

Federal Compliance Audit
and Other Financial Information

Pleasant Point Passamaquoddy Tribal
Council

December 31, 2011



Proven Expertise and Integrity

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

CONTENTS

DECEMBER 31, 2011

	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 - 31

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	32
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	33

OTHER SUPPLEMENTARY INFORMATION

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

SCHEDULE L - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER HEALTH SERVICES	51
SCHEDULE M - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – PUBLIC SAFETY	52
SCHEDULE N – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ENVIRONMENTAL	53 - 55
SCHEDULE O – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER PROGRAMS	56 - 58
CAPITAL PROJECTS FUNDS DESCRIPTION	59
SCHEDULE P - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS	60 - 62
SCHEDULE Q – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS	63 - 65
GENERAL CAPITAL ASSETS DESCRIPTION	66
SCHEDULE R - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	67
SCHEDULE S - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	68

FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	69 - 70
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	71
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>	72 - 73
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	74 - 76
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	77 - 84
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS	85 - 88
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS	89



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

September 7, 2012

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, 2011, 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, 2011, 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 September 7, 2012 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 33 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 non-major 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, 2011**

(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, 2011. 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 four 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 decreased by \$947,337 from \$26.09 million to \$25.15 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 \$1,777,186 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,

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 4,399,494	\$ 3,914,562
Capital Assets	<u>21,086,096</u>	<u>22,358,946</u>
Total Assets	<u><u>\$ 25,485,590</u></u>	<u><u>\$ 26,273,508</u></u>
Liabilities		
Current Liabilities	\$ 264,974	\$ 103,665
Long-term Debt Outstanding	<u>74,695</u>	<u>76,585</u>
Total Liabilities	<u><u>\$ 339,669</u></u>	<u><u>\$ 180,250</u></u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 21,086,096	\$ 22,358,946
Restricted:		
General fund	-	18,000
Special revenue	2,112,651	2,728,560
Capital projects	169,988	158,670
Unrestricted	<u>1,777,186</u>	<u>829,082</u>
Total Net Assets	<u><u>\$ 25,145,921</u></u>	<u><u>\$ 26,093,258</u></u>

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

	2011
Revenues	
Program revenues:	
Charges for services	\$ 1,616,287
Operating grants and contributions	8,219,892
General revenues:	
Other intergovernmental	52,505
Investment income	10,274
Excise taxes	43,615
Other revenue	1,961,505
Total Revenues	11,904,078
Expenses	
General tribal operations	2,471,340
Health services	4,804,473
BIA programs	2,854,493
Public safety programs	-
Environmental programs	633,052
Other general programs	855,358
Capital projects	1,108,667
Unallocated depreciation	124,032
Total Expenses	12,851,415
Change in Net Assets	(947,337)
Net Assets - January 1	26,093,258
Net Assets - December 31	\$ 25,145,921

Revenues and Expenses

Revenues and expenditures have been changed in presentation from the prior year to better reflect departmental expenditures rather than functional expenditures. Comparative numbers are not available for comparison.

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, unassigned 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,

	<u>2011</u>	<u>2010</u>
General Fund:		
Restricted	\$ -	\$ 18,000
Assigned	65,640	115,940
Unassigned	<u>1,813,557</u>	<u>812,064</u>
Total General Fund	<u>\$ 1,879,197</u>	<u>\$ 946,004</u>
Other Major Funds:		
BIA		
Restricted	\$ 81,286	\$ 185,435
Indian Health Services		
Restricted	<u>1,731,555</u>	<u>1,884,296</u>
Total Major Funds	<u>\$ 1,812,841</u>	<u>\$ 2,069,731</u>
Other Nonmajor Funds:		
Special Revenue		
Restricted	\$ 299,810	\$ 658,829
Unassigned	(22,866)	(22,337)
Capital Projects		
Restricted	169,988	158,670
Unassigned	<u>(4,450)</u>	<u>-</u>
Total Nonmajor Funds	<u>\$ 442,482</u>	<u>\$ 795,162</u>

The general fund total fund balance increased by \$933,193 over the prior fiscal year. BIA decreased by \$104,149 and Indian Health Services decreased by \$152,741. The non-major fund balances decreased by \$352,680 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenue from budgeted amounts.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund. Most items of expenditures were overdrafted. (See notes.)

The general fund actual revenues were over budget by \$1,977,427. This was a result of Nebco income and most other revenue items being over budget. Nebco revenues were \$1.7 million over budget.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2011, the net book value of capital assets recorded by the Council decreased by \$1,272,850 over the prior year. This decrease is the result of capital disposals (net of additions) of \$64,859 plus current year depreciation expense of \$1,207,991.

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

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 333,372	\$ 349,150
Buildings and improvements	7,444,764	7,827,622
Machinery and equipment	1,266,158	1,419,418
Vehicles	975,615	1,228,316
Art works and historical treasures	55,341	55,341
Infrastructure	<u>11,010,846</u>	<u>11,479,099</u>
Total	<u>\$ 21,086,096</u>	<u>\$ 22,358,946</u>

Economic Factors and Next Year's Budgets and Rates

The Council's unassigned fund balance has maintained a level sufficient to sustain government operations for a period of at least three months (without regard to unbudgeted expenditures such as tribal distributions).

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, 2011

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,561,387
Investments	129,433
Accounts receivable (net of allowance for uncollectibles):	
Grants	142,526
Other	562,819
Travel advances	3,329
Total current assets	<u>4,399,494</u>
Noncurrent assets:	
Capital assets	
Land, infrastructure, and other assets not being depreciated	190,341
Buildings and vehicles, net of accumulated depreciation	20,895,755
Total noncurrent assets	<u>21,086,096</u>
Total assets	<u><u>\$ 25,485,590</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 104,073
Deferred revenue	160,901
Current portion of long-term obligations	-
Total current liabilities	<u>264,974</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	
Accrued compensated absences	74,695
Total noncurrent liabilities	<u>74,695</u>
Total liabilities	<u><u>339,669</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	21,086,096
Restricted: Special revenue	2,112,651
Capital projects	169,988
Unrestricted	1,777,186
Total net assets	<u>25,145,921</u>
Total liabilities and net assets	<u><u>\$ 25,485,590</u></u>

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, 2011

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants & Contributions</u>	<u>Grants & Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:					
General tribal operations	\$ 2,471,340	\$ 170,604	\$ 60,560	\$ -	\$ (2,240,176)
Health services	4,804,473	1,445,683	3,495,089	-	136,299
BIA programs	2,854,493	-	2,496,931	-	(357,562)
Environmental programs	633,052	-	349,327	-	(283,725)
Other general programs	855,358	-	\$ 746,820	-	(108,538)
Capital projects	1,108,667	-	-	1,071,165	(37,502)
Unallocated depreciation	124,032	-	-	-	(124,032)
Total governmental activities	<u>\$ 12,851,415</u>	<u>\$ 1,616,287</u>	<u>\$ 7,148,727</u>	<u>\$ 1,071,165</u>	<u>(3,015,236)</u>

STATEMENT B (CONTINUED)
PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Governmental Activities</u>
Changes In net assets:	
Net (expense) revenue	(3,015,236)
General revenues:	
Intergovernmental	52,505
Joint tribal council	1,700,000
Investment income	10,274
Excise	43,615
Miscellaneous	261,505
Total general revenues	<u>2,067,899</u>
Change in net assets	(947,337)
Net assets - January 1	<u>26,093,258</u>
Net assets - December 31	<u>\$ 25,145,921</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, 2011

	<u>General Fund</u>	<u>BIA</u>	<u>Indian Health Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 3,561,387	\$ -	\$ -	\$ -	\$ 3,561,387
Investments	129,433	-	-	-	129,433
Accounts receivable (net of allowance for uncollectibles):					
Grants	-	38,492	-	104,034	142,526
Other	1,183	130	561,151	355	562,819
Travel advances	-	1,490	1,834	5	3,329
Due from other funds	27,676	220,247	1,168,570	365,764	1,782,257
Total assets	<u>\$ 3,719,679</u>	<u>\$ 260,359</u>	<u>\$ 1,731,555</u>	<u>\$ 470,158</u>	<u>\$ 6,181,751</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 85,901	\$ 18,172	\$ -	\$ -	\$ 104,073
Deferred revenue	-	160,901	-	-	160,901
Due to other funds	1,754,581	-	-	27,676	1,782,257
Total liabilities	<u>1,840,482</u>	<u>179,073</u>	<u>-</u>	<u>27,676</u>	<u>2,047,231</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	81,286	1,731,555	469,798	2,282,639
Committed	-	-	-	-	-
Assigned	65,640	-	-	-	65,640
Unassigned	1,813,557	-	-	(27,316)	1,786,241
Total fund balances	<u>1,879,197</u>	<u>81,286</u>	<u>1,731,555</u>	<u>442,482</u>	<u>4,134,520</u>
Total liabilities and fund balances	<u>\$ 3,719,679</u>	<u>\$ 260,359</u>	<u>\$ 1,731,555</u>	<u>\$ 470,158</u>	<u>\$ 6,181,751</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, 2011

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 4,134,520
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	21,086,096
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(74,695)</u>
 Net assets of governmental activities	 <u><u>\$ 25,145,921</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, 2011

	General Fund	BIA	Indian Health Services	Nonmajor Funds	Total Governmental Funds
REVENUES					
State of Maine Funding	\$ 60,560	\$ -	\$ -	\$ -	\$ 60,560
Tero tax	47,450	-	-	-	47,450
Indirect Income	1,118,727	-	-	-	1,118,727
Federal Grants	5,055	2,371,525	3,251,847	2,410,554	8,038,981
State Grants	-	125,406	-	-	125,406
Charges for services	170,604	-	1,445,683	-	1,616,287
Investment Income	10,274	-	-	-	10,274
Excise taxes	43,615	-	-	-	43,615
Reimbursements	90,396	-	-	-	90,396
Nebco income	1,700,000	-	-	-	1,700,000
Other	85,797	-	-	85,312	171,109
Total revenues	<u>3,332,478</u>	<u>2,496,931</u>	<u>4,697,530</u>	<u>2,495,866</u>	<u>13,022,805</u>
EXPENDITURES					
Current:					
Salaries	726,066	736,258	1,250,495	371,346	3,084,165
Fringe Benefits	253,878	328,001	504,416	154,333	1,240,628
Travel	46,003	28,619	56,790	50,233	181,645
Real estate taxes	223	-	-	-	223
Insurance	34,720	39,948	7,886	-	82,554
Supplies / Postage	13,722	45,561	739,381	98,582	897,246
Telephone / Utilities	76,500	89,667	79,613	2,107	247,887
Contractual services	148,241	142,530	1,650,216	1,702,967	3,643,954
Program assistance	77,141	367,950	217	235,291	680,599
Equipment purchases	915	17,872	24,435	12,408	55,630
Equipment rental / maintenance	6,048	86,837	3,544	-	96,429
Training / Education	9,022	7,682	205	2,968	19,877
Professional fees	52,853	-	-	-	52,853
Wastewater	-	217,041	-	-	217,041
Gates / other programs	16,595	-	-	-	16,595
Indirect expenses	-	430,032	511,404	180,791	1,122,227
Tribal disbursements	849,524	-	-	-	849,524
Other expense	71,957	63,082	21,669	53,397	210,105
Total expenditures	<u>2,383,408</u>	<u>2,601,080</u>	<u>4,850,271</u>	<u>2,864,423</u>	<u>12,699,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>949,070</u>	<u>(104,149)</u>	<u>(152,741)</u>	<u>(368,557)</u>	<u>323,623</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	2,866	-	-	18,743	21,609
Operating transfers (out)	(18,743)	-	-	(2,866)	(21,609)
Total other financing sources (uses)	<u>(15,877)</u>	<u>-</u>	<u>-</u>	<u>15,877</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	933,193	(104,149)	(152,741)	(352,680)	323,623
FUND BALANCE - JANUARY 1	<u>946,004</u>	<u>185,435</u>	<u>1,884,296</u>	<u>795,162</u>	<u>3,810,897</u>
FUND BALANCE - DECEMBER 31	<u>\$ 1,879,197</u>	<u>\$ 81,286</u>	<u>\$ 1,731,555</u>	<u>\$ 442,482</u>	<u>\$ 4,134,520</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, 2011

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 323,623</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	754
Capital asset disposed	(65,613)
Depreciation expense	<u>(1,207,991)</u>
	<u>(1,272,850)</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	1,890
	<u>1,890</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ (947,337)</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, 2011

	Agency
	Census
ASSETS	
Cash	\$ 340,095
Receivables (net of allowance)	
Other	14,909
Total assets	\$ 355,004
LIABILITIES	
Deposits held for others	\$ 355,004
Total liabilities	\$ 355,004

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

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 tribal operations, public safety, public works, BIA programs, health services, environmental services, welfare, and other general programs.

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, 2011

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 balance, 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, 2011

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 is reported using accounting principles similar to proprietary funds.

The Council's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). 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, 2011

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, 2011

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, 2011. 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (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, comp and sick time permit employees to accumulate earned and unused vacation and comp 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.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Council.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Tribe considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Tribe considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Tribe is in the process of adopting a set of financial policies to guide the financial operation of the Tribe. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011

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.

Deposits:

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. The Council does not have a policy covering custodial credit risk for deposits. However, the Council maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2011, the Council's cash balances amounting to \$3,899,542 were comprised of deposits of \$4,086,390. Of these bank deposits, \$594,216 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$3,492,174 that was insured or collateralized with securities held by the financial institution but not in the Council's name and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 727,423
Savings accounts	54,135
Money market	20,141
Repurchase / sweep account	3,284,691
	<u>\$ 4,086,390</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Council does not have a policy for custodial credit risk for investments.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2011, the Council’s investments of \$129,433 of stocks were not insured by federal depository insurance and consequently were exposed to custodial credit risk.

<u>Account Type</u>	<u>Fair Value</u>	<u>> 1 year</u>	<u>Not Applicable</u>
Repurchase agreement	\$ -	\$ -	\$ -
Mutual funds/Equities/stock	129,433	-	129,433
	<u>\$ 129,433</u>	<u>\$ -</u>	<u>\$ 129,433</u>

Credit risk – Statutes for the State of Maine 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 does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Council does not have a policy related to interest rate risk.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2011 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 27,676	\$ 1,754,581
BIA Fund	220,247	-
Health Service Fund	1,168,570	-
Non-major Special Revenue Fund	195,776	23,226
Capital Project Fund	169,988	4,450
	<u>\$ 1,782,257</u>	<u>\$ 1,782,257</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2011:

	Balance 1/1/2011	Additions	Disposals	Balance 12/31/2011
<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	2,752,533	754	-	2,753,287
Vehicles	2,388,271	-	(69,169)	2,319,102
Infrastructure	16,735,208	-	-	16,735,208
	36,676,418	754	(69,169)	36,608,003
Less: accumulated depreciation	(14,507,813)	(1,207,991)	3,556	(15,712,248)
	<u>22,168,605</u>	<u>(1,207,237)</u>	<u>(65,613)</u>	<u>20,895,755</u>
Net capital assets	<u>\$ 22,358,946</u>	<u>\$ (1,207,237)</u>	<u>\$ (65,613)</u>	<u>\$ 21,086,096</u>

Current year depreciation:

Administration	\$ 274
Environmental	125,855
Cultural/Museum	1,920
Health Center	188,337
Fire Department	11,940
Police Department	107,425
Public Works	155,749
Tribe-wide	124,032
Warden Service	25,446
Wastewater	408,331
Youth & Rec	58,682
	<u>58,682</u>
Total depreciation expenses	<u>\$ 1,207,991</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>	<u>Current Portion</u>
Accrued compensated absences	\$ 76,585	\$ -	\$ (1,890)	\$ 74,695	\$ -
Totals	<u>\$ 76,585</u>	<u>\$ -</u>	<u>\$ (1,890)</u>	<u>\$ 74,695</u>	<u>\$ -</u>

NOTE 6 - RESTRICTED FUND BALANCES

The following net assets have been reserved at December 31, 2011 for the following purposes:

Governmental Funds:

Restricted for special revenue funds	\$ 2,112,651
Restricted for capital projects funds	169,988
	<u>\$ 2,282,639</u>

NOTE 7 – GENERAL FUND ASSIGNED FUND BALANCES

At December 31, 2011, the general fund assigned 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
Total General Fund	<u>\$ 65,640</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.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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.

NOTE 11 – OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

Salaries	\$	54,276
Travel		16,003
Real estate taxes		223
Supplies / postage		422
Telephone / utilities		22,500
Contractual services		103,241
Program assistance		64,641
Training / education		7,822
Tribal disbursements		849,524
Other expense		45,348
		<u>\$ 1,164,000</u>

Note: Much of the over-drafted program assistance and all of the tribal disbursements were offset by applicable revenues and were not budgeted.

NOTE 12 – DEFICIT FUND BALANCES

The following funds have deficit fund balances for the year ended December 31, 2011:

CSBG	\$	1,766
Brownfields 4		417
Air 08		1,060
Air 12		217
PPG 09		7,537
PPG 10		2,978

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 12 – DEFICIT FUND BALANCES (CONTINUED)

CWA	49
Title IV B	1,374
Family Violence Prev	1,189
MNN	272
WAX 0010	1,968
GTG 09	1,477
CTAS 10	2,562
MOA NS 09 S16	255
BIA BACK ROAD ARRA	4,131
BIA RM STIMULUS	64
	<u>\$ 27,316</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 summary of audit results, the Council had potential questioned costs from 2010. These items are listed in the schedule of prior year findings and questioned costs. At the present time the Council has resolved these issues. Any potential liability for these questioned costs has been resolved resulting in no restricted fund balances required for these items.

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, 2011 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 – JOINT VENTURES / OTHER TRIBAL INTERESTS AND COMMITMENTS

The Pleasant Point Passamaquoddy Tribe currently has involvement with other for-profit and not-for-profit entities, such as the Joint Tribal Council and Nebco (later renamed to Passamaquoddy Wild). As of the date of this audit report, there was no current financial information available in regards to these entities. Therefore, any financial interest in or obligation in relation to has not been recorded or recognized.

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, 2011

	<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	\$ 946,004	\$ 946,004	\$ 946,004	\$ -
Revenue (Inflows)			-	
Intergovernmental	1,133,217	1,133,217	1,226,737	93,520
Charges for services	93,000	93,000	170,604	77,604
Investment income	8,000	8,000	10,274	2,274
Excise taxes	50,000	50,000	43,615	(6,385)
Unrealized gain (loss) on investments	-	-	5,055	5,055
Reimbursements	22,000	22,000	90,396	68,396
Other income	51,700	51,700	85,797	34,097
Nebco income	-	-	1,700,000	1,700,000
Transfers from other funds	-	-	2,866	2,866
Amounts Available for Appropriation	<u>2,303,921</u>	<u>2,303,921</u>	<u>4,281,348</u>	<u>1,977,427</u>
Charges to Appropriations (Outflows):				
Current				
Salaries	671,790	671,790	726,066	(54,276)
Fringe benefits	258,083	258,083	253,878	4,205
Travel	30,000	30,000	46,003	(16,003)
Real estate taxes	-	-	223	(223)
Insurance	43,454	43,454	34,720	8,734
Supplies / postage	13,300	13,300	13,722	(422)
Telephone / utilities	54,000	54,000	76,500	(22,500)
Contractual services	45,000	45,000	148,241	(103,241)
Program assistance	12,500	12,500	77,141	(64,641)
Equipment purchases	4,000	4,000	915	3,085
Equipment rental / maintenance	17,800	17,800	6,048	11,752
Training / education	1,200	1,200	9,022	(7,822)
Professional fees	60,000	60,000	52,853	7,147
Wastewater	111,390	111,390	-	111,390
Gates / other programs	23,700	23,700	16,595	7,105
Tribal disbursements	-	-	849,524	(849,524)
Other expense	11,700	11,700	71,957	(60,257)
Transfer to other funds	-	-	18,743	(18,743)
Total Charges to Appropriation	<u>1,357,917</u>	<u>1,357,917</u>	<u>2,402,151</u>	<u>(1,044,234)</u>
Budgetary Fund Balance, December 31	<u>\$ 946,004</u>	<u>\$ 946,004</u>	<u>\$ 1,879,197</u>	<u>\$ 933,193</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, 2011

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance)			
Grants	104,034	-	104,034
Other	355	-	355
Due from other funds	195,776	169,988	365,764
Travel advances	5	-	5
Other assets	-	-	-
Total assets	<u>\$ 300,170</u>	<u>\$ 169,988</u>	<u>\$ 470,158</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	23,226	4,450	27,676
Total liabilities	<u>23,226</u>	<u>4,450</u>	<u>27,676</u>
FUND BALANCES			
Restricted	299,810	169,988	469,798
Unassigned	(22,866)	(4,450)	(27,316)
Total fund balances	<u>276,944</u>	<u>165,538</u>	<u>442,482</u>
Total liabilities and fund balances	<u>\$ 300,170</u>	<u>\$ 169,988</u>	<u>\$ 470,158</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, 2011

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Intergovernmental revenue			
Federal grants	\$ 1,339,389	\$ 1,071,165	\$ 2,410,554
State grants	-	-	-
Other income	85,312	-	85,312
Total revenues	<u>1,424,701</u>	<u>1,071,165</u>	<u>2,495,866</u>
EXPENDITURES			
Current:			
Salaries	371,346	-	371,346
Fringe benefits	154,333	-	154,333
Travel	50,233	-	50,233
Insurance	-	-	-
Supplies / postage	98,582	-	98,582
Telephone / utilities	2,107	-	2,107
Contractual services	669,432	1,033,535	1,702,967
Equipment purchases	2,135	10,273	12,408
Program assistance	235,291	-	235,291
Equipment rental / maintenance	-	-	-
Training / education	2,968	-	2,968
Indirect expenditures	160,302	20,489	180,791
Other	53,397	-	53,397
Total expenditures	<u>1,800,126</u>	<u>1,064,297</u>	<u>2,864,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(375,425)</u>	<u>6,868</u>	<u>(368,557)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	18,743	-	18,743
Operating transfers (out)	(2,866)	-	(2,866)
Total other financing sources (uses)	<u>15,877</u>	<u>-</u>	<u>15,877</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(359,548)	6,868	(352,680)
Fund balances - January 1	<u>636,492</u>	<u>158,670</u>	<u>795,162</u>
Fund balances - December 31	<u>\$ 276,944</u>	<u>\$ 165,538</u>	<u>\$ 442,482</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, 2011

	<u>HHS</u>	<u>Other Health Services</u>	<u>Public Safety</u>	<u>Environ- mental</u>	<u>Other</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowance)						
Grants	-	-	60,066	32,850	11,118	104,034
Other	-	-	36	83	236	355
Due from other funds	5,762	158,999	500	20,731	9,784	195,776
Travel advances	-	-	-	5	-	5
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 5,762</u>	<u>\$ 158,999</u>	<u>\$ 60,602</u>	<u>\$ 53,669</u>	<u>\$ 21,138</u>	<u>\$ 300,170</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	1,766	-	48	12,341	9,071	23,226
Total liabilities	<u>1,766</u>	<u>-</u>	<u>48</u>	<u>12,341</u>	<u>9,071</u>	<u>23,226</u>
FUND BALANCES						
Restricted	5,762	158,999	60,554	53,586	20,909	299,810
Unassigned	(1,766)	-	-	(12,258)	(8,842)	(22,866)
Total fund balances	<u>3,996</u>	<u>158,999</u>	<u>60,554</u>	<u>41,328</u>	<u>12,067</u>	<u>276,944</u>
Total liabilities and fund balances	<u>\$ 5,762</u>	<u>\$ 158,999</u>	<u>\$ 60,602</u>	<u>\$ 53,669</u>	<u>\$ 21,138</u>	<u>\$ 300,170</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, 2011

	<u>HHS</u>	<u>Other Health Services</u>	<u>Public Safety</u>	<u>Environmental</u>	<u>Other</u>	<u>Total</u>
REVENUES						
Intergovernmental revenue						
Federal grants	\$ 13,542	\$ 229,700	\$ -	\$ 349,327	\$ 746,820	\$ 1,339,389
State grants	-	-	-	-	-	-
Other income	-	73,782	-	5,530	6,000	85,312
Total revenues	<u>13,542</u>	<u>303,482</u>	<u>-</u>	<u>354,857</u>	<u>752,820</u>	<u>1,424,701</u>
EXPENDITURES						
Current:						
Salaries	-	-	-	203,562	167,784	371,346
Fringe benefits	-	-	-	74,194	80,139	154,333
Travel	-	-	-	37,928	12,305	50,233
Insurance	-	-	-	-	-	-
Supplies / postage	-	2,121	-	52,853	43,608	98,582
Telephone / utilities	-	-	-	1,626	481	2,107
Contractual services	-	250,163	-	123,009	296,260	669,432
Equipment purchases	-	1,000	-	-	1,135	2,135
Program assistance	15,150	8,835	-	-	211,306	235,291
Equipment rental / maintenance	-	-	-	-	-	-
Training / education	-	-	-	553	2,415	2,968
Indirect expenditures	-	-	-	94,924	65,378	160,302
Other	-	-	-	13,472	39,925	53,397
Total expenditures	<u>15,150</u>	<u>262,119</u>	<u>-</u>	<u>602,121</u>	<u>920,736</u>	<u>1,800,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,608)</u>	<u>41,363</u>	<u>-</u>	<u>(247,264)</u>	<u>(167,916)</u>	<u>(375,425)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	18,743	-	18,743
Operating transfers (out)	-	-	-	-	(2,866)	(2,866)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,743</u>	<u>(2,866)</u>	<u>15,877</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(1,608)</u>	<u>41,363</u>	<u>-</u>	<u>(228,521)</u>	<u>(170,782)</u>	<u>(359,548)</u>
Fund balances - January 1	<u>5,604</u>	<u>117,636</u>	<u>60,554</u>	<u>269,849</u>	<u>182,849</u>	<u>636,492</u>
Fund balances - December 31	<u>\$ 3,996</u>	<u>\$ 158,999</u>	<u>\$ 60,554</u>	<u>\$ 41,328</u>	<u>\$ 12,067</u>	<u>\$ 276,944</u>

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

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - HHS
DECEMBER 31, 2011

	<u>LIHEAP</u>	<u>CSBG 07</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance)			-
Grants	-	-	-
Other	-	-	-
Due from other funds	5,762	-	5,762
Travel advances	-	-	-
Other assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,762</u>	<u>\$ -</u>	<u>\$ 5,762</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	-	1,766	1,766
	<u>-</u>	<u>1,766</u>	<u>1,766</u>
Total liabilities	<u>-</u>	<u>1,766</u>	<u>1,766</u>
FUND BALANCES			
Restricted	5,762	-	5,762
Unassigned	-	(1,766)	(1,766)
	<u>-</u>	<u>(1,766)</u>	<u>(1,766)</u>
Total fund balances	<u>5,762</u>	<u>(1,766)</u>	<u>3,996</u>
	<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, 2011

	<u>Diabetes</u>	<u>Diabetes Other</u>	<u>HC Renv Stimulus</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables (net of allowance)				
Grants	-	-	-	-
Other	-	-	-	-
Due from other funds	109,085	-	49,914	158,999
Travel advances	-	-	-	-
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 109,085</u>	<u>\$ -</u>	<u>\$ 49,914</u>	<u>\$ 158,999</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	109,085	-	49,914	158,999
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>109,085</u>	<u>-</u>	<u>49,914</u>	<u>158,999</u>
Total liabilities and fund balances	<u>\$ 109,085</u>	<u>\$ -</u>	<u>\$ 49,914</u>	<u>\$ 158,999</u>

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

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - PUBLIC SAFETY
DECEMBER 31, 2011

	<u>2006</u> <u>HEWX0029</u> <u>207</u>	<u>HEWX0100</u>	<u>2006</u> <u>VRGX0004</u> <u>417</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables (net of allowance)				
Grants	-	15,795	44,271	60,066
Other	-	-	36	36
Due from other funds	500	-	-	500
Travel advances	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 500</u>	<u>\$ 15,795</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>-</u>	<u>48</u>	<u>48</u>
FUND BALANCES				
Restricted	500	15,795	44,259	60,554
Unassigned	-	-	-	-
Total fund balances	<u>500</u>	<u>15,795</u>	<u>44,259</u>	<u>60,554</u>
Total liabilities and fund balances	<u>\$ 500</u>	<u>\$ 15,795</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, 2011

	<u>Brownfields</u> <u>1</u> <u>821</u>	<u>Brownfields</u> <u>2</u> <u>822</u>	<u>Brownfields</u> <u>3</u> <u>823</u>	<u>Brownfields</u> <u>4</u> <u>828</u>	<u>AIR</u> <u>08</u> <u>831</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	32,850	-	-	-
Other	-	-	-	-	6
Due from other funds	635	1,881	16	-	-
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 635</u>	<u>\$ 34,731</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 6</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	417	1,066
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>417</u>	<u>1,066</u>
FUND BALANCES					
Restricted	635	34,731	16	-	-
Unassigned	-	-	-	(417)	(1,060)
Total fund balances	<u>635</u>	<u>34,731</u>	<u>16</u>	<u>(417)</u>	<u>(1,060)</u>
Total liabilities and fund balances	<u>\$ 635</u>	<u>\$ 34,731</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 6</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - ENVIRONMENTAL
DECEMBER 31, 2011

	<u>AIR</u> <u>12</u> <u>834</u>	<u>PPG</u> <u>08</u> <u>815</u>	<u>PPG</u> <u>09</u> <u>816</u>	<u>PPG</u> <u>10</u> <u>817</u>	<u>CWA</u> <u>827</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	-
Other	-	-	37	40	-
Due from other funds	-	818	-	-	-
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 818</u>	<u>\$ 37</u>	<u>\$ 40</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	<u>217</u>	<u>-</u>	<u>7,574</u>	<u>3,018</u>	<u>49</u>
Total liabilities	<u>217</u>	<u>-</u>	<u>7,574</u>	<u>3,018</u>	<u>49</u>
FUND BALANCES					
Restricted	-	818	-	-	-
Unassigned	<u>(217)</u>	<u>-</u>	<u>(7,537)</u>	<u>(2,978)</u>	<u>(49)</u>
Total fund balances	<u>(217)</u>	<u>818</u>	<u>(7,537)</u>	<u>(2,978)</u>	<u>(49)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 818</u>	<u>\$ 37</u>	<u>\$ 40</u>	<u>\$ -</u>

SCHEDULE H (CONTINUED)
PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - ENVIRONMENTAL
DECEMBER 31, 2011

	<u>EECBG Stimulus 848</u>	<u>RGI Energy</u>	<u>TSCA 2007 820</u>	<u>Tferst 839</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	32,850
Other	-	-	-	-	83
Due from other funds	-	311	16,540	530	20,731
Travel advances	-	-	5	-	5
Other assets	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 311</u>	<u>\$ 16,545</u>	<u>\$ 530</u>	<u>\$ 53,669</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	12,341
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,341</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,341</u>
FUND BALANCES					
Restricted	-	311	16,545	530	53,586
Unassigned	-	-	-	-	(12,258)
	<u>-</u>	<u>311</u>	<u>16,545</u>	<u>530</u>	<u>41,328</u>
Total fund balances	<u>-</u>	<u>311</u>	<u>16,545</u>	<u>530</u>	<u>41,328</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 311</u>	<u>\$ 16,545</u>	<u>\$ 530</u>	<u>\$ 53,669</u>

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

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER PROGRAMS
DECEMBER 31, 2011

	<u>TCAP 419</u>	<u>Title IV B 427-428</u>	<u>CSBG 09 Stimulus 469</u>	<u>Headstart 431</u>	<u>USET Animal Health</u>	<u>Elderly Title VI 430</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowance)						
Grants	11,118	-	-	-	-	-
Other	7	27	-	-	-	-
Due from other funds	240	-	-	-	-	1,171
Travel advances	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 11,365</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,171</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	1,401	-	-	-	-
Total liabilities	<u>-</u>	<u>1,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted	11,365	-	-	-	-	1,171
Unassigned	-	(1,374)	-	-	-	-
Total fund balances	<u>11,365</u>	<u>(1,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,171</u>
Total liabilities and fund balances	<u>\$ 11,365</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,171</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER PROGRAMS
DECEMBER 31, 2011

	<u>CCDF</u> <u>437 / 414</u>	<u>Woodstoves</u>	<u>WIC</u> <u>825</u>	<u>Ind</u> <u>Living</u>	<u>WIA</u> <u>180</u>	<u>HUD</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowance)						
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	38	5	153	3,304	4,640	-
Travel advances	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 38</u>	<u>\$ 5</u>	<u>\$ 153</u>	<u>\$ 3,304</u>	<u>\$ 4,640</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>
FUND BALANCES						
Restricted	38	5	153	3,304	4,640	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>38</u>	<u>5</u>	<u>153</u>	<u>3,304</u>	<u>4,640</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 38</u>	<u>\$ 5</u>	<u>\$ 153</u>	<u>\$ 3,304</u>	<u>\$ 4,640</u>	<u>\$ -</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET - OTHER PROGRAMS
DECEMBER 31, 2011

	FVPS 451-452	MNN 436	TYP 418	WAX0010 446	GTG 09 447	CTAS 10 449	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables (net of allowance)							
Grants	-	-	-	-	-	-	11,118
Other	-	-	-	202	-	-	236
Due from other funds	-	-	233	-	-	-	9,784
Travel advances	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 233	\$ 202	\$ -	\$ -	\$ 21,138
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	1,189	272	-	2,170	1,477	2,562	9,071
Total liabilities	1,189	272	-	2,170	1,477	2,562	9,071
FUND BALANCES							
Restricted	-	-	233	-	-	-	20,909
Unassigned	(1,189)	(272)	-	(1,968)	(1,477)	(2,562)	(8,842)
Total fund balances	(1,189)	(272)	233	(1,968)	(1,477)	(2,562)	12,067
Total liabilities and fund balances	\$ -	\$ -	\$ 233	\$ 202	\$ -	\$ -	\$ 21,138

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, 2011

	<u>LIHEAP</u>	<u>CSBG 471-473</u>	<u>Total</u>
REVENUES			
Intergovernmental revenue			
Federal grants	\$ -	\$ 13,542	\$ 13,542
State grants	-	-	-
Other income	-	-	-
Total revenues	<u>-</u>	<u>13,542</u>	<u>13,542</u>
EXPENDITURES			
Current:			
Salaries	-	-	-
Fringe benefits	-	-	-
Travel	-	-	-
Insurance	-	-	-
Supplies / postage	-	-	-
Telephone / utilities	-	-	-
Contractual services	-	-	-
Equipment purchases	-	-	-
Program assistance	-	15,150	15,150
Equipment rental / maintenance	-	-	-
Training / education	-	-	-
Indirect expenditures	-	-	-
Other	-	-	-
Total expenditures	<u>-</u>	<u>15,150</u>	<u>15,150</u>
Excess (deficiency) of revenues over (under) expenditures	-	(1,608)	(1,608)
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)	-	(1,608)	(1,608)
Fund balances - January 1	<u>5,762</u>	<u>(158)</u>	<u>5,604</u>
Fund balances - December 31	<u>\$ 5,762</u>	<u>\$ (1,766)</u>	<u>\$ 3,996</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, 2011

	<u>Health Services</u>	<u>Third Party</u>	<u>Total</u>
EXPENDITURES			
Current:			
Salaries	\$ 1,155,039	\$ 95,456	\$ 1,250,495
Fringe benefits	433,551	70,865	504,416
Travel	47,679	9,111	56,790
Insurance	7,886	-	7,886
Supplies / postage	697,802	41,579	739,381
Telephone / utilities	73,772	5,841	79,613
Contractual services	645,667	1,004,549	1,650,216
Equipment purchases	24,435	-	24,435
Program assistance	-	217	217
Equipment rental / maintenance	2,487	1,057	3,544
Training / education	-	205	205
Indirect expenditures	373,709	137,695	511,404
Other	4,661	17,008	21,669
Total expenditures	<u>\$ 3,466,688</u>	<u>\$ 1,383,583</u>	<u>\$ 4,850,271</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, 2011

	USET Diabetes 560	Diabetes Other	HC Renv Stimulus	Total
REVENUES				
Intergovernmental revenue				
Federal grants	\$ -	\$ -	\$ 229,700	\$ 229,700
State grants	-	-	-	-
Other income	73,782	-	-	73,782
Total revenues	<u>73,782</u>	<u>-</u>	<u>229,700</u>	<u>303,482</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	-
Fringe benefits	-	-	-	-
Travel	-	-	-	-
Insurance	-	-	-	-
Supplies / postage	2,121	-	-	2,121
Telephone / utilities	-	-	-	-
Contractual services	28,653	-	221,510	250,163
Equipment purchases	1,000	-	-	1,000
Program assistance	8,835	-	-	8,835
Equipment rental / maintenance	-	-	-	-
Training / education	-	-	-	-
Indirect expenditures	-	-	-	-
Other	-	-	-	-
Total expenditures	<u>40,609</u>	<u>-</u>	<u>221,510</u>	<u>262,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,173</u>	<u>-</u>	<u>8,190</u>	<u>41,363</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>33,173</u>	<u>-</u>	<u>8,190</u>	<u>41,363</u>
Fund balances - January 1	<u>75,912</u>	<u>-</u>	<u>41,724</u>	<u>117,636</u>
Fund balances - December 31	<u>\$ 109,085</u>	<u>\$ -</u>	<u>\$ 49,914</u>	<u>\$ 158,999</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, 2011

	<u>2006</u> <u>HEWX0029</u> <u>207</u>	<u>HEWX0100</u> <u>208</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>	<u>-</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	-
Fringe benefits	-	-	-	-
Travel	-	-	-	-
Insurance	-	-	-	-
Supplies / postage	-	-	-	-
Telephone / utilities	-	-	-	-
Contractual services	-	-	-	-
Equipment purchases	-	-	-	-
Program assistance	-	-	-	-
Equipment rental / maintenance	-	-	-	-
Training / education	-	-	-	-
Indirect expenditures	-	-	-	-
Other	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	-	-	-	-
Fund balances - January 1	<u>500</u>	<u>15,795</u>	<u>44,259</u>	<u>60,554</u>
Fund balances - December 31	<u>\$ 500</u>	<u>\$ 15,795</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, 2011

	<u>Brownfields</u> <u>1</u> <u>821</u>	<u>Brownfields</u> <u>2</u> <u>822</u>	<u>Brownfields</u> <u>3</u> <u>823</u>	<u>Brownfields</u> <u>4</u> <u>828</u>	<u>AIR</u> <u>08</u> <u>831</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ -	\$ -	\$ 130,150	\$ 12,700	\$ 98,277
State grants	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>130,150</u>	<u>12,700</u>	<u>98,277</u>
EXPENDITURES					
Current:					
Salaries	-	-	29,074	9,437	36,313
Fringe benefits	-	-	12,590	3,680	13,272
Travel	-	-	4,000	-	8,391
Insurance	-	-	-	-	-
Supplies / postage	-	-	-	-	7,720
Telephone / utilities	-	-	-	-	1,626
Contractual services	-	-	57,320	-	-
Equipment purchases	-	-	-	-	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	553
Indirect expenditures	-	-	13,691	-	31,077
Other	-	-	-	-	360
Total expenditures	<u>-</u>	<u>-</u>	<u>116,675</u>	<u>13,117</u>	<u>99,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>13,475</u>	<u>(417)</u>	<u>(1,035)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	5,243
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,243</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>-</u>	<u>-</u>	<u>13,475</u>	<u>(417)</u>	<u>4,208</u>
Fund balances - January 1	<u>635</u>	<u>34,731</u>	<u>(13,459)</u>	<u>-</u>	<u>(5,268)</u>
Fund balances - December 31	<u>\$ 635</u>	<u>\$ 34,731</u>	<u>\$ 16</u>	<u>\$ (417)</u>	<u>\$ (1,060)</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ENVIRONMENTAL
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>AIR</u> <u>12</u> <u>834</u>	<u>PPG</u> <u>08</u> <u>815</u>	<u>PPG</u> <u>09</u> <u>816</u>	<u>PPG</u> <u>10</u> <u>817</u>	<u>CWA</u> <u>827</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ 12,350	\$ -	\$ -	\$ 45,500	\$ 50,350
State grants	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>12,350</u>	<u>-</u>	<u>-</u>	<u>45,500</u>	<u>50,350</u>
EXPENDITURES					
Current:					
Salaries	8,652	-	93,540	24,187	2,359
Fringe benefits	3,539	-	31,963	9,150	-
Travel	-	-	20,340	4,831	366
Insurance	-	-	-	-	-
Supplies / postage	260	27	34,099	4,789	485
Telephone / utilities	-	-	-	-	-
Contractual services	-	-	-	-	60,689
Equipment purchases	-	-	-	-	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	-
Indirect expenditures	-	-	50,156	-	-
Other	116	-	7,475	5,521	-
Total expenditures	<u>12,567</u>	<u>27</u>	<u>237,573</u>	<u>48,478</u>	<u>63,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(217)</u>	<u>(27)</u>	<u>(237,573)</u>	<u>(2,978)</u>	<u>(13,549)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	13,500
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(217)</u>	<u>(27)</u>	<u>(237,573)</u>	<u>(2,978)</u>	<u>(49)</u>
Fund balances - January 1	<u>-</u>	<u>845</u>	<u>230,036</u>	<u>-</u>	<u>-</u>
Fund balances - December 31	<u>\$ (217)</u>	<u>\$ 818</u>	<u>\$ (7,537)</u>	<u>\$ (2,978)</u>	<u>\$ (49)</u>

SCHEDULE N (CONTINUED)
PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ENVIRONMENTAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	EECBG Stimulus 848	RGGI Energy	TSCA 2007 820	Tferst 839	Total
REVENUES					
Intergovernmental revenue					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 349,327
State grants	-	-	-	-	-
Other income	-	-	-	5,530	5,530
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,530</u>	<u>354,857</u>
EXPENDITURES					
Current:					
Salaries	-	-	-	-	203,562
Fringe benefits	-	-	-	-	74,194
Travel	-	-	-	-	37,928
Insurance	-	-	-	-	-
Supplies / postage	5,473	-	-	-	52,853
Telephone / utilities	-	-	-	-	1,626
Contractual services	-	-	-	5,000	123,009
Equipment purchases	-	-	-	-	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	553
Indirect expenditures	-	-	-	-	94,924
Other	-	-	-	-	13,472
Total expenditures	<u>5,473</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>602,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,473)</u>	<u>-</u>	<u>-</u>	<u>530</u>	<u>(247,264)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	18,743
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,743</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(5,473)</u>	<u>-</u>	<u>-</u>	<u>530</u>	<u>(228,521)</u>
Fund balances - January 1	<u>5,473</u>	<u>311</u>	<u>16,545</u>	<u>-</u>	<u>269,849</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ 311</u>	<u>\$ 16,545</u>	<u>\$ 530</u>	<u>\$ 41,328</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, 2011

	TCAP 419	Title IV B 427-428	CSBG 09 Stimulus 469	Headstart 431	USET Animal Health	Elderly Title VI 430
REVENUES						
Intergovernmental revenue						
Federal grants	\$ -	\$ 16,435	\$ 460	\$ 230,194	\$ -	\$ 132,220
State grants	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>16,435</u>	<u>460</u>	<u>230,194</u>	<u>-</u>	<u>132,220</u>
EXPENDITURES						
Current:						
Salaries	-	-	-	-	-	17,204
Fringe benefits	-	-	-	-	-	12,542
Travel	-	4,669	-	-	-	-
Insurance	-	-	-	-	-	-
Supplies / postage	-	-	-	-	-	38,852
Telephone / utilities	-	-	-	-	-	481
Contractual services	-	-	-	230,194	10,000	-
Equipment purchases	-	-	-	-	-	-
Program assistance	-	11,517	-	-	-	65,514
Equipment rental / maintenance	-	-	-	-	-	-
Training / education	-	1,650	-	-	-	-
Indirect expenditures	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>17,836</u>	<u>-</u>	<u>230,194</u>	<u>10,000</u>	<u>134,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,401)</u>	<u>460</u>	<u>-</u>	<u>(10,000)</u>	<u>(2,373)</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>-</u>	<u>(1,401)</u>	<u>460</u>	<u>-</u>	<u>(10,000)</u>	<u>(2,373)</u>
Fund balances - January 1	<u>11,365</u>	<u>27</u>	<u>(460)</u>	<u>-</u>	<u>10,000</u>	<u>3,544</u>
Fund balances - December 31	<u>\$ 11,365</u>	<u>\$ (1,374)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,171</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>CCDF</u> <u>437 / 414</u>	<u>Woodstoves</u>	<u>WIC</u> <u>825</u>	<u>Ind</u> <u>Living</u>	<u>WIA</u> <u>180</u>	<u>HUD</u>
REVENUES						
Intergovernmental revenue						
Federal grants	\$ 50,760	\$ -	\$ 89,202	\$ -	\$ 2,600	\$ -
State grants	-	-	-	-	-	-
Other income	-	-	-	6,000	-	-
Total revenues	<u>50,760</u>	<u>-</u>	<u>89,202</u>	<u>6,000</u>	<u>2,600</u>	<u>-</u>
EXPENDITURES						
Current:						
Salaries	-	-	25,650	-	1,851	-
Fringe benefits	-	-	14,220	-	233	-
Travel	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Supplies / postage	-	-	678	-	-	-
Telephone / utilities	-	-	-	-	-	-
Contractual services	50,781	-	-	-	-	-
Equipment purchases	-	-	-	-	-	-
Program assistance	-	-	45,246	-	-	-
Equipment rental / maintenance	-	-	-	-	-	-
Training / education	-	-	-	-	-	-
Indirect expenditures	-	-	-	-	-	-
Other	-	-	263	2,696	444	-
Total expenditures	<u>50,781</u>	<u>-</u>	<u>86,057</u>	<u>2,696</u>	<u>2,528</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21)</u>	<u>-</u>	<u>3,145</u>	<u>3,304</u>	<u>72</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	(2,866)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,866)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(21)</u>	<u>-</u>	<u>3,145</u>	<u>3,304</u>	<u>72</u>	<u>(2,866)</u>
Fund balances - January 1	<u>59</u>	<u>5</u>	<u>(2,992)</u>	<u>-</u>	<u>4,568</u>	<u>2,866</u>
Fund balances - December 31	<u>\$ 38</u>	<u>\$ 5</u>	<u>\$ 153</u>	<u>\$ 3,304</u>	<u>\$ 4,640</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, 2011

	<u>FVPS</u> <u>451-452</u>	<u>MNN</u> <u>436</u>	<u>TYP</u> <u>418</u>	<u>GTG 07</u> <u>WAX0010</u> <u>446</u>	<u>GTG 09</u> <u>447</u>	<u>CTAS 10</u> <u>449</u>	<u>Total</u>
REVENUES							
Intergovernmental revenue							
Federal grants	\$ 26,632	\$ -	\$ -	\$ 23,917	\$ 113,900	\$ 60,500	\$ 746,820
State grants	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	6,000
Total revenues	<u>26,632</u>	<u>-</u>	<u>-</u>	<u>23,917</u>	<u>113,900</u>	<u>60,500</u>	<u>752,820</u>
EXPENDITURES							
Current:							
Salaries	-	-	22,581	18,880	42,516	39,102	167,784
Fringe benefits	-	-	11,963	8,833	12,314	20,034	80,139
Travel	3,716	-	1,721	1,380	286	533	12,305
Insurance	-	-	-	-	-	-	-
Supplies / postage	1,077	272	583	1,082	1,064	-	43,608
Telephone / utilities	-	-	-	-	-	-	481
Contractual services	-	-	-	-	5,285	-	296,260
Equipment purchases	-	-	1,135	-	-	-	1,135
Program assistance	14,839	-	74,190	-	-	-	211,306
Equipment rental / maintenance	-	-	-	-	-	-	-
Training / education	-	-	765	-	-	-	2,415
Indirect expenditures	7,870	-	10,214	-	47,294	-	65,378
Other	350	-	-	26,161	6,618	3,393	39,925
Total expenditures	<u>27,852</u>	<u>272</u>	<u>123,152</u>	<u>56,336</u>	<u>115,377</u>	<u>63,062</u>	<u>920,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,220)</u>	<u>(272)</u>	<u>(123,152)</u>	<u>(32,419)</u>	<u>(1,477)</u>	<u>(2,562)</u>	<u>(167,916)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	(2,866)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,866)</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(1,220)</u>	<u>(272)</u>	<u>(123,152)</u>	<u>(32,419)</u>	<u>(1,477)</u>	<u>(2,562)</u>	<u>(170,782)</u>
Fund balances - January 1	<u>31</u>	<u>-</u>	<u>123,385</u>	<u>30,451</u>	<u>-</u>	<u>-</u>	<u>182,849</u>
Fund balances - December 31	<u>\$ (1,189)</u>	<u>\$ (272)</u>	<u>\$ 233</u>	<u>\$ (1,968)</u>	<u>\$ (1,477)</u>	<u>\$ (2,562)</u>	<u>\$ 12,067</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, 2011

	MOA NS-11-D22	MOA NS-09-S11 Stimulus	MOA NS-09-S16 Stimulus	MOA NS-09-S17 Stimulus	MOA NS 09-M07	MOA 10-E11
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowance)						
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	202	-	-	12,804	300	2,387
Travel advances	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 202	\$ -	\$ -	\$ 12,804	\$ 300	\$ 2,387
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	255	-	-	-
Total liabilities	-	-	255	-	-	-
FUND BALANCES						
Restricted	202	-	-	12,804	300	2,387
Unassigned	-	-	(255)	-	-	-
Total fund balances	202	-	(255)	12,804	300	2,387
Total liabilities and fund balances	\$ 202	\$ -	\$ -	\$ 12,804	\$ 300	\$ 2,387

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2011

	Rural Dev Master Plan Year 1	Rural Dev Youth Kitchen Equip	Rural Development HC Equip	Rural Dev HC Stimulus	Rural Development Lift Station
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					
Grants	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	839	1,749	-	-
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ -	\$ 839	\$ 1,749	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
FUND BALANCES					
Restricted	-	839	1,749	-	-
Unassigned	-	-	-	-	-
Total fund balances	-	839	1,749	-	-
Total liabilities and fund balances	\$ -	\$ 839	\$ 1,749	\$ -	\$ -

SCHEDULE P (CONTINUED)

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2011

	Rural Development Cuspes Park 2	BIA Back Road ARRA	BIA Road Maintenance Stimulus	BIA Road Projects	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance)					-
Grants	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	2,049	-	-	149,658	169,988
Travel advances	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 2,049	\$ -	\$ -	\$ 149,658	\$ 169,988
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	4,131	64	-	4,450
Total liabilities	-	4,131	64	-	4,450
FUND BALANCES					
Restricted	2,049	-	-	149,658	169,988
Unassigned	-	(4,131)	(64)	-	(4,450)
Total fund balances	2,049	(4,131)	(64)	149,658	165,538
Total liabilities and fund balances	\$ 2,049	\$ -	\$ -	\$ 149,658	\$ 169,988

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, 2011

	<u>MOA</u> <u>NS-11-D22</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	\$ 173,900	\$ -	\$ 16,800	\$ 122,249	\$ 10,300	\$ 16,455
State grants	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>173,900</u>	<u>-</u>	<u>16,800</u>	<u>122,249</u>	<u>10,300</u>	<u>16,455</u>
EXPENDITURES						
Current:						
Salaries	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Supplies / postage	-	-	-	-	-	-
Telephone / utilities	-	-	-	-	-	-
Contractual services	168,398	2,127	16,655	105,490	10,000	14,750
Equipment purchases	-	-	-	-	-	-
Program assistance	-	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-	-
Training / education	-	-	-	-	-	-
Indirect expenditures	5,300	-	400	3,955	307	527
Other	-	-	-	-	-	-
Total expenditures	<u>173,698</u>	<u>2,127</u>	<u>17,055</u>	<u>109,445</u>	<u>10,307</u>	<u>15,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>202</u>	<u>(2,127)</u>	<u>(255)</u>	<u>12,804</u>	<u>(7)</u>	<u>1,178</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>202</u>	<u>(2,127)</u>	<u>(255)</u>	<u>12,804</u>	<u>(7)</u>	<u>1,178</u>
Fund balances - January 1	<u>-</u>	<u>2,127</u>	<u>-</u>	<u>-</u>	<u>307</u>	<u>1,209</u>
Fund balances - December 31	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ (255)</u>	<u>\$ 12,804</u>	<u>\$ 300</u>	<u>\$ 2,387</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, 2011

	<u>Rural Dev Master Plan Year 1</u>	<u>Rural Dev Youth Kitchen Equip</u>	<u>Rural Development HC Equip</u>	<u>Rural Dev HC Stimulus</u>	<u>Rural Development Lift Station</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ 20,114	\$ 11,112	\$ 37,451	\$ -	\$ 9,789
State grants	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>20,114</u>	<u>11,112</u>	<u>37,451</u>	<u>-</u>	<u>9,789</u>
EXPENDITURES					
Current:					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Travel	-	-	-	-	-
Insurance	-	-	-	-	-
Supplies / postage	-	-	-	-	-
Telephone / utilities	-	-	-	-	-
Contractual services	20,114	-	35,702	-	9,789
Equipment purchases	-	10,273	-	-	-
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	-
Indirect expenditures	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>20,114</u>	<u>10,273</u>	<u>35,702</u>	<u>-</u>	<u>9,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>839</u>	<u>1,749</u>	<u>-</u>	<u>-</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>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>-</u>	<u>839</u>	<u>1,749</u>	<u>-</u>	<u>-</u>
Fund balances - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ 839</u>	<u>\$ 1,749</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, 2011

	<u>Rural Development Cuspes Park 2</u>	<u>BIA Back Road ARRA</u>	<u>BIA Road Maintenance ARRA</u>	<u>BIA Road Projects</u>	<u>Totals</u>
REVENUES					
Intergovernmental revenue					
Federal grants	\$ -	\$ 303,182	\$ -	\$ 349,813	\$ 1,071,165
State grants	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>-</u>	<u>303,182</u>	<u>-</u>	<u>349,813</u>	<u>1,071,165</u>
EXPENDITURES					
Current:					
Salaries	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Travel	-	-	-	-	-
Insurance	-	-	-	-	-
Supplies / postage	-	-	-	-	-
Telephone / utilities	-	-	-	-	-
Contractual services	-	297,313	101,848	251,349	1,033,535
Equipment purchases	-	-	-	-	10,273
Program assistance	-	-	-	-	-
Equipment rental / maintenance	-	-	-	-	-
Training / education	-	-	-	-	-
Indirect expenditures	-	10,000	-	-	20,489
Other	-	-	-	-	-
Total expenditures	<u>-</u>	<u>307,313</u>	<u>101,848</u>	<u>251,349</u>	<u>1,064,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4,131)</u>	<u>(101,848)</u>	<u>98,464</u>	<u>6,868</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>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>-</u>	<u>(4,131)</u>	<u>(101,848)</u>	<u>98,464</u>	<u>6,868</u>
Fund balances - January 1	<u>2,049</u>	<u>-</u>	<u>101,784</u>	<u>51,194</u>	<u>158,670</u>
Fund balances - December 31	<u>\$ 2,049</u>	<u>\$ (4,131)</u>	<u>\$ (64)</u>	<u>\$ 149,658</u>	<u>\$ 165,538</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, 2011

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures Equipment & Vehicles	Infrastructure	Total
Administration	\$ -	\$ -	\$ 246,321	\$ -	\$ 246,321
Environmental	-	2,200	254,368	2,353,122	2,609,690
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	220,811	-	225,811
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	5,072,389	16,735,208	36,798,344
Less: Accumulated Depreciation	-	(7,157,270)	(2,830,616)	(5,724,362)	(15,712,248)
Net General Capital Assets	\$ 190,341	\$ 7,643,136	\$ 2,241,773	\$ 11,010,846	\$ 21,086,096

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, 2011

	<u>General Capital Assets 01/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Capital Assets 12/31/11</u>
Administration	\$ 245,567	\$ 754	\$ -	\$ 246,321
Environmental	2,639,407	-	(29,717)	2,609,690
Cultural/Museum	160,741	-	-	160,741
Health Center	6,745,148	-	-	6,745,148
Fire Department	429,499	-	-	429,499
Police Department	1,260,333	-	-	1,260,333
Public Works	5,282,923	-	-	5,282,923
Tribe-wide	3,377,966	-	-	3,377,966
Warden Service	265,263	-	(39,452)	225,811
Wastewater	13,749,388	-	-	13,749,388
Youth & Rec	2,710,524	-	-	2,710,524
Total General Capital Assets	36,866,759	754	(69,169)	36,798,344
Less: Accumulated Depreciation	<u>(14,507,813)</u>	<u>(1,207,991)</u>	<u>3,556</u>	<u>(15,712,248)</u>
Net General Capital Assets	<u>\$ 22,358,946</u>	<u>\$ (1,207,237)</u>	<u>\$ (65,613)</u>	<u>\$ 21,086,096</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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	\$ 86,057
Rural Development - Lift Station	10.760	N/A	9,789
Rural Development - HC Equipment	10.780	N/A	35,702
Rural Development - Youth Kitchen Equipment	10.760	N/A	10,273
Rural Development - Master plan	10.760	N/A	20,114
Total U.S. Department of Agriculture			<u>161,935</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Program:			
Indian Health Service HC Renovations Stimulus	93.722	N/A	221,510
Indian Health Service MOA Grant - Stimulus	93.722	N/A	128,627
Indian Health Service MOA Grant	93.228	N/A	199,282
Indian Health Services Contract	93.228	N/A	3,466,688
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
Title IV B	93.645	N/A	5,924
Title IV B	93.556	N/A	11,912
Community Services Block Grant	93.569	N/A	15,150
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	27,852
Headstart - Stimulus	93.708	N/A	11,815
Headstart	93.600	N/A	168,327
Total U.S. Department of Health & Human Services			<u>4,436,559</u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct program:			
Peaceful Relations Domestic Violence	16.587	N/A	63,062
GTG 09	16.587	N/A	115,377
GTG 07	16.587	N/A	56,336
Tribal Youth Program	16.731	N/A	<u>123,152</u>
Total U.S. Department of Justice			<u>357,927</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct program:			
Surveys, Studies, Research Etc Clean Air	66.034	N/A	116,675
State and Tribal Response Program	66.817	N/A	129,792
EPA Performance Partnership Grant	66.605	N/A	243,073
EECBG - Stimulus	66.707	N/A	48,478
Woodstove Changeout	66.034	N/A	-
Capacity Building Grants / Other Tribal Areas	66.310	N/A	-
Total U.S. Environmental Protection Agency			<u>538,018</u>
U.S. DEPARTMENT OF THE INTERIOR			
Direct Program:			
Consolidated Government Programs	15.021	N/A	2,727,023
Road Maintenance - Stimulus	15.033	N/A	409,161
Total U.S. Department of the Interior			<u>3,136,184</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 8,630,623</u></u>

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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)	Consolidated Programs	CFDA#	15.021
2)	ARRA – Road Construction	CFDA#	15.033
3)	Indian Health Services Grants	CFDA#	93.228
4)	MOA Grants - Stimulus	CFDA#	93.722
5)	HC Renovations	CFDA#	93.722
6)	EPA Performance Partnership	CFDA#	66.605

4. Reconciliation of Consolidated Programs to financial statements:

Expenditures per Schedule of Expenditures of Federal Awards	<u>\$2,727,023</u>
From major program BIA expenditures (page 15)	\$2,601,080
Subtract money spent from state sources	(125,406)
From non-major capital projects (page 65)	<u>251,349</u>
	<u>\$2,727,023</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

September 7, 2012

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, 2011, which collectively comprise the Pleasant Point Passamaquoddy Tribal Council's basic financial statements and have issued our report thereon September 7, 2012. 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2011 -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 questioned costs as items 2011-2 through 2011-4.

We noted certain other matters that we reported to management of Pleasant Point Passamaquoddy Tribal Council in a separate letter dated September 30, 2012.

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

September 7, 2012

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, 2011. Pleasant Point Passamaquoddy Tribal Council's major federal programs are identified in the summary of auditors' 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 2011-2 through 2011-4 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 are applicable to each of its major federal programs for the year ended December 31, 2011. 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, 2011.

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 2011-2 through 2011-4 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, 2011

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

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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 nonprofit 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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 drawdowns be supported to payments.

Condition: While testing transactions for this HUD grant, certain expenditures could not be supported with payments made by the nonprofit agency. It appears that draw downs are being made and that the nonprofit 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 nonprofit 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 drawdowns 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, 2011

**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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 drawdowns 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 drawdowns to match the expenditures.

Going forward, with the help of the compliance officer, drawdowns 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, 2011

FINDINGS - FINANCIAL STATEMENT AUDIT – CURRENT

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2011- 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 utilizing a specialty software and reporting package for future Census activity.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2011 - 2 – 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.

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.

2011- 3 - CFDA # 66.605

Criteria: OMB Circular A-87 requires that all costs paid for Federal awards be “reasonable” and further requires that expenditures be supported with proper documentation such as purchase orders and invoices.

Condition: While performing our test work for the above mentioned year for this program, it appears that an employee was paid out of “PPG” program funds for program travel. When reconciling these travel advances, it appears that the employee was reimbursed personally by the sponsoring organization of the trip for the same travel. This reimbursement was never turned over to the Tribe. This happened on numerous occasions within this program.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2011- 3 - CFDA # 66.605(Continued)

Effect: While errors within this grant may occur in processing financial information and not be detected in a relatively reasonable period of time by the Tribe, it appears that this employee “double dipped” on travel expenses and used federal funds to do it. With the Tribe responsible for this grant, and receiving no reimbursement from the employee for these program expenses, the Tribe should seek all options to recover these reimbursements. We approximate the amount could be as high as \$10,000 for the year ended December 31, 2011.

Recommendation: The Tribe needs to review how information is processed internally and evaluate for appropriateness. The Tribe should consider verifying with all sponsoring organizations (by sampling to start) performing selected trainings or other program business seminars, the amounts, if any, paid directly to the Tribal employee attending the training or seminar.

Management

Response: Management agrees with this recommendation and will implement procedures to monitor and record any potential accounts receivable from any tribal member or sponsoring organization when performing selected trainings or other program business seminars.

2011- 4 - CFDA # 66.605

Criteria: OMB Circular A-87 requires that all costs paid for Federal awards be “reasonable” and further requires that expenditures be supported with proper documentation such as purchase orders and invoices.

Condition: While performing our test work for the above mentioned year for this program, it appears that an employee would attend conferences as either an attendee or conference speaker. If attending as a conference speaker, the employee would be compensated by the Tribe as compensation (not vacation time) which may have included overtime. The employee would also be reimbursed by the sponsoring organization personally for this time attending for the conference as a speaker. This reimbursement was never turned over to the Tribe.

Effect: While errors within this grant may occur in processing financial information and not be detected in a relatively reasonable period of time by the Tribe, it appears that this employee was able to be paid as direct compensation twice for a seminar. We could understand and consider if the employee used vacation time to attend, but that does not appear to be the case here. This, in our opinion, skews the amount of earned benefit time by the employee and charged to this grant. It appears that the employee had at year end approximately \$8,000 of earned but unpaid benefit time.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

CONTROL DEFICIENCIES – MATERIAL WEAKNESSES

2011- 4 - CFDA # 66.605 (Continued)

Recommendation: We recommend the Tribe not pay this benefit time to this employee until this matter is fully investigated. Furthermore, we recommend that the Tribe review its existing travel policy for adequacy and consider revising where necessary.

**Management
Response:**

Management agrees with this recommendation and will further revise and update the travel policy to accommodate potential issues related to outside reimbursements, charging and earning of time, and any other issue that would impact the correct tracking and expensing of travel costs and related payroll related expenditures.

PLEASANT POINT PASSAMAQUODDY TRIBAL COUNCIL

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

• *Federal Awards*

Internal control over major programs:

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

Identification of major programs:

Name of Federal Program or Cluster

1)	Consolidated Programs	CFDA#	15.021
2)	Indian Health Services Grants	CFDA#	93.228
3)	HC Renovations – Stimulus	CFDA#	93.722
4)	MOA Grants – Stimulus	CFDA#	93.722
5)	EPA Performance Partnership	CFDA#	66.605

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

2011-1

Section III – Federal Awards Findings and Questioned Costs

2011-2 through 2011-4