized cost. The Council is authorized to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Council has no formal investment policy. They are in the process of adopting a more detailed investment policy.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. No inventory is maintained at the Health Center for supplies and other medical items.

Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities are reported in the fund financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements. Amounts due to and from fiduciary funds are not considered internal balances as the fiduciary funds represent amounts owed to parties outside of the Council.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the Governmental Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2010 and 2009, respectively. The accounts receivable in Health Services has been shown at its full collectible amount and the rest written off.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Council. The Council has not retroactively recorded infrastructure.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable and compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Council's policies regarding vacation and sick time permit employees to accumulate earned and unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Reserves

The Council records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Council's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Council does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Council's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses / expenditures during the reporting period. Actual results may differ from these estimates.

Indirect Revenue / Expenditures

Since the indirect revenue recognized in the modified accrual financial statements is generated from the federal grants, both the items of revenue and expenditures have been eliminated in the government – wide financials. This elimination is done to not overstate revenues or expenses that are basically transfers.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS

The Council maintains a cash pool which is available for use by all funds. In addition cash and investments may be held by other funds within the government.

The Council does not have a formal investment policy but instead follows state statutes. These statutes authorize the Council to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Council applies this to all Council funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Council will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Council does not have a policy covering custodial credit risk.

At December 31, 2010, the Council's cash balance of \$2,955,075 was comprised of deposits amounting to \$2,909,539. This amount was comprised of \$151,862 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk, and \$2,757,677 which was collateralized with securities held in the bank name, not held in the Tribe's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 151,862
Repurchase / sweep account	<u>2,757,677</u>
	<u>\$ 2,909,539</u>

At December 31, 2010, the Council's investments were comprised of stocks of \$121,065 which were not insured or collateralized.

Repurchase agreement	\$ -
Mutual funds/Equities/stock	<u>121,065</u>
	<u>\$ 121,065</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2010 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 36,715	\$ 1,936,042
BIA Fund	201,303	-
Health Service Fund	1,408,126	-
Non-major Special Revenue Fund	167,943	36,715
Capital Project Fund	158,670	-
	<u>\$ 1,972,757</u>	<u>\$ 1,972,757</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2010:

	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2010</u>
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 135,000	\$ -	\$ -	\$ 135,000
Construction in progress	-	-	-	-
Art works & historical treasures	55,341	-	-	55,341
	<u>190,341</u>	<u>-</u>	<u>-</u>	<u>190,341</u>
Depreciated assets:				
Land improvements	308,993	-	-	308,993
Buildings	8,735,087	-	-	8,735,087
Building improvements	5,756,326	-	-	5,756,326
Machinery & equipment	2,743,473	108,610	(99,550)	2,752,533
Vehicles	2,146,414	334,686	(92,829)	2,388,271
Infrastructure	14,355,188	2,380,020	-	16,735,208
	34,045,481	2,823,316	(192,379)	36,676,418
Less: accumulated depreciation	<u>(13,580,099)</u>	<u>(1,120,093)</u>	<u>192,379</u>	<u>(14,507,813)</u>
	<u>20,465,382</u>	<u>1,703,223</u>	<u>-</u>	<u>22,168,605</u>
Net capital assets	<u>\$ 20,655,723</u>	<u>\$ 1,703,223</u>	<u>\$ -</u>	<u>\$ 22,358,946</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

Administration	\$ 508
Environmental	126,945
Cultural/Museum	1,920
Health Center	212,408
Fire Department	13,531
Police Department	102,394
Public Works	63,145
Tribe-wide	105,660
Warden Service	26,569
Wastewater	408,331
Youth & Rec	<u>58,682</u>
 Total depreciation expenses	 <u><u>\$ 1,120,093</u></u>

NOTE 5 - LONG-TERM DEBT

The General Fund of the Council is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance January 1	Additions	Reductions	Balance December 31	Current Portion
Accrued compensated absences	\$ 75,958	\$ 627	\$ -	\$ 76,585	\$ -
Totals	<u>\$ 75,958</u>	<u>\$ 627</u>	<u>\$ -</u>	<u>\$ 76,585</u>	<u>\$ -</u>

NOTE 6 - RESERVED FUND BALANCE

The following net assets have been reserved at December 31, 2010 for the following purposes:

Governmental Funds:

Reserved for general fund	\$ 18,000
Reserved for special revenue funds	2,728,560
Reserved for capital projects funds	<u>158,670</u>
	<u><u>\$ 2,905,230</u></u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 7 – GENERAL FUND DESIGNATED FUND EQUITY

At December 31, 2010, the general fund designated fund balance was made up of the following account balances carried forward into the subsequent year's budget.

General Fund:	
Gates building upkeep	\$ 16,700
Indian Days	7,167
NEBCO	25,000
Other	16,773
Grant expenses	50,300
Total General Fund	<u>\$ 115,940</u>

NOTE 8 – AGREEMENTS WITH THIRD PARTY HEALTH RELATED BENEFITS

The Pleasant Point Passamaquoddy Tribal Council has entered into agreements with third parties to receive health related benefits for health services provided. Currently reflected in these financial statements are the revenues for benefits billed and received. These agreements are subject to audit and possible negotiation with the third parties. The amount of this liability, if any, has not been reflected in these financial statements.

NOTE 9 – DEFINED CONTRIBUTION RETIREMENT PLANS

Pleasant Point Passamaquoddy Tribal Council has established a 401K defined contribution plan, administered by an independent plan administrator. This plan includes the Tribal Governor and other selected members of the Pleasant Point's management and other eligible employees. The plan mandates that enrolled employees can contribute up to 4% of their wages. All eligible employees are vested at the time of enrollment.

NOTE 10 – RISK MANAGEMENT

The Council maintains insurance from private insurance carriers to minimize its risk of loss.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11 – OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

Salaries	\$ 23,607
Contractual services	8,757
Program assistance	1,323
Equipment rental / maintenance	1,125
Professional fees	47,841
Election costs	7
Other expense	<u>3,728</u>
	<u>\$ 86,388</u>

Note: Much of the over-drafted professional fees were offset by revenues specifically for these expenditures and were not budgeted.

NOTE 12 – DEFICIT FUND BALANCES

The following funds have deficit fund balances for the year ended December 31, 2010:

CSBG	\$ 158
EPA - Air Quality	5,268
Brownfields 3	13,459
CSBG 09 - Stimulus	460
WIC	<u>2,992</u>
	<u>\$ 22,337</u>

The Council is aware of these overdrafts and will budget accordingly in future periods to take care of these overdrawn fund balance accounts.

NOTE 13 - CONTINGENCIES

As noted in the following summary of audit results on page 100-101, the Council had potential questioned costs. These items are listed in the schedule of prior year and current year findings and questioned costs. At the present time the Council is still working on these issues. Any potential liability for these questioned costs has been designated in the general fund designated fund balance. The amount currently designated is \$50,300.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 13 – CONTINGENCIES (CONTINUED)

The Council participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2010 may be impaired. In the opinion of the Council, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies, except for the designated item mentioned in the previous paragraph.

NOTE 14 – RESTATEMENT OF NET ASSETS

The beginning net assets for the government – wide financial statements have been restated in the amount of \$6,355,555 as a result of capital asset additions. These additions are capital assets from prior years that the Tribe had determined should have been added to the list. The additions have been stated net of any applicable depreciation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 504,353	\$ 504,353	\$ 504,353	\$ -
Revenue (Inflows)			-	
Intergovernmental	1,129,596	1,129,596	1,102,737	(26,859)
Charges for services	81,800	81,800	141,145	59,345
Investment income	5,000	5,000	9,325	4,325
Excise taxes	45,000	45,000	57,533	12,533
Unrealized Gain (Loss) on Investments	-	-	1,688	1,688
Other income	109,669	109,669	156,766	47,097
Nebco income	41,000	41,000	167,060	126,060
Transfers from other funds	53,800	53,800	183,137	129,337
Amounts Available for Appropriation	<u>1,970,218</u>	<u>1,970,218</u>	<u>2,323,744</u>	<u>353,526</u>
Charges to Appropriations (Outflows):				
Current				
Salaries	624,262	624,262	647,869	(23,607)
Fringe benefits	230,303	230,303	220,982	9,321
Travel	25,000	25,000	19,421	5,579
Real estate taxes	41,000	41,000	9,657	31,343
Insurance	42,000	42,000	38,833	3,167
Supplies / postage	16,400	16,400	12,954	3,446
Telephone / utilities	94,567	94,567	61,293	33,274
Contractual services	71,000	71,000	79,757	(8,757)
Program assistance	800	800	2,123	(1,323)
Equipment Purchases	2,500	2,500	1,776	724
Equipment rental / maintenance	5,500	5,500	6,625	(1,125)
Election costs	500	500	507	(7)
Training / education	2,000	2,000	1,693	307
Professional fees	98,000	98,000	145,841	(47,841)
Wastewater	119,605	119,605	76,394	43,211
Gates / other programs	64,190	64,190	20,049	44,141
Other expense	28,238	28,238	31,966	(3,728)
Total Charges to Appropriation	<u>1,465,865</u>	<u>1,465,865</u>	<u>1,377,740</u>	<u>88,125</u>
Budgetary Fund Balance, December 31	<u>\$ 504,353</u>	<u>\$ 504,353</u>	<u>\$ 946,004</u>	<u>\$ 441,651</u>

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance)			
Grants	498,206	-	498,206
Other	3,264	-	3,264
Due from other funds	167,943	158,670	326,613
Travel advances	3,794	-	3,794
Other assets	-	-	-
Total assets	<u>\$ 673,207</u>	<u>\$ 158,670</u>	<u>\$ 831,877</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	36,715	-	36,715
Total liabilities	<u>36,715</u>	<u>-</u>	<u>36,715</u>
FUND EQUITY			
Fund balance			
Designated for subsequent years' expenditures	658,829	158,670	817,499
Undesignated	<u>(22,337)</u>	<u>-</u>	<u>(22,337)</u>
Total fund balance	636,492	158,670	795,162
Total liabilities and fund equity	<u>\$ 673,207</u>	<u>\$ 158,670</u>	<u>\$ 831,877</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Intergovernmental revenue			
Federal grants	\$ 1,582,453	\$ 2,509,831	\$ 4,092,284
State grants	17,308	-	17,308
Other income	10,818	104,889	115,707
Total revenues	<u>1,610,579</u>	<u>2,614,720</u>	<u>4,225,299</u>
EXPENDITURES			
Salaries	349,602	-	349,602
Fringe benefits	120,167	-	120,167
Travel	75,535	-	75,535
Insurance	87,434	-	87,434
Supplies / postage	148,237	-	148,237
Telephone / utilities	2,494	-	2,494
Contractual services	476,563	2,093,988	2,570,551
Equipment purchases	219,153	388,909	608,062
Program assistance	510,079	-	510,079
Equipment rental / maintenance	5,914	-	5,914
Training / education	7,948	-	7,948
Indirect expenditures	125,704	61,927	187,631
Other	36,917	-	36,917
Total expenditures	<u>2,165,747</u>	<u>2,544,824</u>	<u>4,710,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(555,168)</u>	<u>69,896</u>	<u>(485,272)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	74,662	13,196	87,858
Operating transfers (out)	(239,556)	(31,439)	(270,995)
Total other financing sources (uses)	<u>(164,894)</u>	<u>(18,243)</u>	<u>(183,137)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(720,062)</u>	<u>51,653</u>	<u>(668,409)</u>
Fund balances - January 1	<u>1,356,554</u>	<u>107,017</u>	<u>1,463,571</u>
Fund balances - December 31	<u>\$ 636,492</u>	<u>\$ 158,670</u>	<u>\$ 795,162</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds Description

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	<u>HHS</u>	<u>Other Health Services</u>	<u>Public Safety</u>	<u>Environmental</u>	<u>Other</u>	<u>Total</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowance)						
Grants	-	-	60,066	266,869	171,271	498,206
Other	-	-	36	58	3,170	3,264
Due from other funds	5,762	117,636	500	25,598	18,447	167,943
Travel advances	-	-	-	3,472	322	3,794
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 5,762</u>	<u>\$ 117,636</u>	<u>\$ 60,602</u>	<u>\$ 295,997</u>	<u>\$ 193,210</u>	<u>\$ 673,207</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	158	-	48	26,148	10,361	36,715
Total liabilities	<u>158</u>	<u>-</u>	<u>48</u>	<u>26,148</u>	<u>10,361</u>	<u>36,715</u>
FUND EQUITY						
Fund balance						
Designated for subsequent years' expenditures	5,762	117,636	60,554	288,576	186,301	658,829
Undesignated	(158)	-	-	(18,727)	(3,452)	(22,337)
Total fund equity	<u>5,604</u>	<u>117,636</u>	<u>60,554</u>	<u>269,849</u>	<u>182,849</u>	<u>636,492</u>
Total liabilities and fund equity	<u>\$ 5,762</u>	<u>\$ 117,636</u>	<u>\$ 60,602</u>	<u>\$ 295,997</u>	<u>\$ 193,210</u>	<u>\$ 673,207</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>HHS</u>	<u>Other Health Services</u>	<u>Public Safety</u>	<u>Environ- mental</u>	<u>Other</u>	<u>Total</u>
REVENUES						
Intergovernmental revenue						
Federal grants	\$ 4,341	\$ 141,281	\$ -	\$ 738,628	\$ 698,203	\$ 1,582,453
State grants	-	-	-	-	17,308	17,308
Other income	-	399	-	419	10,000	10,818
Total revenues	<u>4,341</u>	<u>141,680</u>	<u>-</u>	<u>739,047</u>	<u>725,511</u>	<u>1,610,579</u>
EXPENDITURES						
Salaries	-	-	3,431	163,081	183,090	349,602
Fringe benefits	-	-	2,008	55,839	62,320	120,167
Travel	-	-	-	56,251	19,284	75,535
Insurance	-	-	-	87,434	-	87,434
Supplies / postage	-	-	-	50,711	97,526	148,237
Telephone / utilities	-	-	-	2,064	430	2,494
Contractual services	54,508	333,006	-	59,387	29,662	476,563
Equipment purchases	-	1,212	165,179	50,875	1,887	219,153
Program assistance	-	13,775	-	-	496,304	510,079
Equipment rental / maintenance	-	4,517	-	1,397	-	5,914
Training / education	-	-	1,416	6,458	74	7,948
Indirect expenditures	-	7,498	-	78,579	39,627	125,704
Other	-	2,408	1,250	18,698	14,561	36,917
Total expenditures	<u>54,508</u>	<u>362,416</u>	<u>173,284</u>	<u>630,774</u>	<u>944,765</u>	<u>2,165,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,167)</u>	<u>(220,736)</u>	<u>(173,284)</u>	<u>108,273</u>	<u>(219,254)</u>	<u>(555,168)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	702	16,428	23,590	33,942	74,662
Operating transfers (out)	-	(702)	(47,754)	(70,948)	(120,152)	(239,556)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,326)</u>	<u>(47,358)</u>	<u>(86,210)</u>	<u>(164,894)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(50,167)</u>	<u>(220,736)</u>	<u>(204,610)</u>	<u>60,915</u>	<u>(305,464)</u>	<u>(720,062)</u>
Fund balances - January 1	<u>55,771</u>	<u>338,372</u>	<u>265,164</u>	<u>208,934</u>	<u>488,313</u>	<u>1,356,554</u>
Fund balances - December 31	<u>\$ 5,604</u>	<u>\$ 117,636</u>	<u>\$ 60,554</u>	<u>\$ 269,849</u>	<u>\$ 182,849</u>	<u>\$ 636,492</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - HHS
DECEMBER 31, 2010

	<u>LIHEAP</u>	<u>CSBG 07</u>	<u>Totals</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance)	-	-	-
Grants	-	-	-
Other	-	-	-
Due from other funds	5,762	-	5,762
Travel advances	-	-	-
Other assets	-	-	-
Total assets	<u>\$ 5,762</u>	<u>\$ -</u>	<u>\$ 5,762</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	-	158	158
Total liabilities	<u>-</u>	<u>158</u>	<u>158</u>
FUND EQUITY			
Fund balance			
Designated for subsequent years' expenditures	5,762	-	5,762
Undesignated	-	(158)	(158)
Total fund equity	<u>5,762</u>	<u>(158)</u>	<u>5,604</u>
Total liabilities and fund equity	<u>\$ 5,762</u>	<u>\$ -</u>	<u>\$ 5,762</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER HEALTH SERVICES
DECEMBER 31, 2010

	<u>Diabetes</u>	<u>Diabetes Other</u>	<u>Substance Abuse</u>	<u>HC Renv Stimulus</u>	<u>Total</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	75,912	-	-	41,724	117,636
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 75,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,724</u>	<u>\$ 117,636</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance					
Designated for subsequent years' expenditures	75,912	-	-	41,724	117,636
Undesignated	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>75,912</u>	<u>-</u>	<u>-</u>	<u>41,724</u>	<u>117,636</u>
Total liabilities and fund equity	<u>\$ 75,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,724</u>	<u>\$ 117,636</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - PUBLIC SAFETY
DECEMBER 31, 2010

	<u>MDEA</u>	<u>HHWX0013 200</u>	<u>HEWX0100</u>	<u>2003 HHWX0040 201</u>	<u>2003 VIGX0004 416</u>	<u>2003 VRGX0019 415</u>	<u>ME Stop Grant 440</u>
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables (net of allowance)							
Grants	-	-	15,795	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Travel advances	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund balance							
Designated for subsequent years' expenditures	-	-	15,795	-	-	-	-
Undesignated	-	-	-	-	-	-	-
Total fund equity	<u>-</u>	<u>-</u>	<u>15,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE H (CONTINUED)
PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - PUBLIC SAFETY
DECEMBER 31, 2010

	<u>2006</u> <u>HEWX0029</u> <u>207</u>	<u>2006</u> <u>VRGX0004</u> <u>417</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance)			
Grants	-	44,271	60,066
Other	-	36	36
Due from other funds	500	-	500
Travel advances	-	-	-
Other assets	-	-	-
Total assets	<u>\$ 500</u>	<u>\$ 44,307</u>	<u>\$ 60,602</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	-
Accrued expenses	-	-	-
Due to other funds	-	48	48
Total liabilities	<u>-</u>	<u>48</u>	<u>48</u>
FUND EQUITY			
Fund balance			
Designated for subsequent years' expenditures	500	44,259	60,554
Undesignated	-	-	-
Total fund equity	<u>500</u>	<u>44,259</u>	<u>60,554</u>
Total liabilities and fund equity	<u>\$ 500</u>	<u>\$ 44,307</u>	<u>\$ 60,602</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - ENVIRONMENTAL
DECEMBER 31, 2010

	<u>2004/2005</u> <u>Lead</u> <u>800</u>	<u>EJ Tissue</u>	<u>EPA</u> <u>Air Quality</u> <u>831</u>	<u>Brownfields</u> <u>821</u>	<u>Brownfields</u> <u>2</u> <u>822</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	32,850
Other	-	-	-	-	-
Due from other funds	-	-	-	635	1,881
Travel advances	-	-	3,025	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,025</u>	<u>\$ 635</u>	<u>\$ 34,731</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	8,293	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>8,293</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance					
Designated for subsequent years' expenditures	-	-	-	635	34,731
Undesignated	-	-	(5,268)	-	-
Total fund equity	<u>-</u>	<u>-</u>	<u>(5,268)</u>	<u>635</u>	<u>34,731</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,025</u>	<u>\$ 635</u>	<u>\$ 34,731</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - ENVIRONMENTAL
DECEMBER 31, 2010

	<u>Brownfields 3 823</u>	<u>PPG 06 813</u>	<u>PPG 08 815</u>	<u>EECBG Stimulus</u>	<u>RGGI Energy</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	845	5,473	311
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845</u>	<u>\$ 5,473</u>	<u>\$ 311</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	13,459	-	-	-	-
Total liabilities	<u>13,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance					
Designated for subsequent years' expenditures	-	-	845	5,473	311
Undesignated	(13,459)	-	-	-	-
Total fund equity	<u>(13,459)</u>	<u>-</u>	<u>845</u>	<u>5,473</u>	<u>311</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845</u>	<u>\$ 5,473</u>	<u>\$ 311</u>

SCHEDULE I (CONTINUED)
PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - ENVIRONMENTAL
DECEMBER 31, 2010

	<u>TWG</u> <u>#U5NA</u> <u>806</u>	<u>TWG</u> <u>#U5NA</u> <u>806</u>	<u>TSCA</u> <u>2007</u> <u>820</u>	<u>Total</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables (net of allowance)				
Grants	233,932	-	87	266,869
Other	58	-	-	58
Due from other funds	-	-	16,453	25,598
Travel advances	442	-	5	3,472
Other assets	-	-	-	-
Total assets	<u>\$ 234,432</u>	<u>\$ -</u>	<u>\$ 16,545</u>	<u>\$ 295,997</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Due to other funds	4,396	-	-	26,148
Total liabilities	<u>4,396</u>	<u>-</u>	<u>-</u>	<u>26,148</u>
FUND EQUITY				
Fund balance				
Designated for subsequent years' expenditures	230,036	-	16,545	288,576
Undesignated	-	-	-	(18,727)
Total fund equity	<u>230,036</u>	<u>-</u>	<u>16,545</u>	<u>269,849</u>
Total liabilities and fund equity	<u>\$ 234,432</u>	<u>\$ -</u>	<u>\$ 16,545</u>	<u>\$ 295,997</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER PROGRAMS
DECEMBER 31, 2010

	<u>TCAP</u>	<u>Title IV B</u>	<u>CSBG 09 Stimulus</u>	<u>Sole Source</u>	<u>Headstart 431</u>	<u>Pleasant Point Trans 01</u>	<u>USET Animal Health</u>	<u>Elderly Feeding Title VI</u>
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowance)								
Grants	11,118	-	-	-	-	-	-	-
Other	7	27	-	-	-	-	-	-
Due from other funds	240	-	-	-	-	-	10,000	3,544
Travel advances	-	322	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 11,365</u>	<u>\$ 349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 3,544</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	322	460	-	-	-	-	-
Total liabilities	<u>-</u>	<u>322</u>	<u>460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY								
Fund balance								
Designated for subsequent years' expenditures	11,365	27	-	-	-	-	10,000	3,544
Undesignated	-	-	(460)	-	-	-	-	-
Total fund equity	<u>11,365</u>	<u>27</u>	<u>(460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>3,544</u>
Total liabilities and fund equity	<u>\$ 11,365</u>	<u>\$ 349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 3,544</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER PROGRAMS
DECEMBER 31, 2010

	<u>CCDF</u> <u>437 / 414</u>	<u>Woodstoves</u>	<u>WIC</u> <u>825</u>	<u>CAC</u>	<u>WIA</u>	<u>MM</u>	<u>HUD</u>	<u>MWF</u>
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowance)								
Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,866	-
Due from other funds	59	5	-	-	4,568	-	-	-
Travel advances	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 59</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,568</u>	<u>\$ -</u>	<u>\$ 2,866</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	2,992	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY								
Fund balance								
Designated for subsequent years' expenditures	59	5	-	-	4,568	-	2,866	-
Undesignated	-	-	(2,992)	-	-	-	-	-
Total fund equity	<u>59</u>	<u>5</u>	<u>(2,992)</u>	<u>-</u>	<u>4,568</u>	<u>-</u>	<u>2,866</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 59</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,568</u>	<u>\$ -</u>	<u>\$ 2,866</u>	<u>\$ -</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER PROGRAMS
DECEMBER 31, 2010

	FVPS	MNN 435	TYP 418	WAX0010 446	NPS Hist. Preserv	Title II Court	SARE	Total
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowance)								
Grants	-	-	124,787	35,366	-	-	-	171,271
Other	-	-	-	270	-	-	-	3,170
Due from other funds	31	-	-	-	-	-	-	18,447
Travel advances	-	-	-	-	-	-	-	322
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 124,787</u>	<u>\$ 35,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,210</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	1,402	5,185	-	-	-	10,361
Total liabilities	<u>-</u>	<u>-</u>	<u>1,402</u>	<u>5,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,361</u>
FUND EQUITY								
Fund balance								
Designated for subsequent years' expenditures	31	-	123,385	30,451	-	-	-	186,301
Undesignated	-	-	-	-	-	-	-	(3,452)
Total fund equity	<u>31</u>	<u>-</u>	<u>123,385</u>	<u>30,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,849</u>
Total liabilities and fund equity	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 124,787</u>	<u>\$ 35,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,210</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – HHS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>LIHEAP</u>	<u>CSBG 461</u>	<u>Total</u>
REVENUES			
Intergovernmental revenue			
Federal grants	\$ -	\$ 4,341	\$ 4,341
State grants	-	-	-
Other income	-	-	-
Total revenues	<u>-</u>	<u>4,341</u>	<u>4,341</u>
EXPENDITURES			
Salaries	-	-	-
Fringe benefits	-	-	-
Travel	-	-	-
Insurance	-	-	-
Supplies / postage	-	-	-
Telephone / utilities	-	-	-
Contractual services	50,439	4,069	54,508
Equipment purchases	-	-	-
Program assistance	-	-	-
Equipment rental / maintenance	-	-	-
Training / education	-	-	-
Indirect expenditures	-	-	-
Other	-	-	-
Total expenditures	<u>50,439</u>	<u>4,069</u>	<u>54,508</u>
Excess (deficiency) of revenues over (under) expenditures	(50,439)	272	(50,167)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(50,439)	272	(50,167)
Fund balances - January 1	<u>56,201</u>	<u>(430)</u>	<u>55,771</u>
Fund balances - December 31	<u>\$ 5,762</u>	<u>\$ (158)</u>	<u>\$ 5,604</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF EXPENDITURES - INDIAN HEALTH SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Health Services</u>	<u>Third Party</u>	<u>Total</u>
EXPENDITURES			
Salaries	\$ 1,095,355	\$ 81,019	\$ 1,176,374
Fringe benefits	364,834	47,168	412,002
Travel	2,931	17,676	20,607
Insurance	7,879	17,333	25,212
Supplies / postage	358,426	490,447	848,873
Telephone / utilities	25,599	37,803	63,402
Contractual services	206,762	817,926	1,024,688
Equipment purchases	7,767	15,395	23,162
Program assistance	-	-	-
Equipment rental / maintenance	2,086	1,055	3,141
Training / education	150	-	150
Indirect expenditures	375,084	100,812	475,896
Other	5,072	21,034	26,106
Total expenditures	<u>\$ 2,451,945</u>	<u>\$ 1,647,668</u>	<u>\$ 4,099,613</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER HEALTH SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2010

	USET Diabetes 560	Diabetes Other	Substance Abuse	HC Renv Stimulus	Total
REVENUES					
Intergovernmental revenue					
Federal grants	\$ 95,473	\$ -	\$ -	\$ 45,808	\$ 141,281
State grants	-	-	-	-	-
Other income	399	-	-	-	399
Total revenues	<u>95,872</u>	<u>-</u>	<u>-</u>	<u>45,808</u>	<u>141,680</u>
EXPENDITURES					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Travel	-	-	-	-	-
Insurance	-	-	-	-	-
Supplies / postage	-	-	-	-	-
Telephone / utilities	-	-	-	-	-
Contractual services	65,006	-	-	268,000	333,006
Equipment purchases	1,212	-	-	-	1,212
Program assistance	13,775	-	-	-	13,775
Equipment rental / maintenance	4,517	-	-	-	4,517
Training / education	-	-	-	-	-
Indirect expenditures	7,498	-	-	-	7,498
Other	2,408	-	-	-	2,408
Total expenditures	<u>94,416</u>	<u>-</u>	<u>-</u>	<u>268,000</u>	<u>362,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,456</u>	<u>-</u>	<u>-</u>	<u>(222,192)</u>	<u>(220,736)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	702	-	-	702
Operating transfers (out)	(702)	-	-	-	(702)
Total other financing sources (uses)	<u>(702)</u>	<u>702</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>754</u>	<u>702</u>	<u>-</u>	<u>(222,192)</u>	<u>(220,736)</u>
Fund balances - January 1	<u>75,158</u>	<u>(702)</u>	<u>-</u>	<u>263,916</u>	<u>338,372</u>
Fund balances - December 31	<u>\$ 75,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,724</u>	<u>\$ 117,636</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PUBLIC SAFETY
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>MDEA</u>	<u>HHWX0013</u>	<u>HEWX0100 208</u>	<u>2003 HHWX0040 201</u>	<u>2003 VIGX0004 416</u>	<u>ME Stop Grant 440</u>
REVENUES						
Intergovernmental revenue						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Salaries	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Supplies / postage	-	-	-	-	-	-
Telephone / utilities	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Equipment purchases	-	-	165,179	-	-	-
Program assistance	-	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-	-
Training / education	-	-	1,416	-	-	-
Indirect expenditures	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>166,595</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(166,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	16,428	-	-	-	-
Operating transfers (out)	(5,802)	-	-	(716)	(21,552)	(19,684)
Total other financing sources (uses)	<u>(5,802)</u>	<u>16,428</u>	<u>-</u>	<u>(716)</u>	<u>(21,552)</u>	<u>(19,684)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(5,802)	16,428	(166,595)	(716)	(21,552)	(19,684)
Fund balances - January 1	<u>5,802</u>	<u>(16,428)</u>	<u>182,390</u>	<u>716</u>	<u>21,552</u>	<u>19,684</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE N (CONTINUED)

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - PUBLIC SAFETY
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2006</u> <u>HEWX0029</u> <u>207</u>	<u>2006</u> <u>VRGX0004</u> <u>417</u>	<u>Total</u>
REVENUES			
Intergovernmental revenue			
Federal grants	\$ -	\$ -	\$ -
State grants	-	-	-
Other income	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Salaries	-	3,431	3,431
Fringe benefits	-	2,008	2,008
Travel	-	-	-
Insurance	-	-	-
Supplies / postage	-	-	-
Telephone / utilities	-	-	-
Contractual services	-	-	-
Equipment purchases	-	-	165,179
Program assistance	-	-	-
Equipment rental / maintenance	-	-	-
Training / education	-	-	1,416
Indirect expenditures	-	-	-
Other	-	1,250	1,250
Total expenditures	<u>-</u>	<u>6,689</u>	<u>173,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(6,689)</u>	<u>(173,284)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	16,428
Operating transfers (out)	-	-	(47,754)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,326)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	-	(6,689)	(204,610)
Fund balances - January 1	<u>500</u>	<u>50,948</u>	<u>265,164</u>
Fund balances - December 31	<u>\$ 500</u>	<u>\$ 44,259</u>	<u>\$ 60,554</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ENVIRONMENTAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2004/2005 Lead 800	EJ Tissue	EPA Air Quality 831	Brownfields 821	Brownfields 2 822
REVENUES					
Intergovernmental revenue					
Federal grants	\$ -	\$ -	\$ 800	\$ -	\$ 148,100
State grants	-	-	-	-	-
Other income	-	-	398	-	-
Total revenues	-	-	1,198	-	148,100
EXPENDITURES					
Salaries	-	-	41,980	-	29,759
Fringe benefits	-	-	14,777	-	10,920
Travel	-	-	14,902	-	1,723
Insurance	-	-	-	-	-
Supplies / postage	-	-	39,045	-	-
Telephone / utilities	-	-	2,064	-	-
Contractual services	-	-	-	-	57,228
Equipment purchases	-	-	-	-	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	1,397	-	-
Training / education	-	-	1,795	-	-
Indirect expenditures	-	-	10,674	-	11,850
Other	566	-	-	-	2,500
Total expenditures	566	-	126,634	-	113,980
Excess (deficiency) of revenues over (under) expenditures	(566)	-	(125,436)	-	34,120
OTHER FINANCING SOURCES (USES)					
Operating transfers in	4,806	18,784	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	4,806	18,784	-	-	-
Excess of revenues and other sources over (under) expenditures and other (uses)	4,240	18,784	(125,436)	-	34,120
Fund balances - January 1	(4,240)	(18,784)	120,168	635	611
Fund balances - December 31	\$ -	\$ -	\$ (5,268)	\$ 635	\$ 34,731

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ENVIRONMENTAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Brownfields</u> <u>3</u> <u>823</u>	<u>PPG</u> <u>06</u> <u>813</u>	<u>PPG</u> <u>08</u> <u>815</u>	<u>EECBG</u> <u>Stimulus</u> <u>848</u>	<u>RGGI</u> <u>Energy</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ -	\$ -	\$ 250,137	\$ 50,200	\$ 2,159
State grants	-	-	-	-	-
Other income	-	-	21	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>250,158</u>	<u>50,200</u>	<u>2,159</u>
EXPENDITURES					
Salaries	9,927	-	51,158	-	-
Fringe benefits	3,532	-	18,169	-	-
Travel	-	-	36,056	-	-
Insurance	-	-	87,434	-	-
Supplies / postage	-	-	-	342	-
Telephone / utilities	-	-	-	-	-
Contractual services	-	-	-	-	2,159
Equipment purchases	-	-	-	50,875	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	-
Indirect expenditures	-	-	49,045	7,010	-
Other	-	-	8,984	-	-
Total expenditures	<u>13,459</u>	<u>-</u>	<u>250,846</u>	<u>58,227</u>	<u>2,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,459)</u>	<u>-</u>	<u>(688)</u>	<u>(8,027)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	(62,330)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(62,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(13,459)</u>	<u>(62,330)</u>	<u>(688)</u>	<u>(8,027)</u>	<u>-</u>
Fund balances - January 1	<u>-</u>	<u>62,330</u>	<u>1,533</u>	<u>13,500</u>	<u>311</u>
Fund balances - December 31	<u>\$ (13,459)</u>	<u>\$ -</u>	<u>\$ 845</u>	<u>\$ 5,473</u>	<u>\$ 311</u>

SCHEDULE O (CONTINUED)

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ENVIRONMENTAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>PPG 09</u> <u>816</u>	<u>TWG</u> <u>#U5NA</u> <u>806</u>	<u>TSCA</u> <u>2007</u> <u>820</u>	<u>Total</u>
REVENUES				
Intergovernmental revenue				
Federal grants	\$ 287,232	\$ -	\$ -	\$ 738,628
State grants	-	-	-	-
Other income	-	-	-	419
Total revenues	<u>287,232</u>	<u>-</u>	<u>-</u>	<u>739,047</u>
EXPENDITURES				
Salaries	28,577	-	1,680	163,081
Fringe benefits	8,246	-	195	55,839
Travel	3,030	-	540	56,251
Insurance	-	-	-	87,434
Supplies / postage	10,695	-	629	50,711
Telephone / utilities	-	-	-	2,064
Contractual services	-	-	-	59,387
Equipment purchases	-	-	-	50,875
Program assistance	-	-	-	-
Equipment rental / maintenance	-	-	-	1,397
Training / education	-	-	4,663	6,458
Indirect expenditures	-	-	-	78,579
Other	6,648	-	-	18,698
Total expenditures	<u>57,196</u>	<u>-</u>	<u>7,707</u>	<u>630,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>230,036</u>	<u>-</u>	<u>(7,707)</u>	<u>108,273</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	23,590
Operating transfers (out)	-	(8,618)	-	(70,948)
Total other financing sources (uses)	<u>-</u>	<u>(8,618)</u>	<u>-</u>	<u>(47,358)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	230,036	(8,618)	(7,707)	60,915
Fund balances - January 1	<u>-</u>	<u>8,618</u>	<u>24,252</u>	<u>208,934</u>
Fund balances - December 31	<u>\$ 230,036</u>	<u>\$ -</u>	<u>\$ 16,545</u>	<u>\$ 269,849</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2010

	TCAP 419	Title IV B 420-427	CSBG 09 Stimulus 469	Sole Source	Headstart 431	Pleasant Point Trans	USET Animal Health	Elderly Title VI 430
REVENUES								
Intergovernmental revenue								
Federal grants	\$ -	\$ 24,681	\$ 3,310	\$ -	\$ 321,148	\$ -	\$ -	\$ 142,903
State grants	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	10,000	-
Total revenues	-	24,681	3,310	-	321,148	-	10,000	142,903
EXPENDITURES								
Salaries	40,057	-	-	-	-	-	-	17,512
Fringe benefits	-	-	-	-	-	-	-	8,651
Travel	4,882	4,272	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Supplies / postage	-	-	-	-	-	-	-	36,294
Telephone / utilities	-	-	-	-	-	-	-	430
Contractual services	1,150	-	6,760	-	-	16,577	-	-
Equipment purchases	-	-	-	-	-	-	-	-
Program assistance	-	19,855	-	-	321,148	-	-	75,680
Equipment rental / maintenance	-	-	-	-	-	-	-	-
Training / education	-	74	-	-	-	-	-	-
Indirect expenditures	3,280	-	-	-	-	-	-	-
Other	3,321	-	-	-	-	-	-	-
Total expenditures	52,690	24,201	6,760	-	321,148	16,577	-	138,567
Excess (deficiency) of revenues over (under) expenditures	(52,690)	480	(3,450)	-	-	(16,577)	10,000	4,336
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	850	16,577	-	-
Operating transfers (out)	-	-	-	(5,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	(5,000)	850	16,577	-	-
Excess of revenues and other sources over (under) expenditures and other (uses)	(52,690)	480	(3,450)	(5,000)	850	-	10,000	4,336
Fund balances - January 1	64,055	(453)	2,990	5,000	(850)	-	-	(792)
Fund balances - December 31	\$ 11,365	\$ 27	\$ (460)	\$ -	\$ -	\$ -	\$ 10,000	\$ 3,544

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2010

	CCDF 437 / 414	Woodstoves	WIC 825	CAC 405	WIA 180	MM 365	HUD	MWF
REVENUES								
Intergovernmental revenue								
Federal grants	\$ 46,696	\$ 31,500	\$ 104,577	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	17,308	-	-	-
Other income	-	-	-	-	-	-	-	-
Total revenues	<u>46,696</u>	<u>31,500</u>	<u>104,577</u>	<u>-</u>	<u>17,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Salaries	746	-	25,552	-	15,191	-	-	-
Fringe benefits	91	-	12,554	-	1,974	-	-	-
Travel	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Supplies / postage	-	-	58,515	-	-	-	-	-
Telephone / utilities	-	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-	-
Equipment purchases	-	-	-	-	-	-	-	-
Program assistance	40,906	31,495	-	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-	-	-	-
Training / education	-	-	-	-	-	-	-	-
Indirect expenditures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total expenditures	<u>41,743</u>	<u>31,495</u>	<u>96,621</u>	<u>-</u>	<u>17,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,953</u>	<u>5</u>	<u>7,956</u>	<u>-</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	11,492	-	-	10	-	-	-	2,100
Operating transfers (out)	-	-	-	-	-	(84,400)	-	-
Total other financing sources (uses)	<u>11,492</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>(84,400)</u>	<u>-</u>	<u>2,100</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>16,445</u>	<u>5</u>	<u>7,956</u>	<u>10</u>	<u>143</u>	<u>(84,400)</u>	<u>-</u>	<u>2,100</u>
Fund balances - January 1	<u>(16,386)</u>	<u>-</u>	<u>(10,948)</u>	<u>(10)</u>	<u>4,425</u>	<u>84,400</u>	<u>2,866</u>	<u>(2,100)</u>
Fund balances - December 31	<u>\$ 59</u>	<u>\$ 5</u>	<u>\$ (2,992)</u>	<u>\$ -</u>	<u>\$ 4,568</u>	<u>\$ -</u>	<u>\$ 2,866</u>	<u>\$ -</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2010

	FVPS	MNN 435	TYP 418	WAX0010 446	NPS Hist. Preserv	Title II Court	SARE	Total
REVENUES								
Intergovernmental revenue								
Federal grants	\$ 23,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 698,203
State grants	-	-	-	-	-	-	-	17,308
Other income	-	-	-	-	-	-	-	10,000
Total revenues	<u>23,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>725,511</u>
EXPENDITURES								
Salaries	-	-	28,080	55,952	-	-	-	183,090
Fringe benefits	-	-	12,863	26,187	-	-	-	62,320
Travel	2,360	-	1,115	6,655	-	-	-	19,284
Insurance	-	-	-	-	-	-	-	-
Supplies / postage	831	-	1,305	581	-	-	-	97,526
Telephone / utilities	-	-	-	-	-	-	-	430
Contractual services	5,175	-	-	-	-	-	-	29,662
Equipment purchases	-	-	1,887	-	-	-	-	1,887
Program assistance	7,220	-	-	-	-	-	-	496,304
Equipment rental / maintenance	-	-	-	-	-	-	-	-
Training / education	-	-	-	-	-	-	-	74
Indirect expenditures	7,978	-	10,213	18,156	-	-	-	39,627
Other	-	-	8,074	3,166	-	-	-	14,561
Total expenditures	<u>23,564</u>	<u>-</u>	<u>63,537</u>	<u>110,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>944,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(176)</u>	<u>-</u>	<u>(63,537)</u>	<u>(110,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(219,254)</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	2,235	-	-	100	578	-	33,942
Operating transfers (out)	(26,682)	-	-	-	-	-	(4,070)	(120,152)
Total other financing sources (uses)	<u>(26,682)</u>	<u>2,235</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>578</u>	<u>(4,070)</u>	<u>(86,210)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(26,858)</u>	<u>2,235</u>	<u>(63,537)</u>	<u>(110,697)</u>	<u>100</u>	<u>578</u>	<u>(4,070)</u>	<u>(305,464)</u>
Fund balances - January 1	<u>26,889</u>	<u>(2,235)</u>	<u>186,922</u>	<u>141,148</u>	<u>(100)</u>	<u>(578)</u>	<u>4,070</u>	<u>488,313</u>
Fund balances - December 31	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 123,385</u>	<u>\$ 30,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,849</u>

See accompanying independent auditor's report and notes to financial statements.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS
DECEMBER 31, 2010

	MOA NS-08-HK8	MOA NS-09-S11 Stimulus	MOA NS-09-S16 Stimulus	MOA NS-09-S17	MOA NS 09-M07	MOA 10-E11
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowance)						
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	2,127	-	-	307	1,209
Travel advances	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ -	\$ 2,127	\$ -	\$ -	\$ 307	\$ 1,209
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
FUND EQUITY						
Fund balance						
Designated for subsequent years' expenditures	-	2,127	-	-	307	1,209
Undesignated	-	-	-	-	-	-
Total fund equity	-	2,127	-	-	307	1,209
Total liabilities and fund equity	\$ -	\$ 2,127	\$ -	\$ -	\$ 307	\$ 1,209

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	<u>Rural Dev Sewer Replc</u>	<u>Rural Dev Police Equip</u>	<u>Rural Development EMS Equip</u>	<u>Rural Dev Headstart</u>	<u>Rural Development Lift Station</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-		-	-
Receivables (net of allowance)					
Grants	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance					
Designated for subsequent years' expenditures	-	-	-	-	-
Undesignated	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	<u>Rural Development Cuspes Park 2</u>	<u>Rural Dev Cuspes Park</u>	<u>Rural Development Boat Launch</u>	<u>Rural Dev Sanitation Truck Stimulus</u>	<u>Rural Dev Master Plan Year 1</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	2,049	-	-	-	-
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND EQUITY					
Fund balance					
Designated for subsequent years' expenditures	2,049	-	-	-	-
Undesignated	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 2,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE Q (CONTINUED)

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	BIA Road Maintenance Stimulus	BIA Road Projects	Totals
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance)			-
Grants	-	-	-
Other	-	-	-
Due from other funds	101,784	51,194	158,670
Travel advances	-	-	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 101,784</u>	<u>\$ 51,194</u>	<u>\$ 158,670</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY			
Fund balance			
Designated for subsequent years' expenditures	101,784	51,194	158,670
Undesignated	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>101,784</u>	<u>51,194</u>	<u>158,670</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 101,784</u>	<u>\$ 51,194</u>	<u>\$ 158,670</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>MOA</u> <u>NS-08-HK8</u>	<u>MOA</u> <u>NS-09-S11</u> <u>Stimulus</u>	<u>MOA</u> <u>NS-09-S16</u> <u>Stimulus</u>	<u>MOA</u> <u>NS-09-S17</u> <u>Stimulus</u>	<u>MOA</u> <u>NS 09-M07</u>	<u>MOA</u> <u>10-E11</u>
REVENUES						
Intergovernmental revenue						
Federal grants	\$ 31,606	\$ 134,683	\$ 122,313	\$ 16,034	\$ 11,707	\$ 58,545
State grants	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>31,606</u>	<u>134,683</u>	<u>122,313</u>	<u>16,034</u>	<u>11,707</u>	<u>58,545</u>
EXPENDITURES						
Salaries	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Supplies / postage	-	-	-	-	-	-
Telephone / utilities	-	-	-	-	-	-
Contractual services	31,131	144,100	118,289	15,459	11,400	-
Equipment purchases	-	-	-	-	-	55,462
Program assistance	-	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-	-
Training / education	-	-	-	-	-	-
Indirect expenditures	875	4,206	4,024	575	-	1,874
Other	-	-	-	-	-	-
Total expenditures	<u>32,006</u>	<u>148,306</u>	<u>122,313</u>	<u>16,034</u>	<u>11,400</u>	<u>57,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(400)</u>	<u>(13,623)</u>	<u>-</u>	<u>-</u>	<u>307</u>	<u>1,209</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(400)</u>	<u>(13,623)</u>	<u>-</u>	<u>-</u>	<u>307</u>	<u>1,209</u>
Fund balances - January 1	<u>400</u>	<u>15,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ 2,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307</u>	<u>\$ 1,209</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Rural Dev Sewer Replc</u>	<u>Rural Dev Police Equip</u>	<u>Rural Development EMS Equip</u>	<u>Rural Dev Headstart</u>	<u>Rural Development Lift Station</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ 7,398	\$ -	\$ -	\$ -	\$ 7,406
State grants	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>7,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,406</u>
EXPENDITURES					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Travel	-	-	-	-	-
Insurance	-	-	-	-	-
Supplies / postage	-	-	-	-	-
Telephone / utilities	-	-	-	-	-
Contractual services	7,398	-	-	-	7,406
Equipment purchases	-	-	-	-	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	-
Indirect expenditures	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>7,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	12,923	-	273	-	-
Operating transfers (out)	-	(12,090)	-	(31)	(2,199)
Total other financing sources (uses)	<u>12,923</u>	<u>(12,090)</u>	<u>273</u>	<u>(31)</u>	<u>(2,199)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	12,923	(12,090)	273	(31)	(2,199)
Fund balances - January 1	<u>(12,923)</u>	<u>12,090</u>	<u>(273)</u>	<u>31</u>	<u>2,199</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Rural Development Cuspes Park 2</u>	<u>Rural Dev Cuspes Park</u>	<u>Rural Development Boat Launch</u>	<u>Rural Dev Sanitation Truck Stimulus</u>	<u>Rural Dev Master Plan Year 1</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ 419,306	\$ -	\$ -	\$ 150,000	\$ 680,319
State grants	-	-	-	-	-
Other income	104,889	-	-	-	-
Total revenues	<u>524,195</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>680,319</u>
EXPENDITURES					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Travel	-	-	-	-	-
Insurance	-	-	-	-	-
Supplies / postage	-	-	-	-	-
Telephone / utilities	-	-	-	-	-
Contractual services	524,195	-	-	-	680,319
Equipment purchases	-	-	-	150,000	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	-
Indirect expenditures	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>524,195</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>680,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	(375)	(16,744)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(375)</u>	<u>(16,744)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	-	(375)	(16,744)	-	-
Fund balances - January 1	<u>2,049</u>	<u>375</u>	<u>16,744</u>	<u>-</u>	<u>-</u>
Fund balances - December 31	<u>\$ 2,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	BIA Road Maintenance Stimulus	BIA Road Projects	Totals
REVENUES			
Intergovernmental revenue			
Federal grants	\$ 748,014	\$ 122,500	\$ 2,509,831
State grants	-	-	-
Other income	-	-	104,889
Total revenues	<u>748,014</u>	<u>122,500</u>	<u>2,614,720</u>
EXPENDITURES			
Salaries	-	-	-
Fringe benefits	-	-	-
Travel	-	-	-
Insurance	-	-	-
Supplies / postage	-	-	-
Telephone / utilities	-	-	-
Contractual services	412,410	141,881	2,093,988
Equipment purchases	183,447	-	388,909
Program assistance	-	-	-
Equipment rental / maintenance	-	-	-
Training / education	-	-	-
Indirect expenditures	50,373	-	61,927
Other	-	-	-
Total expenditures	<u>646,230</u>	<u>141,881</u>	<u>2,544,824</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,784</u>	<u>(19,381)</u>	<u>69,896</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	13,196
Operating transfers (out)	-	-	(31,439)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,243)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	101,784	(19,381)	51,653
Fund balances - January 1	<u>-</u>	<u>70,575</u>	<u>107,017</u>
Fund balances - December 31	<u>\$ 101,784</u>	<u>\$ 51,194</u>	<u>\$ 158,670</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL
 SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 DECEMBER 31, 2010

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures Equipment & Vehicles	Infrastructure	Total
Administration	\$ -	\$ -	\$ 245,567	\$ -	\$ 245,567
Environmental	-	2,200	284,085	2,353,122	2,639,407
Cultural/Museum	55,341	96,000	9,400	-	160,741
Health Center	-	6,424,596	320,552	-	6,745,148
Fire Department	-	-	429,499	-	429,499
Police Department	-	473,311	787,022	-	1,260,333
Public Works	-	40,800	952,609	4,289,514	5,282,923
Tribe-wide	135,000	1,782,303	214,668	1,245,995	3,377,966
Warden Service	-	5,000	260,263	-	265,263
Wastewater	-	3,338,000	1,564,811	8,846,577	13,749,388
Youth & Rec	-	2,638,196	72,328	-	2,710,524
Total General Capital Assets	190,341	14,800,406	5,140,804	16,735,208	36,866,759
Less: Accumulated Depreciation	-	(6,758,634)	(2,493,070)	(5,256,109)	(14,507,813)
Net General Capital Assets	\$ 190,341	\$ 8,041,772	\$ 2,647,734	\$ 11,479,099	\$ 22,358,946

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Capital Assets 01/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Capital Assets 12/31/10</u>
Administration	\$ 245,567	\$ -	\$ -	\$ 245,567
Environmental	2,639,407	-	-	2,639,407
Cultural/Museum	160,741	-	-	160,741
Health Center	6,798,175	4,300	(57,327)	6,745,148
Fire Department	429,499	-	-	429,499
Police Department	1,130,317	151,239	(21,223)	1,260,333
Public Works	2,629,009	2,666,914	(13,000)	5,282,923
Tribe-wide	3,419,326	863	(42,223)	3,377,966
Warden Service	298,869	-	(33,606)	265,263
Wastewater	13,749,388	-	-	13,749,388
Youth & Rec	2,735,524	-	(25,000)	2,710,524
Total General Capital Assets	<u>34,235,822</u>	<u>2,823,316</u>	<u>(192,379)</u>	<u>36,866,759</u>
Less: Accumulated Depreciation	<u>(13,580,099)</u>	<u>(1,120,093)</u>	<u>192,379</u>	<u>(14,507,813)</u>
Net General Capital Assets	<u>\$ 20,655,723</u>	<u>\$ 1,703,223</u>	<u>\$ -</u>	<u>\$ 22,358,946</u>

See accompanying independent auditor's report and notes to financial statements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct program:			
Woman, Infants, Children Grant	10.557	N/A	\$ 96,621
Rural Development - Lift Station	10.760	N/A	7,406
Rural Development - Sanitation Truck (ARRA)	10.780	N/A	150,000
Rural Development - Sewer Replacement	10.760	N/A	7,398
Rural Development - Cuspes Park	10.760	N/A	419,306
Rural Development - Master plan	10.760	N/A	680,319
Total U.S. Department of Agriculture			1,361,050
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Program:			
Indian Health Service HC Renovations Stimulus	93.722	N/A	268,000
Indian Health Service MOA Grant - Stimulus	93.722	N/A	286,653
Indian Health Service MOA Grant	93.228	N/A	100,742
Indian Health Services Contract	93.228	N/A	2,451,945
Title VI - Older Americans Act Part A	93.047	N/A	85,565
Title VI - Older Americans Act Part C	93.054	N/A	28,830
Title VI - Older Americans Act Section 311	93.053	N/A	15,235
Title VI - Stimulus	93.048	N/A	8,937
LIHEAP Program	93.568	N/A	50,439
Title IV B	93.556	N/A	24,201
Community Services Block Grant - Stimulus	93.710	N/A	6,760
Community Services Block Grant	93.569	N/A	4,069
Child Care Development Fund - Discretionary	93.596	N/A	11,301
Child Care Development Fund - Mandatory	93.575	N/A	29,604
Family Violence Prevention	93.671	N/A	23,564
Headstart - Stimulus	93.708	N/A	11,815
Headstart	93.600	N/A	259,281
Total U.S. Department of Health & Human Services			3,666,941

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct program:			
Crime Victim Assistance Discretionary	16.582	N/A	6,689
COPS Tribal Resources Grant Program Equip.	16.710	N/A	166,595
Crime Victim Assistance Discretionary	16.582	N/A	52,690
Tribal Youth Program	16.731	N/A	63,537
Violence Against Women - Discretionary	16.587	N/A	<u>110,697</u>
Total U.S. Department of Justice			<u>400,208</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed thru Washington Hancock Community Agency			
Rural transit	20.509	NONE	<u>16,577</u>
Total U.S. Department of Transportation			<u>16,577</u>
U.S. DEPARTMENT OF ENERGY			
DEVELOPMENT			
Energy Grant	81.128	DE-EE0001306	2,159
Total U.S. Department of Energy			<u>2,159</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct program:			
Surveys, Studies, Research Etc Clean Air	66.034	N/A	126,634
State and Tribal Response Program	66.817	N/A	127,439
EPA Performance Partnership Grant	66.605	N/A	308,042
EECBG - Stimulus	66.707	N/A	58,227
Woodstove Changeout	66.034	N/A	31,495
Capacity Building Grants / Other Tribal Areas	66.310	N/A	<u>7,707</u>
Total U.S. Environmental Protection Agency			<u>659,544</u>
U.S. DEPARTMENT OF THE INTERIOR			
Direct Program:			
Consolidated Government Programs	15.021	N/A	2,391,211
Road Maintenance - Stimulus	15.033	N/A	<u>646,230</u>
Total U.S. Department of the Interior			<u>3,037,441</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 9,143,920</u></u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Pleasant Point Passamaquoddy Tribal Council. All federal financial assistance received is included on the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as Type A programs as defined in OMB Circular A-133.

1)	Rural Development Capital Projects	CFDA#	10.760
2)	Consolidated Programs	CFDA#	15.021
3)	Road Maintenance – Stimulus	CFDA#	15.033
4)	Indian Health Services Grants	CFDA#	93.228
5)	MOA Grants - Stimulus	CFDA#	93.722
6)	HC Renovations	CFDA#	93.722
7)	EPA Performance Partnership	CFDA#	66.605

4. Reconciliation of Consolidated Programs to financial statements:

Expenditures per Schedule of Expenditures of Federal Awards	<u>\$3,037,441</u>
From major program BIA expenditures (page 15)	\$2,384,240
Subtract money spent from state sources	(134,910)
From non-major capital projects (page 68)	<u>141,881</u>
	<u>\$2,391,211</u>



Proven Expertise and Integrity

INDEPENDENT AUDITORS' 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

June 27, 2011

Tribal Council
Pleasant Point Passamaquoddy Tribal Council
Perry, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Point Passamaquoddy Tribal Council, as of and for the year ended December 31, 2010, which collectively comprise the Pleasant Point Passamaquoddy Tribal Council's basic financial statements and have issued our report thereon June 27, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pleasant Point Passamaquoddy Tribal Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, and not for the purpose of expressing an opinion on the effectiveness of Pleasant Point Passamaquoddy Tribal Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasant Point Passamaquoddy Tribal Council's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2010 -1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant Point Passamaquoddy Tribal Council'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2010-1 through 2010-6.

We noted certain other matters that we reported to management of Pleasant Point Passamaquoddy Tribal Council in a separate letter dated September 9, 2011.

Pleasant Point Passamaquoddy Tribal Council's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Pleasant Point Passamaquoddy Tribal Council's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RHR Smith & Company

Certified Public Accountants



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

June 27, 2011

Tribal Council
Pleasant Point Passamaquoddy Tribal Council
Perry, Maine

Compliance

We have audited Pleasant Point Passamaquoddy Tribal Council's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pleasant Point Passamaquoddy Tribal Council's major federal programs for the year ended December 31, 2010. Pleasant Point Passamaquoddy Tribal Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pleasant Point Passamaquoddy Tribal Council's management. Our responsibility is to express an opinion on Pleasant Point Passamaquoddy Tribal Council's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Pleasant Point Passamaquoddy Tribal Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pleasant Point Passamaquoddy Tribal Council's compliance with those requirements.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

As described in items 2010-1 through 2010-6 in the accompanying schedule of findings and questioned costs, current year, Pleasant Point Passamaquoddy Tribal Council did not comply with requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. Compliance with such requirements is necessary, in our opinion, for Pleasant Point Passamaquoddy Tribal Council to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Pleasant Point Passamaquoddy Tribal Council complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of Pleasant Point Passamaquoddy Tribal Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pleasant Point Passamaquoddy Tribal Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Pleasant Point Passamaquoddy Tribal Council'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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-1 through 2010-6.

Pleasant Point Passamaquoddy Tribal Council's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Pleasant Point Passamaquoddy Tribal Council's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, others within the organization, the Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RHR Smith & Company

Certified Public Accountants

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

The following findings are related to the financial statements of the Tribe in accordance with GAGAS.

FINDINGS - FINANCIAL STATEMENT AUDIT – PRIOR YEAR

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009-1

Criteria: Generally Accepted Accounting Principles require that the Tribe maintain an adequate accounting system to account for the various activity of all Tribal business.

Condition: The Tribe maintains a separate set of accounting records for Census activity independent from the Tribal fiscal records maintained at the Tribal fiscal department for all other Tribal programs. These accounts are not tracked by the Tribal fiscal department nor are they subject to the same accounting procedures all other Tribal programs are.

Effect: That errors within the Census Department may occur in processing financial information and not be detected in a relatively reasonable period of time by the Tribe.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information and programming checking. The Tribe should consider putting this activity on its financial software (ADS) system.

Management

Response: Management has started the process of reviewing/identifying steps necessary to include the Census department in our ADS financial accounting system with a goal of completion by end of first quarter '11.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

2009- 2 - CFDA # 14.862

Criteria: OMB Circular A-87 requires written approval of cost allocation plans by the Tribes cognizant or oversight Agency. The approval is for the Tribe to have an established rate based on modified total direct costs for each program. The tribe should utilize this rate for all Tribal programs where applicable and not deviate from it.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 2 - CFDA # 14.862 (CONTINUED)

Condition: The Tribe for the above mentioned year end has a written cost allocation plan. When comparing the plan and methodology approved by the BIA to the HUD budget submitted with the grant, it was estimated that \$10,500 of Indirect costs be charged to this grant. We see that indirect is being charged not according to the Tribes plan, but directly charged such as heat, phone, and other administration costs.

Effect: There appears to be no correlation to the amount budgeted and what is being charged to the grant. Furthermore, we see no indirect costs pool to charge from to the grant.

Recommendation: The Tribe needs to adhere to its cost allocation plan for all of its programs and provide consistent treatment to all of its programs. The Indirect charges to any grant should be supported by an approved indirect cost plan with a rate. While we believe that these costs may be reasonable and necessary, there appears to be no consistency to how these costs are charged.

Management

Response: Management agrees with this recommendation and does in fact adhere to its cost allocation plan by providing consistent treatment to all of the Tribe's programs, with the exception of course of this grant.

This grant is unique in that the finance department had no knowledge of it until questioned through the audit process.

Had this grant been handled through the finance department the indirect cost would have been calculated and applied properly.

Going forward all Tribal grants will be accounted for through the finance department

2009- 3 - CFDA # 14.862

Criteria: Generally Accepted Accounting Principles require that the Tribe maintain an adequate accounting system to account for the various activity of all Tribal business.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 3 - CFDA # 14.862 (Continued)

Condition: The Tribes fiscal department was not aware of this HUD grant until after its annual independent audit was completed and submitted. Furthermore, the Tribe's fiscal department received no accounting of these grant funds until they were entirely spent. While the Governor of the Tribe signed off on the grant, the administration of this grant was supposed to be done by the Tribes Housing Authority (TDHE). It appears the Housing Authority, designated a separate non profit corporation to administer this program.

Effect: That errors within this grant may occur in processing financial information and not be detected in a relatively reasonable period of time by the Tribe. With the Tribe responsible for this grant, and receiving no accounting for this grant, the Tribe may be liable to pay back any questioned costs. Furthermore, being a Tribal grant, the Tribe should be well aware at all times of the grants fiscal activity and accomplishments. With the Tribes fiscal office not being included in the accounting of this grant, obvious errors and omissions occurred with the Tribes own financial statements.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information and program checking. The Tribe needs to put this grant and all future grants it is responsible for on its financial software (ADS) system.

**Management
Response:**

Management agrees with this recommendation and in fact has procedures in place to record all activity by grant/contract and produce monthly cost statements for administration.

Following are the procedures the finance department has implemented to ensure accountability for all grant activity that is processed through the Tribe, to the end that we can provide timely and accurate financial reports to all parties of interest including the timely submission of the Single Audit Report:

First, we have consolidated many of our accounts for better control; second, we have implemented a new accounting system with a single General Ledger to ensure the capture of all financial transactions by Fund, Source, Department and Account. Thirdly, we have implemented payable controls to ensure that only authorized expenditures are made and that they are charged to the proper fund.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 3 - CFDA # 14.862 (Continued)

Management Response – Continued:

The main instrument of control is the Purchase Order Request/Payment Voucher. This form must be completed and signed for each expenditure by the Program Director and submitted to the Finance Department with proper back up to the expenditure. The Finance Department reviews the expenditure request to ensure adequate back up, proper account number and sufficient funds in the program budget to cover the expense. If all is in order the form is forwarded to the Tribal Administration for a final review of the requested expenditure, signed and returned to finance for payment. All paid vouchers with back up are filed by batch for easy retrieval.

With these changes to our financial management system and procedures, we are able to provide our auditors with all the information necessary to timely complete and submit our Single Audit Report. With the exception of this grant our Single Audit Reports are now current.

To ensure that Federal Grant funds are used only for grant related purposes, the Tribe has implemented an accounting system that records all funds received to the appropriate grant and tracks all grant expenditures to an approved budget matching in total the full amount of the awarded funds. In addition, only the Program Directors (Management) can obligate funds and then only for the grants they are responsible for. To ensure the Program Director has reviewed and authorized the obligation of funds under a particular grant, they must prepare and sign (complete with documentation) a Purchase Order Request/Payment Voucher. This documentation goes through a Finance Department and Administration Department review before the funds are obligated. These reviews are to ensure the requested expenditure supports the intentions/goals of the grant.

For those grants that fund their programs in advance, the funds are not only properly recorded to that program but are sub-accounted for within the General Ledger. For all other grants, expenditures are tracked weekly and compared to YTD draw down amounts. When expenditures for a particular grant exceed the YTD draw downs, then additional funds are drawn down in an amount to cover the excess expenditures.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 4 – CFDA # 14.862

Criteria: Compliance requirements on federal programs require that expenditures be supported with proper documentation such as purchase orders and invoices.

Condition: While testing transactions for this HUD grant, certain expenditures could not be supported with approved purchase orders or invoices.

Effect: Tribal financial information for this grant can be distorted and non-compliant purchases can be made and not be detected by the Tribe. The amount approximated \$1,500.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe also needs to adhere to its bid procedures.

Management Response:

Management agrees with this recommendation and will take all steps necessary going forward to ensure our bid procedures policy is adhered to along with all Tribal policies and procedures to ensure proper accounting of all grants including sufficient back up to support grant payables.

Had this grant been accounted for through the Tribe's finance department, management is confident that sufficient documentation would have been attached to any request for payment or it would not have been paid.

Please see comments made in response to 2009-4-CFDA #14.862 for a description of the accounting policies and procedures the Tribe has in place to safeguard all grant funds.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 5 – CFDA # 14.862

Criteria: OMB Circular A-87 and Generally Accepted Accounting Principles require that the Tribe practice all business ventures and present its financial information in a prudent fiscal manner and that all costs are fair and reasonable. During this grant, the Tribe paid an unrelated non profit to manage the business, and also paid that same non profit purchased goods and services. We do not see the Tribe adhering to its own purchasing policies and procedures and soliciting bids from qualified vendors or suppliers on these purchases. Furthermore, we view the relationship as this non profit administers, approves, requests draw downs, expends federal funds, and is not the grant recipient, as a potential conflict of interest between related parties.

Condition: The Tribe received program funding under a HUD ICDBG grant and had a developed budget. In the grant outline, it was described that the Housing Authority would administer this grant. The administration of this grant was then conveyed to the non profit corporation. The non profit corporation leased and purchased equipment from itself, paid for by the grant, leased and purchased appliances, supplies and materials from itself which again were paid for by this grant. It appears contracted employees of this non profit agency (paid for by the Housing Authority and billed to non profit for their time and benefits) were also administering this grant and performing all procurement functions. We do not see how the fiscal administration of this grant and payments to itself do not constitute a conflict of interest. According to the grant outline, the Tribe would adhere to the Housing Authorities procurement policies and that it would solicit bids for all services provided under this grant.

Effect: Although it was stated in the grant outline that the tribe would utilize this non profit corporation to solicit bids on all merchandise, it appears that most of this merchandise was solicited through the non profit corporation and the price charged to the grant included estimated markups of 10% to 38% on products purchased. Furthermore, the grant was paying for the services of the personnel to solicit the product. We believe that the grant did receive these services. We also believe that a fair price cannot be determined as a cost to the grant because of the conflict. We estimate the payment to the non profit during the fiscal year to approximate \$ 5,000 for purchased services and equipment non human resources. We estimate the payment to the Housing Authority for these non profit contracted employees to approximate \$20,000.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 5 – CFDA # 14.862 (Continued)

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. Furthermore, the Tribe should follow its own procurement policies when soliciting services. The Tribe should also approve all grant expenditures for any grants it is responsible for that are being administered by third parties.

**Management
Response:**

Management agrees with this recommendation.

While this grant was not managed pursuant to the Tribe's policies and procedures, it is the exception rather than the rule and Tribal management assures that all grants going forward (as is the case with all previous grants) will in fact be managed through the Tribe's finance department and be subject to all pertinent policies and procedures.

Management feels that in spite of the less than desirable handling of this grant the objectives were met.

2009- 6 – CFDA # 14.862

Criteria: Compliance requirements on federal programs require that expenditures be supported with proper documentation such as purchase orders and invoices and that draw downs be supported to payments.

Condition: While testing transactions for thus HUD grant, certain expenditures could not be supported with payments made by the non profit agency. It appears that draw downs are being made and that the non profit organization is not paying the bills charged to the grants for weeks and in some case months later. It could be said that this grant is subsidizing the non profit agency's cash flow.

Effect: Tribal financial information for this grant can be distorted and non-compliant purchases can be made and not be detected by the Tribe. It is our understanding that it is not the intentions of this or any other grant to subsidize an organizations cash flow.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe should review any draw downs prior to request and determine for accuracy.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 6 – CFDA # 14.862 (Continued)

Management

Response: Management agrees with this recommendation and will ensure going forward that draw downs are made only when needed for immediate use. This will be accomplished by making sure all grants are accounted for through the Tribal finance department.

Following is the procedure use by the Tribal finance department for drawing down of funds.

For those grants that fund their programs in advance, the funds are not only properly recorded to that program but are sub-accounted for within the General Ledger. For all other grants, expenditures are tracked weekly and compared to YTD draw down amounts. When expenditures for a particular grant exceed the YTD draw downs, then additional funds are drawn down in an amount to cover the excess expenditures.

2009 - 7 – CFDA #93.228

Criteria: Generally Accepted Accounting Principles require that the Tribe maintain an adequate accounting system to account for the various activity of all Tribal business.

Condition: The Tribal Health Service Department tracks and bills for all health services provided by the Tribe to the respective insurance carriers and paying sources. The Tribal Health Service Department does not provide a monthly accounting of these billing and outstanding billings to the Tribal Fiscal Department.

Effect: The Tribal financial statements for Health Services may be distorted by not having accurate or up to date financial information.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information and programming checking. The Tribal Health Service Department should provide the Tribal Finance Department with a detailed monthly accounting of all billing, receipts, write-offs and outstanding billing in the area of health services. These should be reconciled by the 21st by and with each department.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009 - 7 – CFDA #93.228 (Continued)

Management

Response: Management agrees with this recommendation and will continue to work with the Director of Health Services to ensure that the Health Service Department is able to properly manage and account for all parts of the billing cycle.

2009- 8 – CFDA # 93.568

Criteria: Compliance requirements on federal programs require that expenditures be supported with proper documentation such as purchase orders and invoices and also be allowable for reimbursement from the program.

Condition: While testing transactions for federal programs, specifically LIHEAP, certain expenses were found to not be allowable to the program as major renovations, such as major roof renovations, trailer relocation, and a handicap ramp.

Effect: The Tribe may have to pay back the grant for the amount of the questioned costs. There is also a chance that non-compliant purchases can be made and not be detected by the Tribe. The amount approximated \$69,333.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe should also consider implementing a compliance officer to ensure compliance with grant requirements.

Management

Response: Several major changes have been implemented concerning the way we manage our finances.

First, we have consolidated many of our accounts for better control; second, we have implemented a new accounting system with a single General Ledger to ensure the capture of all financial transactions by Fund, Source, Department and Account. Thirdly, we have implemented payable controls to ensure that only authorized expenditures are made and that they are charged to the proper fund.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 8 – CFDA # 93.568 (Continued)

The main instrument of control is the Purchase Order Request/Payment Voucher. This form must be completed and signed for each expenditure by the Program Director and submitted to the Finance Department with proper back up to the expenditure. The Finance Department reviews the expenditure request to ensure adequate back up, proper account number and sufficient funds in the program budget to cover the expense. If all is in order the form is forwarded to the Tribal Administration for a final review of the requested expenditure, signed and returned to finance for payment. All paid vouchers with back up are filed by batch for easy retrieval.

In addition to these accounting changes the Tribe established the position of Compliance Office whose duties include working with Program Directors to ensure all expenditures are in compliance with the Federal Regulations governing the several grants and contracts the Tribe works with.

2009- 9 – CFDA # 93.722 (ARRA)

Criteria: Compliance requirements on federal programs require that expenditures being paid be supported with proper documentation such as purchase orders and invoices and also be allowable for reimbursement from the program.

Condition: While testing transactions for federal programs, specifically IHS's MOA's, (reimbursement based grants) certain draw down requests by the Tribe were paid by the funding source, but the Tribe had actually not paid the expenditures being requested for reimbursement for that specific MOA for months after the requests.

Effect: While we do not believe that this is a questioned cost, we do believe that these reimbursement agreements paid for cost which had not yet been incurred by the Tribe.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2009- 9 – CFDA # 93.722 (ARRA) (Continued)

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe should also consider implementing a compliance officer to ensure compliance with grant requirements.

Management

Response: Management agrees with this recommendation and has in fact hired a compliance officer to help ensure compliance with grant requirements.

The draw downs in question were requested at the direction of the program director in anticipation of invoices being presented. Subsequent to the draw downs the invoices did not arrive timely as anticipated so the funds were held in reserve until payment could be made.

The funds were not used for any other purpose although more care should have been exercised in timing the draw downs to match the expenditures.

Going forward, with the help of the compliance officer, draw downs are not being requested until the program director can assure that the invoice is in hand.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

FINDINGS - FINANCIAL STATEMENT AUDIT – CURRENT

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010- 1

Criteria: Generally Accepted Accounting Principles require that the Tribe maintain an adequate accounting system to account for the various activity of all Tribal business.

Condition: The Tribe maintains a separate set of accounting records for Census activity independent from the Tribal fiscal records maintained at the Tribal fiscal department for all other Tribal programs. These accounts are not tracked by the Tribal fiscal department nor are they subject to the same accounting procedures all other Tribal programs are.

Effect: That errors within the Census Department may occur in processing financial information and not be detected in a relatively reasonable period of time by the Tribe.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information and programming checking. The Tribe should consider putting this activity on its financial software (ADS) system.

Management

Response: Management does not want to include the Census department in our ADS financial accounting system, but is considering updating the current software for Census.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010 - 2 - CFDA # 14.862

Criteria: Generally Accepted Accounting Principles require that the Tribe maintain an adequate accounting system to account for the various activity of all Tribal business.

Condition: The Tribes fiscal department was not aware of this HUD grant until after its annual independent audit was completed and submitted. Furthermore, the Tribe's fiscal department received no accounting of these grant funds until they were entirely spent. While the Governor of the Tribe signed off on the grant, the administration of this grant was supposed to be done by the Tribes Housing Authority (TDHE). It appears the Housing Authority, designated a separate non profit corporation to administer this program.

Effect: That errors within this grant may occur in processing financial information and not be detected in a relatively reasonable period of time by the Tribe. With the Tribe responsible for this grant, and receiving no accounting for this grant, the Tribe may be liable to pay back any questioned costs. Furthermore, being a Tribal grant, the Tribe should be well aware at all times of the grants fiscal activity and accomplishments. With the Tribes fiscal office not being included in the accounting of this grant, obvious errors and omissions occurred with the Tribes own financial statements.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information and program checking. The Tribe needs to put this grant and all future grants it is responsible for on its financial software (ADS) system.

**Management
Response:**

Management agrees with this recommendation and in fact has procedures in place to record all activity by grant/contract and produce monthly cost statements for administration.

Following are the procedures the finance department has implemented to ensure accountability for all grant activity that is processed through the Tribe, to the end that we can provide timely and accurate financial reports to all parties of interest including the timely submission of the Single Audit Report:

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010 - 2 - CFDA # 14.862 (Continued)

First, we have consolidated many of our accounts for better control; second, we have implemented a new accounting system with a single General Ledger to ensure the capture of all financial transactions by Fund, Source, Department and Account. Thirdly, we have implemented payable controls to ensure that only authorized expenditures are made and that they are charged to the proper fund.

The main instrument of control is the Purchase Order Request/Payment Voucher. This form must be completed and signed for each expenditure by the Program Director and submitted to the Finance Department with proper back up to the expenditure. The Finance Department reviews the expenditure request to ensure adequate back up, proper account number and sufficient funds in the program budget to cover the expense. If all is in order the form is forwarded to the Tribal Administration for a final review of the requested expenditure, signed and returned to finance for payment. All paid vouchers with back up are filed by batch for easy retrieval.

With these changes to our financial management system and procedures, we are able to provide our auditors with all the information necessary to timely complete and submit our Single Audit Report. With the exception of this grant our Single Audit Reports are now current.

To ensure that Federal Grant funds are used only for grant related purposes, the Tribe has implemented an accounting system that records all funds received to the appropriate grant and tracks all grant expenditures to an approved budget matching in total the full amount of the awarded funds. In addition, only the Program Directors (Management) can obligate funds and then only for the grants they are responsible for.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010 - 2 - CFDA # 14.862 (Continued)

Management Response: (Continued)

To ensure the Program Director has reviewed and authorized the obligation of funds under a particular grant, they must prepare and sign (complete with documentation) a Purchase Order Request/Payment Voucher. This documentation goes through a Finance Department and Administration Department review before the funds are obligated. These reviews are to ensure the requested expenditure supports the intentions/goals of the grant. For those grants that fund their programs in advance, the funds are not only properly recorded to that program but are sub-accounted for within the General Ledger. For all other grants, expenditures are tracked weekly and compared to YTD draw down amounts. When expenditures for a particular grant exceed the YTD draw downs, then additional funds are drawn down in an amount to cover the excess expenditures.

2010 - 3 – CFDA # 14.862

Criteria: Compliance requirements on federal programs require that expenditures be supported with proper documentation such as purchase orders and invoices.

Condition: While testing transactions for this HUD grant, certain expenditures could not be supported with approved purchase orders or invoices.

Effect: Tribal financial information for this grant can be distorted and non-compliant purchases can be made and not be detected by the Tribe. The amount approximated \$2,300.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe also needs to adhere to its bid procedures.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010 - 3 – CFDA # 14.862 (Continued)

Management Response:

Management agrees with this recommendation and will take all steps necessary going forward to ensure our bid procedures policy is adhered to along with all Tribal policies and procedures to ensure proper accounting of all grants including sufficient back up to support grant payables.

Had this grant been accounted for through the Tribe's finance department, management is confident that sufficient documentation would have been attached to any request for payment or it would not have been paid.

2010 - 4 – CFDA # 14.862

Criteria: Compliance requirements on federal programs require that expenditures be supported with proper documentation such as purchase orders and invoices and that draw downs be supported to payments.

Condition: While testing transactions for this HUD grant, certain expenditures could not be supported with payments made by the non profit agency. It appears that draw downs are being made and that the non profit organization is not paying the bills charged to the grants for weeks and in some case months later. It could be said that this grant is subsidizing the non profit agency's cash flow.

Effect: Tribal financial information for this grant can be distorted and non-compliant purchases can be made and not be detected by the Tribe. It is our understanding that it is not the intentions of this or any other grant to subsidize an organizations cash flow.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe should review any draw downs prior to request and determine for accuracy.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010- 4 – CFDA # 14.862 (Continued)

Management

Response: Management agrees with this recommendation and will ensure going forward that draw downs are made only when needed for immediate use. This will be accomplished by making sure all grants are accounted for through the Tribal finance department.

Following is the procedure use by the Tribal finance department for drawing down of funds.

For those grants that fund their programs in advance, the funds are not only properly recorded to that program but are sub-accounted for within the General Ledger. For all other grants, expenditures are tracked weekly and compared to YTD draw down amounts. When expenditures for a particular grant exceed the YTD draw downs, then additional funds are drawn down in an amount to cover the excess expenditures.

2010 - 5 – CFDA #93.228

Criteria: Generally Accepted Accounting Principles require that the Tribe maintain an adequate accounting system to account for the various activity of all Tribal business.

Condition: The Tribal Health Service Department tracks and bills for all health services provided by the Tribe to the respective insurance carriers and paying sources. The Tribal Health Service Department does not provide a monthly accounting of these billing and outstanding billings to the Tribal Fiscal Department.

Effect: The Tribal financial statements for Health Services may be distorted by not having accurate or up to date financial information.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information and programming checking. The Tribal Health Service Department should provide the Tribal Finance Department with a detailed monthly accounting of all billing, receipts, write-offs and outstanding billing in the area of health services. These should be reconciled by the 21st by and with each department.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010 - 5 – CFDA #93.228(Continued)

**Management
Response:**

Management agrees with this recommendation and will continue to work with the Director of Health Services to ensure that the Health Service Department is able to properly manage and account for all parts of the billing cycle.

2010 - 6 - CFDA # 93.722 (ARRA)

Criteria: Compliance requirements on federal programs require that expenditures being paid be supported with proper documentation such as purchase orders and invoices and also be allowable for reimbursement from the program.

Condition: While testing transactions for federal programs, specifically IHS's MOA's, (reimbursement based grants) certain draw down requests by the Tribe were paid by the funding source, but the Tribe had actually not paid the expenditures being requested for reimbursement for that specific MOA for months after the requests.

Effect: While we do not believe that this is a questioned cost, we do believe that these reimbursement agreements paid for cost which had not yet been incurred by the Tribe.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. It is obvious to us that the flow of paperwork, policy and procedure, needs to be reviewed and in most cases updated or implemented to assist with a better flow of financial information. Assignment of program directors needs to be enforced when purchases are made and Directors need to strictly adhere to program guidelines. The Tribe should also consider implementing a compliance officer to ensure compliance with grant requirements.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2010 - 6 - CFDA # 93.722 (ARRA) (Continued)

Management Response:

Management agrees with this recommendation and has in fact hired a compliance officer to help ensure compliance with grant requirements.

The draw downs in question were requested at the direction of the program director in anticipation of invoices being presented. Subsequent to the draw downs the invoices did not arrive timely as anticipated so the funds were held in reserve until payment could be made.

The funds were not used for any other purpose although more care should have been exercised in timing the draw downs to match the expenditures.

Going forward, with the help of the compliance officer, draw downs are not being requested until the program director can assure that the invoice is in hand.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes no
- Noncompliance material to financial statements noted yes X no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes no

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported
In accordance with section 510(a) of OMB Circular A-133? X yes no

Identification of major programs:

Name of Federal Program or Cluster

1)	Rural Development Capital Projects	CFDA#	10.760
2)	Consolidated Programs	CFDA#	15.021
3)	Road Maintenance – Stimulus	CFDA#	15.033
4)	EPA Performance Partnership	CFDA#	66.605
5)	Indian Health Services Grants	CFDA#	93.228
6)	HC Renovations – Stimulus	CFDA#	93.722
7)	MOA Grants – Stimulus	CFDA#	93.722

Dollar threshold used to distinguish between type A and B: \$300,000

