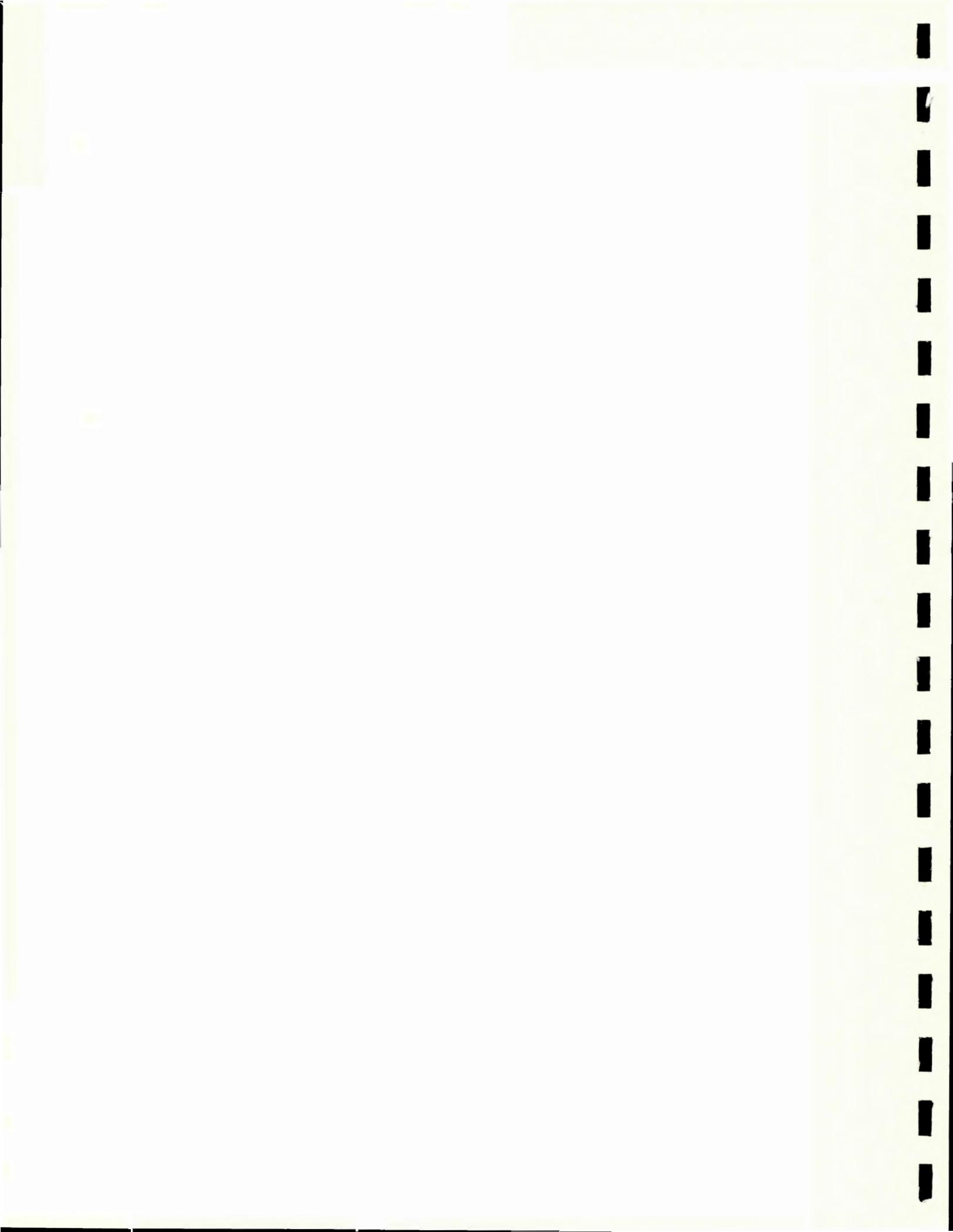


METLAKATLA INDIAN COMMUNITY

Management Discussion and Analysis, Basic  
Financial Statements, Additional Supplementary  
Information and Compliance Reports  
(With Independent Auditor's Report Thereon)

Year Ended September 30, 2014

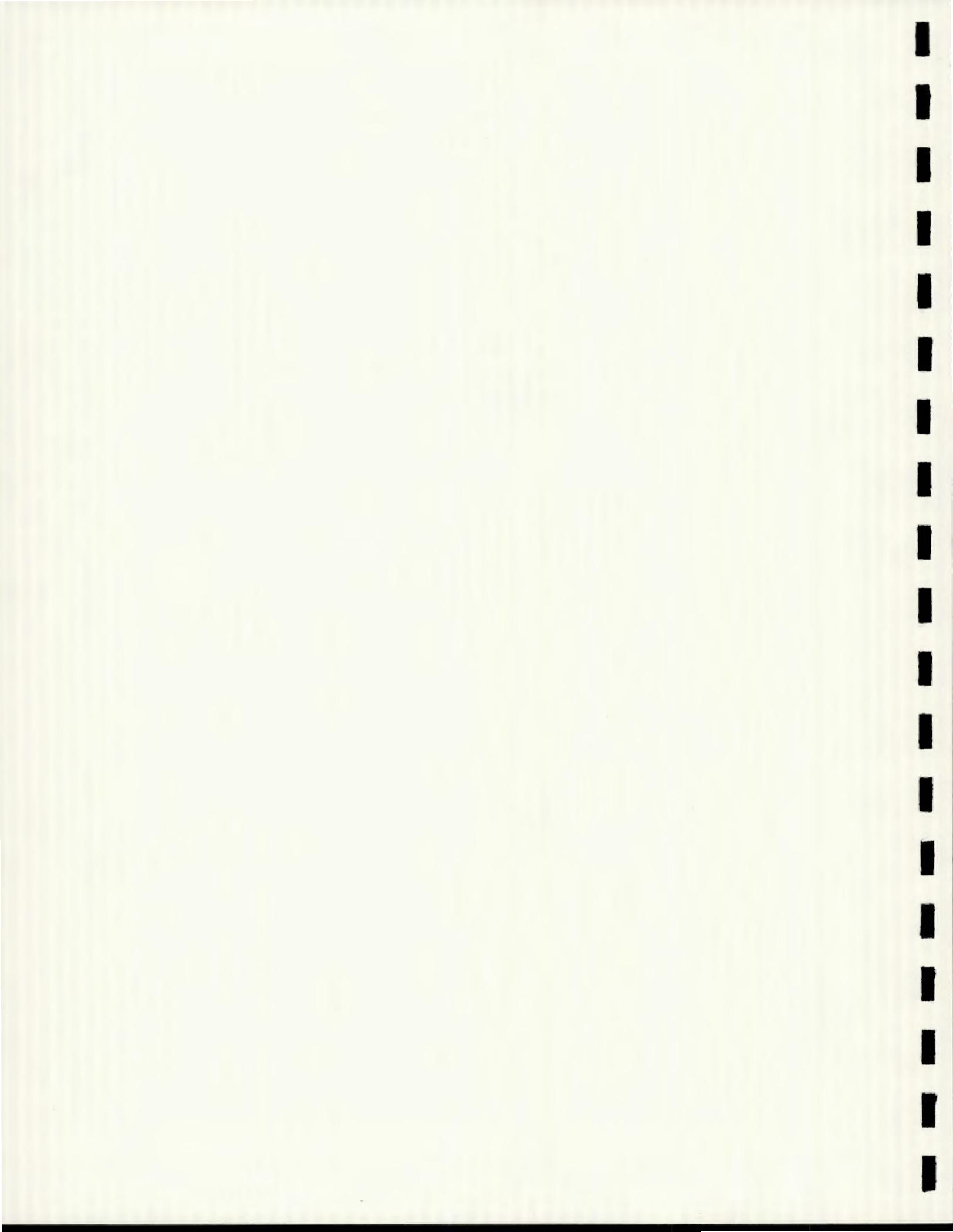
*Altman, Rogers  
& Co.* | CERTIFIED  
PUBLIC  
ACCOUNTANTS



METLAKATLA INDIAN COMMUNITY

Management Discussion and Analysis, Basic  
Financial Statements, Additional Supplementary  
Information and Compliance Reports  
(With Independent Auditor's Report Thereon)

Year Ended September 30, 2014



**METLAKATLA INDIAN COMMUNITY**

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**Independent Auditor's Report**

The Members of the Council  
Metlakatla Indian Community  
Metlakatla, Alaska

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metlakatla Indian Community, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Metlakatla Indian Community's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Metlakatla Housing Authority, which is a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Metlakatla Housing Authority as of March 31, 2014, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The Members of the Council  
Metlakatla Indian Community

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metlakatla Indian Community, as of September 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the BIA Compact FY14 Special Revenue Fund and IHS Compact FY14 Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. Two of the major proprietary funds, Annette Island Packing Company and Metlakatla Power and Light, are presented as of and for the year ended December 31, 2013.

### **Emphasis of Matter**

#### *Going Concern*

The accompanying financial statements have been prepared assuming that the Metlakatla Power and Light will continue as a going concern. As discussed in Note III, 6 (b) to the financial statements, Metlakatla Power and Light is in default under terms of its debt to the Rural Utilities Service. Additionally, Metlakatla Power and Light's collectability of receivables due from related parties is uncertain. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note III, 6 (b). The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Additional Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metlakatla Indian Community's basic financial statements. The "Additional Supplementary Information" listed in the table of contents which includes: Major Governmental Funds: Schedule Of Revenues, Expenditures, and Changes in Fund Balance (Deficit); Other Governmental Funds: Combining Statements; and individual fund budget to actual schedules, Schedule of Expenditures of Federal Awards, as required by *Office and Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. The "Additional Supplementary Information," as listed above, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Metlakatla Indian Community.

The "Additional Supplementary Information", as listed above, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying "Additional Supplementary Information" listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Members of the Council  
Metlakatla Indian Community

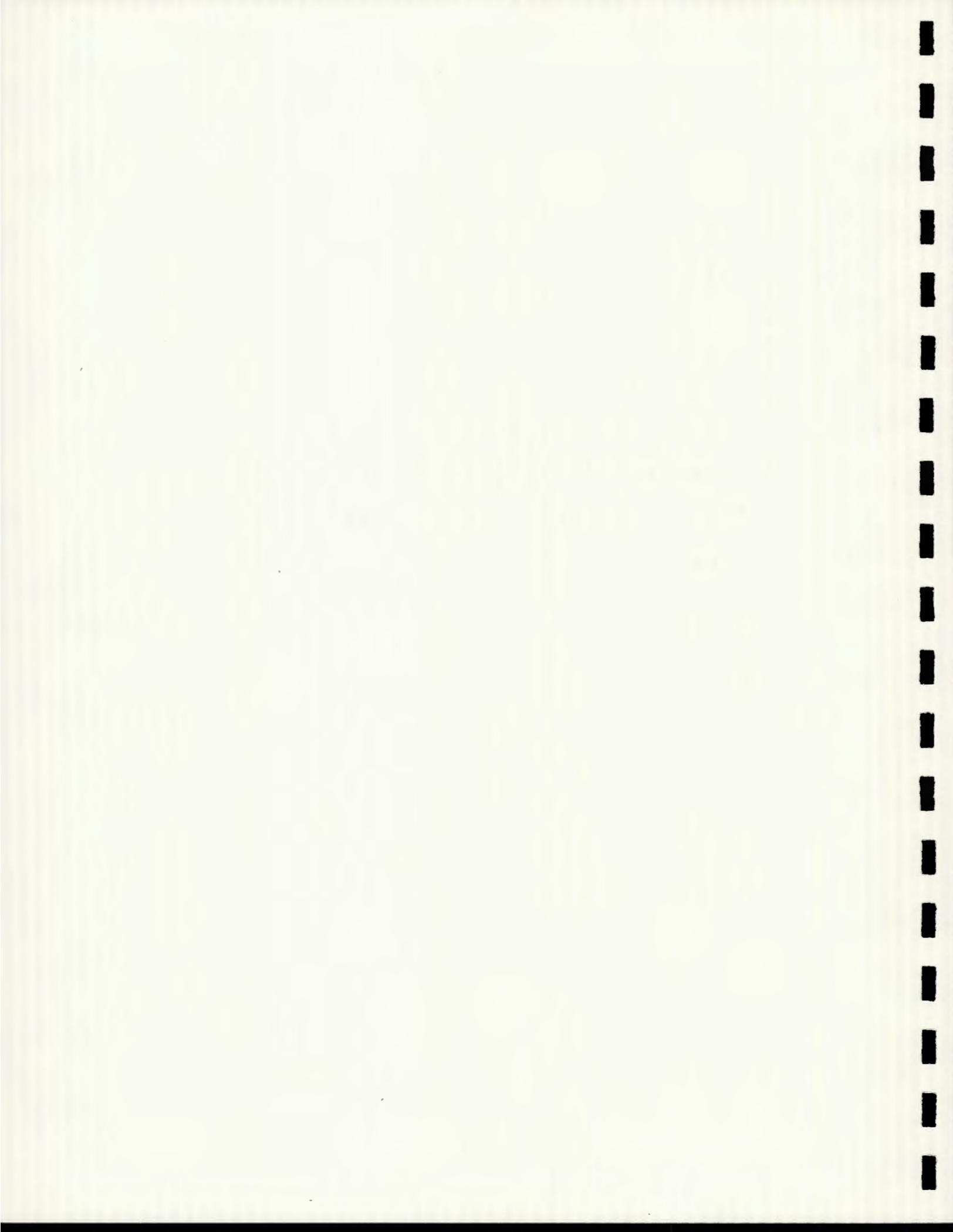
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2015, on our consideration of Metlakatla Indian Community's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 considered in assessing the results of our audit.

*Altman, Rogers & Co.*

Anchorage, Alaska  
June 30, 2015

**MANAGEMENT DISCUSSION  
AND ANALYSIS**



# METLAKATLA INDIAN COMMUNITY

## Management's Discussion and Analysis

September 30, 2014

### Introduction

The following narrative discussion and analysis provides an overview of the Metlakatla Indian Community's financial activities as of and for the fiscal year ended September 30, 2014 with comparative information for September 30, 2013. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, including the footnotes, which follow this section.

### Financial Highlights

- The assets of the Community exceeded its liabilities at September 30, 2014 and 2013, equating to \$29,005,384 and \$27,276,142, respectively, of net position. Of this amount \$3,307,676 and \$726,738 is unrestricted net position and may be used to meet the Community's ongoing obligations to tribal members and creditors and to provide customers the services they desire in 2014 and 2013, respectively.
- The Community's total net position increased by \$1,729,242 over the course of this year's operations. Net position of the Community's business-type activities decreased by \$1,439,088 while net position of the Community's governmental activities increased by \$3,168,330. During 2013, the Community's total net position increased by \$2,972,222.
- During the year, expenses of the Community's governmental activities totaled \$25,350,622 while \$22,433,226 in grant and program revenues were generated. During 2013, expenses of the Community's governmental activities totaled \$23,408,809 while \$24,167,271 in grant and program revenues were generated.
- The business-type activities of the Community generated \$10,544,520 in operating revenues, which were offset by operating expenses of \$11,898,362. During 2013, the business-type activities of the Community generated \$13,131,691 in operating revenues, which were offset by operating expenses of \$13,328,176.

### Overview of the Financial Statements

This report consists of four parts – management's discussion and analysis, the basic financial statements, additional supplementary information about general fund expenditures, combining schedules for special revenue funds, and compliance reports.

The basic financial statements include two kinds of statements that present different views of the Community:

#### *Government-wide Financial Statements*

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Community's overall financial status, in a manner similar to a private-sector business.

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

## METLAKATLA INDIAN COMMUNITY

### Management's Discussion and Analysis, continued

- The statement of activities presents information showing how the Community's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement on an accrual basis, with related cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Community that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Community include general government, public safety, public works, environmental services, economic development, tourism, health and social services and various other community services. The business-type activities of the Community include fish packing, power and light generation and delivery, hatchery harvest, and boat loans.

The government-wide financial statements include not only the Community itself, but also the following discretely presented component unit for which the Community is financially accountable – Metlakatla Housing Authority. Financial information for Metlakatla Housing Authority is reported separately from the financial information presented for the primary government itself. The Annette Island Packing Company and Metlakatla Power and Light are not legally separate entities from the primary government, and therefore are included in business-type activities as blended component units.

#### *Fund Financial Statements*

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Community's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on short-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's short-term financing requirements.

The Community maintains many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and for three of the special revenue funds, and one capital project fund, which are considered major funds. Information from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

## METLAKATLA INDIAN COMMUNITY

### Management's Discussion and Analysis, continued

The Community's council adopts an annual budget for its general fund, however, the budget can be changed without the approval of the Council and is not considered legally binding.

- Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Community's proprietary funds are considered enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Community uses enterprise funds to account for its fish packing plant, power and light company, hatchery harvest, and boat loans.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as the minor dividends accounts, in which the Community acts solely as a Government-wide Financial Analysis agent until these tribal members reach the age of majority. This agency fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the Community's own programs.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### *Net Position*

Net position may serve over time as a useful indicator of a government's financial position. The Community's total assets exceeded liabilities by \$29,005,384 and \$27,276,142 at September 30, 2014 and 2013, respectively.

The net position for governmental activities are \$26,223,447 and \$23,055,117 at September 30, 2014 and 2013, respectively. By far, the largest portion of the Community's net position for governmental activities (69% and 78% at September 30, 2014 and 2013, respectively) reflects its investment in capital assets such as infrastructure, buildings, and equipment. The Community uses capital assets to provide services to citizens and therefore these assets are not available for future spending.

The largest portion of net position for the business-type activities, or \$3,242,397 and \$3,612,431 at September 30, 2014 and 2013, respectively, is invested in capital assets, net of related debt. The following presents a summary of the Community's assets, liabilities and net position as of September 30, 2014 and 2013 (in thousands):

	2014			2013		
	Governmental	Business-	Total	Governmental	Business-	Total
	Activities	Type Activities		Activities	Type Activities	
Current and other assets	\$ 11,086	962	12,048	7,757	1,886	9,643
Capital assets	18,056	4,623	22,679	18,188	5,039	23,227
Total assets	29,142	5,585	34,727	25,945	6,925	32,870
Other liabilities	2,812	2,501	5,313	2,827	2,249	5,076
Long term liabilities	107	302	409	63	455	518
Total liabilities	2,919	2,803	5,722	2,890	2,704	5,594
Net position:						
Net investment in capital assets	18,056	3,242	21,298	17,994	3,612	21,606
Restricted for program use	4,399	-	4,399	4,943	-	4,943
Unrestricted	3,768	(460)	3,308	118	609	727
Total net position	\$ 26,223	2,782	29,005	23,055	4,221	27,276

## METLAKATLA INDIAN COMMUNITY

### Management's Discussion and Analysis, continued

Current and other assets at September 30, 2014 include \$5,154,753 of unrestricted cash and investments held for governmental activities. Current and other assets of the governmental activities increased approximately \$3,329,525 from September 30, 2013 to September 30, 2014, primarily due to an increase in accounts receivable.

#### *Summary of Activities*

A summarized comparison of the Community's revenues, expenses and changes in net position for the years ended September 30, 2014 and 2013 follows (in thousands):

	2014			2013		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,210	10,545	15,755	5,005	13,132	18,137
Operating grants and contributions	16,463	-	16,463	15,346	-	15,346
Capital grants and contributions	760	-	760	3,816	-	3,816
General revenues:						
Grants and entitlements not restricted to specific programs				-	-	-
Gaming	2,066	-	2,066	2,004	-	2,004
Investment earnings	96	81	177	142	65	207
TERO fees	552	-	552	94	-	94
IHS Settlement	3,501	-	3,501	-	-	-
Other	170	(27)	143	34	71	105
<b>Total revenues</b>	<b>28,818</b>	<b>10,599</b>	<b>39,417</b>	<b>26,441</b>	<b>13,268</b>	<b>39,709</b>
<b>Expenses:</b>						
General government	4,582	-	4,582	1,106	-	1,106
Public safety	1,174	-	1,174	1,313	-	1,313
Public works	1,564	-	1,564	527	-	527
Environmental services	924	-	924	900	-	900
Economic development	1,270	-	1,270	1,419	-	1,419
Tourism	137	-	137	65	-	65
Community services	4,849	-	4,849	5,246	-	5,246
Health and social services	10,136	-	10,136	12,207	-	12,207
Social Services	18	-	18	3.00	-	3.00
Education	695	-	695	583	-	583
Fish packing and freezing	-	9,459	9,459	-	11,254	11,254
Metlakatla Power & Light	-	2,328	2,328	-	1,830	1,830
Hatchery harvest	-	125	125	-	271	271
Other	2	-	2	13	-	13
<b>Total expenses</b>	<b>25,351</b>	<b>11,912</b>	<b>37,263</b>	<b>23,382</b>	<b>13,355</b>	<b>36,737</b>
<b>Net revenues (expenses)</b>	<b>3,467</b>	<b>(1,313)</b>	<b>2,154</b>	<b>3,059</b>	<b>(87)</b>	<b>2,972</b>
<b>Transfers</b>	<b>(299)</b>	<b>(126)</b>	<b>(425)</b>	<b>220</b>	<b>(220)</b>	<b>-</b>
<b>Change in net position</b>	<b>3,168</b>	<b>(1,439)</b>	<b>1,729</b>	<b>3,279</b>	<b>(307)</b>	<b>2,972</b>
<b>Net position, beginning of year, as originally stated</b>	<b>23,055</b>	<b>4,220</b>	<b>27,275</b>	<b>19,952</b>	<b>4,527</b>	<b>24,479</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(176)</b>	<b>-</b>	<b>-</b>
<b>Net position, beginning of year, as restated</b>	<b>23,055</b>	<b>4,220</b>	<b>27,275</b>	<b>19,776</b>	<b>4,527</b>	<b>24,479</b>
<b>Net position, end of year</b>	<b>\$ 26,223</b>	<b>2,781</b>	<b>29,004</b>	<b>23,055</b>	<b>4,220</b>	<b>27,451</b>

# METLAKATLA INDIAN COMMUNITY

## Management's Discussion and Analysis, continued

Significant changes in net position are discussed below under governmental activities and business-type activities.

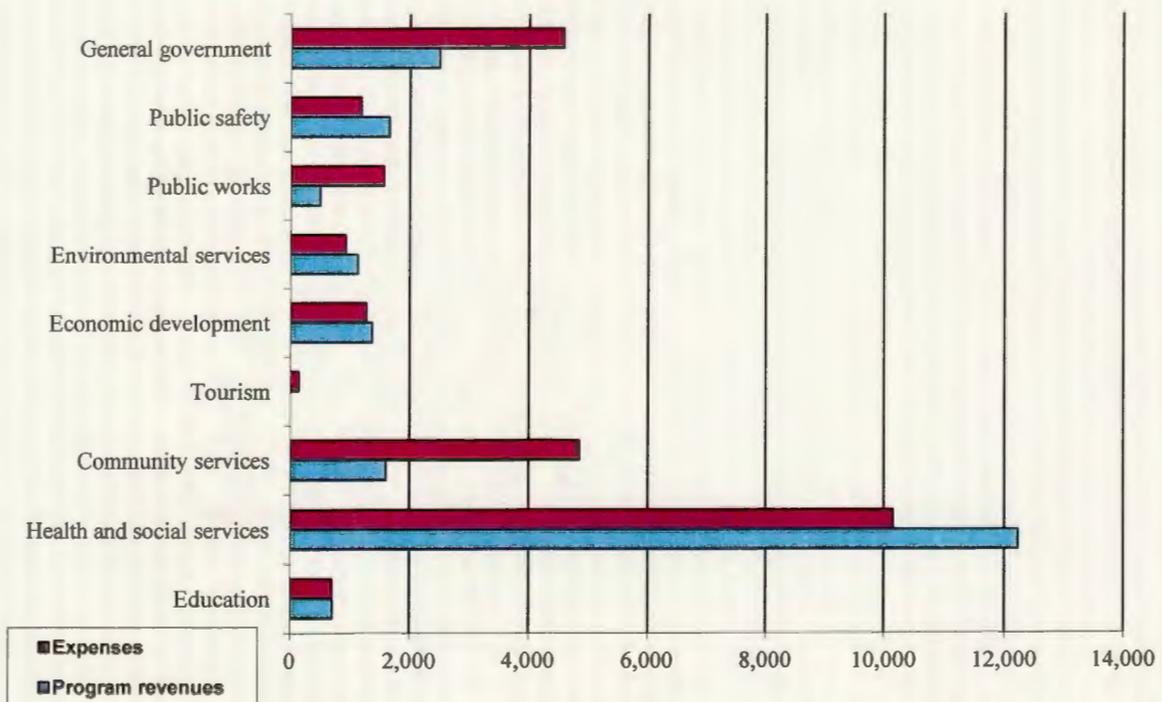
### *Governmental Activities*

Governmental activities increased the Community's net position by \$3,168,330 during the year ended September 30, 2014. Governmental activities increased the Community's net position by approximately \$3,279,000 during the year ended September 30, 2013. Key elements of these changes in 2014 are as follows:

- General government expenses exceeded charges for services and operating and capital grants and contributions by \$2,904,037 during the year ended September 30, 2014. The Community does not levy taxes and has limited sources of general government revenues to cover costs of operating the government. During 2014, the Community had an increase in the indirect cost rate approved by their cognizant agency resulting in a \$361,788 increase in indirect cost recovery. At the same time, the Community had a \$1,941,813 increase in general government expenses, primarily relating to an increase in general government expenses in the General Fund and BIA Compact Funds. Program revenues decreased \$1,734,45 from 2013 to 2014. General revenues and transfers of \$6,072,367 in 2014 were sufficient to cover these expenses.

The following graph reflects program revenues, including charges for services and operating and capital grants, compared to expenses for the Community's activities:

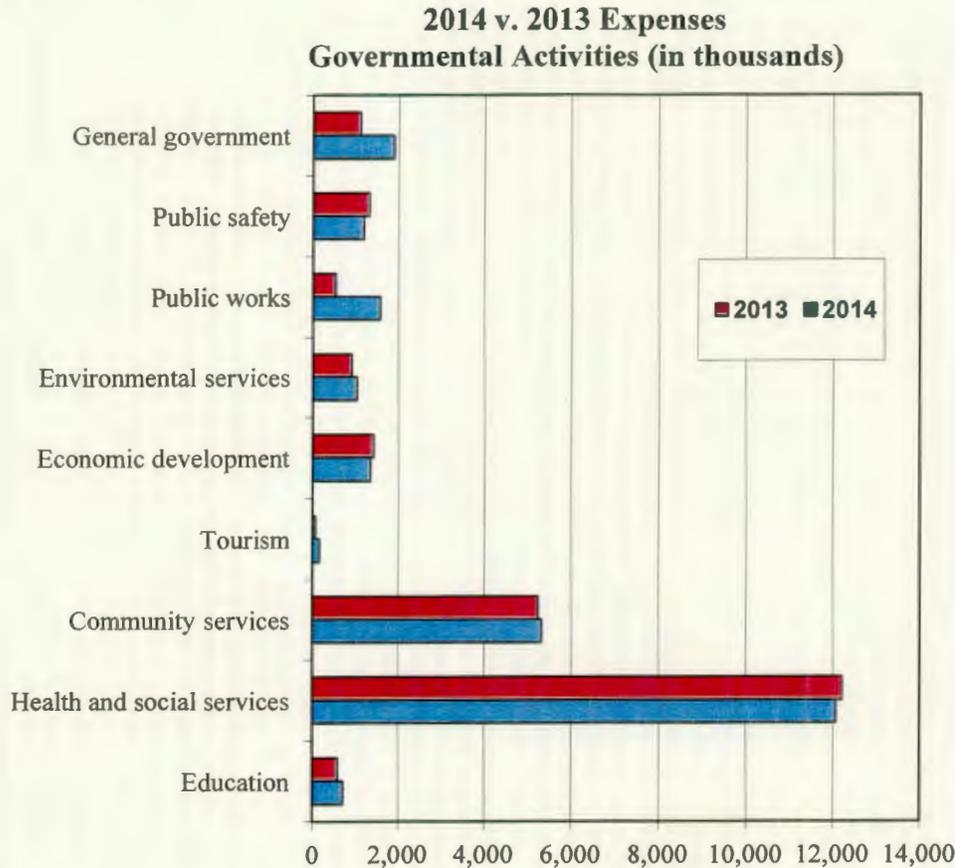
**2014 Program Revenue v. Expense  
Governmental Activities (in thousands)**



## METLAKATLA INDIAN COMMUNITY

### Management's Discussion and Analysis, continued

The following graph compares expenses of the Community's activities for the years ended September 30, 2014 and 2013:



#### ***Business-type Activities***

Business-type activities decreased the Community's net position by \$1,439,088 and decreased net position by \$306,440 during the years ended September 30, 2014 and 2013, respectively. Key elements of this decrease are primarily due to increased activity and sales from Annette Island Packing Company. Details are as follows:

- Hatchery Harvest revenues exceeded expenses by \$81,875 during the year ended September 30, 2014. Expenses exceeded revenues by approximately \$57,000 during the year ended September 30, 2013.
- Boat Loans expenses exceeded revenues by \$32,298 during the year ended September 30, 2014. Of this amount, \$34,040 represents a decrease in receivables previously considered uncollectible. The Boat Loans Fund also transferred \$1,000 to the General Fund which resulted in a decrease in net position of \$32,298. During the year ended September 30, 2013, revenues exceeded expenses by \$2,920.
- Annette Island Packing Company expenses exceeded revenues and other financing sources by \$1,087,608 during the year ended September 30, 2014. During the year ended September 30, 2013, revenues and other financing sources exceeded expenses by \$422,962.

# METLAKATLA INDIAN COMMUNITY

## Management's Discussion and Analysis, continued

- Metlakatla Power and Light expenses exceeded revenues by \$401,057 during the year ended September 30, 2014. During the year ended September 30, 2013, revenues exceeded expenses by \$221,927.

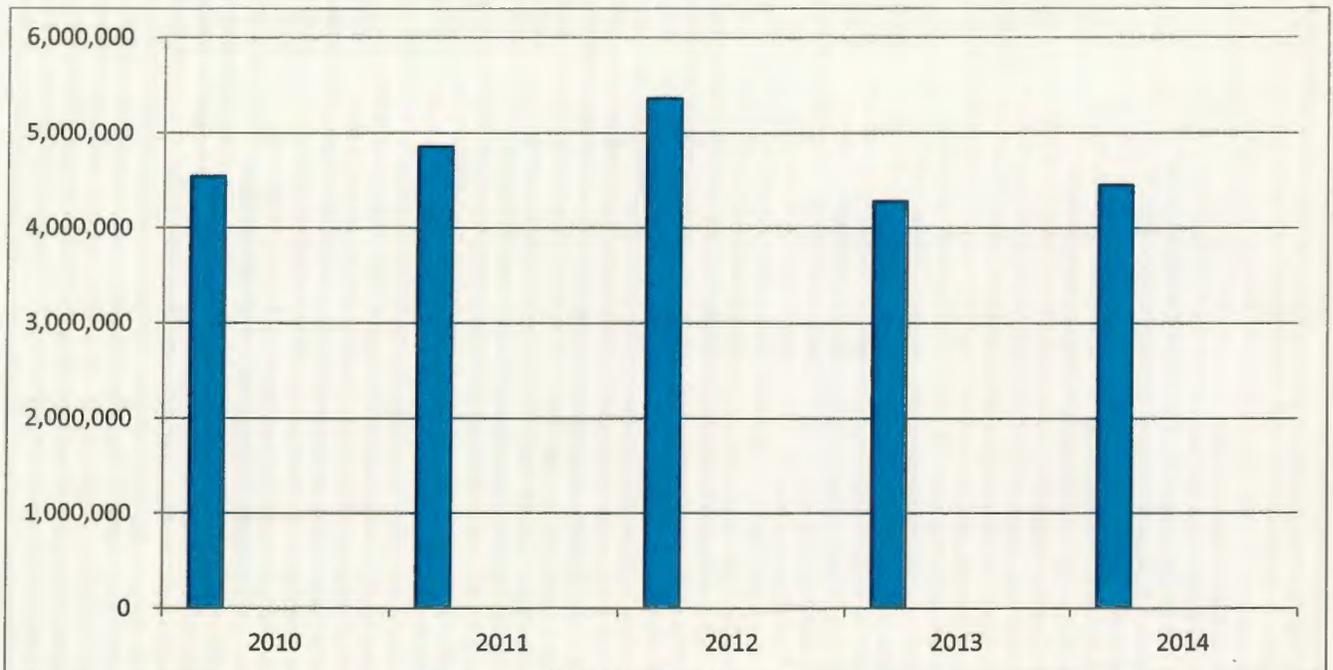
### Financial Analysis of the Community's Funds

The Community uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Funds*

The focus of the Community's governmental funds is to provide information on the short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Community's financial requirements. In particular, unassigned fund balance can serve as a useful measure of the Community's net resources available for spending at the end of the fiscal year. The general fund is the primary operational fund for the Community. It is used to record activities which are not funded by federal or state grants. Included within the general fund are expenses such as community administration and utilities. At the end of the current fiscal year, the unassigned fund balance in the general fund was \$1,635,503 while the total fund balance was \$1,669,425. At the end of the prior fiscal year the total fund balance was (\$1,549,976).

A comparison of general fund expenditures over the past five fiscal years follows:



#### *Proprietary Funds*

The Community's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

## METLAKATLA INDIAN COMMUNITY

### Management's Discussion and Analysis, continued

#### Capital Asset and Debt Administration

##### Capital Assets

At the end of 2014, the Community had invested \$22,678,552 in a range of capital assets. Significant additions during the year ended September 30, 2014 included \$327,444 of construction in progress and \$1,076,699 of construction in progress that was put into service. Significant additions during the year ended September 30, 2013 included \$3,904,590 of construction in progress and \$1,293,267 of construction in progress that was put into service.

A summary of the Community's capital assets, net of accumulated depreciation, as of September 30, 2014 and 2013 follows (in thousands):

	2014			2013		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Water, sewer and cable network \$	1,646	–	1,646	1,215	–	1,215
Moorage and dockage	4,218	–	4,218	3,771	–	3,771
Roads	3,178	–	3,178	3,252	–	3,252
Erosion control	339	–	339	355	–	355
Buildings and improvements	3,526	2,225	5,751	3,311	2,313	5,624
Equipment and artwork	777	1,122	1,899	819	1,872	2,691
Vehicles	144	1	145	227	4	231
Construction in progress	4,228	1,274	5,502	5,238	850	6,088
	<u>\$ 18,056</u>	<u>4,622</u>	<u>22,678</u>	<u>18,188</u>	<u>5,039</u>	<u>23,227</u>

##### Long-term Debt

No new debt was incurred during FY14. The Community made principal payments of \$193,933 on the existing notes payable and capital lease during 2014. The note payable was fully paid off during 2014. Compensated absences increased by \$12,511 during the year ended September 30, 2014.

##### Economic Factors and Next Year's Budgets

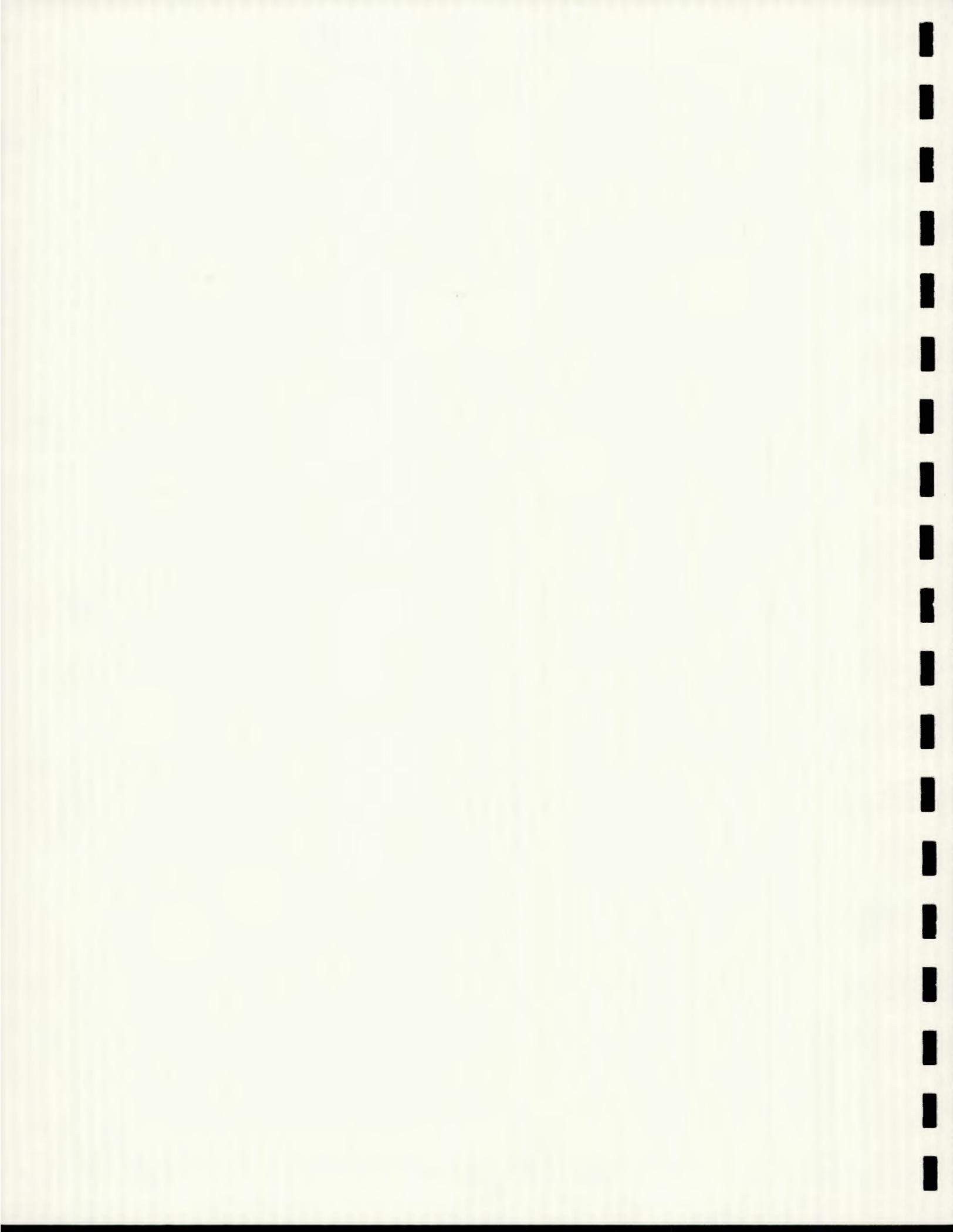
The 2014 general fund operating budget was approximately \$4,285,000. The 2014 operating budget is unchanged from the 2013 general fund budget. The general fund had a fund balance of \$1,669,425 for the year ended September 30, 2014. The Council hopes to increase this amount in the future by increasing local source revenue and decreasing non-critical expenditures. The Council is working on approving an updated budget for fiscal year 2015.

##### Contacting the Community's Financial Management

This financial report is designed to provide tribal members, customers, and creditors with a general overview of the Community's finances and to demonstrate accountability for the monies received. If you have questions about this report or need additional financial information, please contact the Metlakatla Indian Community's Finance Division, P.O. Box 8, Metlakatla, Alaska 99926. Information regarding where to obtain component unit financial statements can be found in the notes to the financial statements (Note I.b).



## **BASIC FINANCIAL STATEMENTS**



## METLAKATLA INDIAN COMMUNITY

## Statement of Net Position

September 30, 2014

Assets	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Metlakatla Housing Authority
Cash and cash equivalents	\$ 4,602,709	59,230	4,661,939	1,108,461
Investments	552,044	-	552,044	13,675
Accounts receivable:				
Granting agencies	1,226,085	-	1,226,085	212,640
Local sources	477,445	-	477,445	-
Other, net of allowance for doubtful accounts, where applicable	4,098,026	737,020	4,835,046	12,361
Prepaid expenses	-	54,901	54,901	65,619
Deposits	-	-	-	32,089
Inventory	130,140	111,416	241,556	1,025,395
Other assets	-	300	300	-
Capital assets:				
Non-depreciable	4,228,478	1,273,527	5,502,005	7,635,552
Depreciable, net	13,827,487	3,349,060	17,176,547	10,251,669
Total assets	<u>29,142,414</u>	<u>5,585,454</u>	<u>34,727,868</u>	<u>20,357,461</u>
<u>Liabilities and Net Position</u>				
Liabilities:				
Accounts payable	785,074	1,394,999	2,180,073	71,855
Internal balances	366,039	(366,039)	-	-
Accrued interest	-	312,307	312,307	-
Accrued payroll and payroll liabilities	446,982	44,216	491,198	92,938
Cash overdraft	-	16,410	16,410	-
Advances and deposits from customers	-	1,223	1,223	31,883
Unearned revenues	980,025	-	980,025	372,187
Other liabilities	-	20,211	20,211	-
Due within one year:				
Compensated absences	233,500	-	233,500	-
Notes payable	-	1,078,396	1,078,396	97,939
Total current liabilities	<u>2,811,620</u>	<u>2,501,723</u>	<u>5,313,343</u>	<u>666,802</u>
Long-term liabilities:				
Compensated absences	107,347	-	107,347	-
Notes payable	-	301,794	301,794	1,340,547
MEPA	-	-	-	281,403
Total long-term liabilities	<u>107,347</u>	<u>301,794</u>	<u>409,141</u>	<u>1,621,950</u>
Total liabilities	<u>2,918,967</u>	<u>2,803,517</u>	<u>5,722,484</u>	<u>2,288,752</u>
Net position:				
Net investment in capital assets	18,055,965	3,242,397	21,298,362	17,295,836
Restricted	4,399,346	-	4,399,346	388,867
Unrestricted	3,768,136	(460,460)	3,307,676	384,006
Net position	<u>\$ 26,223,447</u>	<u>2,781,937</u>	<u>29,005,384</u>	<u>18,068,709</u>

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

## Statement of Activities

Year Ended September 30, 2014

	Expenses	Indirect Expense Allocation	Program revenues			Net (expenses) revenue and changes in net position			Component Unit Metlakatla Housing Authority
			Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	
						Governmental activities	Business-type activities		
Primary government:									
Governmental activities:									
General government	\$ 4,582,112	(2,693,324)	1,599,555	896,188	-	606,955	-	606,955	-
Public safety	1,173,516	-	23,380	1,631,524	-	481,388	-	481,388	-
Public works	1,563,894	-	-	494,340	-	(432,307)	-	(432,307)	-
Environmental services	924,472	154,751	177,352	949,326	123,003	170,458	-	170,458	-
Social services	18,305	-	-	-	-	(18,305)	-	(18,305)	-
Economic development	1,270,138	73,479	-	1,364,619	-	21,002	-	21,002	-
Tourism	137,377	20,607	-	-	-	(157,984)	-	(157,984)	-
Community services	4,849,040	477,960	20,991	1,585,526	-	(3,720,483)	-	(3,720,483)	-
Health and social services	10,135,480	1,933,526	3,388,910	8,837,383	-	157,307	-	157,307	-
Education	694,501	19,842	-	703,882	-	(10,261)	-	(10,261)	-
Unallocated interest expense	1,807	-	-	-	-	(1,807)	-	(1,807)	-
Total governmental activities	<u>25,350,622</u>	<u>(13,359)</u>	<u>5,210,188</u>	<u>16,462,788</u>	<u>760,250</u>	<u>(2,904,037)</u>	<u>-</u>	<u>(2,904,037)</u>	<u>-</u>
Business-type activities:									
Annette Island Packing Company	9,458,679	-	8,488,268	-	-	-	(970,411)	(970,411)	-
Metlakatla Power and Light	2,327,446	-	1,848,781	-	-	-	(478,665)	(478,665)	-
Hatchery Harvest	112,237	13,359	207,471	-	-	-	81,875	81,875	-
Total business-type activities	<u>11,898,362</u>	<u>13,359</u>	<u>10,544,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,367,201)</u>	<u>(1,367,201)</u>	<u>-</u>
Total primary government	<u>37,248,984</u>	<u>-</u>	<u>15,754,708</u>	<u>16,462,788</u>	<u>760,250</u>	<u>(2,904,037)</u>	<u>(1,367,201)</u>	<u>(4,271,238)</u>	<u>-</u>
Component unit:									
Metlakatla Housing Authority	\$ <u>3,296,610</u>	<u>-</u>	<u>652,008</u>	<u>2,171,417</u>	<u>-</u>				<u>(473,185)</u>
General revenues:									
Gaming						2,065,895	-	2,065,895	-
Investment earnings						95,879	81,186	177,065	334
TERO fees						552,011	-	552,011	-
IHS settlement						3,500,679	-	3,500,679	-
Other						158,601	(26,594)	130,007	-
Gain (loss) on sale of assets						-	-	-	(7,820)
Transfers						(298,698)	(126,479)	(425,177)	-
Total general revenues and transfers						<u>6,072,367</u>	<u>(126,479)</u>	<u>6,000,480</u>	<u>(7,286)</u>
Change in net position						3,168,330	(1,439,088)	1,729,242	(480,471)
Net position, beginning of year						23,055,117	4,221,025	27,276,142	18,549,180
Net position, end of year						\$ <u>26,223,447</u>	<u>2,781,937</u>	<u>29,005,384</u>	<u>18,068,709</u>

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

## Balance Sheet - Governmental Funds

September 30, 2014

Assets	General Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		BIA Compact FY14	IHS Compact FY14		
Assets:					
Cash and cash equivalents	\$ 3,838,269	-	-	764,440	4,602,709
Investments	552,044	-	-	-	552,044
Accounts receivable:					
Granting agencies	-	-	-	1,226,085	1,226,085
Local sources	-	-	-	477,445	477,445
Other, net of allowance for doubtful accounts, where applicable	4,098,026	-	-	-	4,098,026
Due from other funds	1,999,182	1,517,858	1,382,692	4,880,076	9,779,808
Inventory	33,922	-	-	96,218	130,140
Total assets	\$ 10,521,443	1,517,858	1,382,692	7,444,264	20,866,257
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities:					
Accounts payable	372,265	3,936	229,929	178,944	785,074
Accrued payroll and payroll liabilities	163,412	55,518	135,703	92,349	446,982
Due to other funds	8,146,665	-	-	1,999,182	10,145,847
Unearned revenues	-	-	-	980,025	980,025
Total liabilities	8,682,342	59,454	365,632	3,250,500	12,357,928
Deferred inflows of resources:					
Unavailable revenues	169,676	-	-	224,697	394,373
Total liabilities and deferred inflows of resources	8,852,018	59,454	365,632	3,475,197	12,752,301
Fund balances:					
Nonspendable	33,922	-	-	13,288	47,210
Restricted	-	1,458,404	1,017,060	1,923,882	4,399,346
Assigned	-	-	-	2,033,691	2,033,691
Unassigned	1,635,503	-	-	(1,794)	1,633,709
Total fund balances	1,669,425	1,458,404	1,017,060	3,969,067	8,113,956
	\$ 10,521,443	1,517,858	1,382,692	7,444,264	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,055,965
Other long-term receivables are not available to pay current period expenses and; therefore, are deferred in the funds	394,373
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(340,847)
	\$ 26,223,447

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Deficit)

## Governmental Funds

Year Ended September 30, 2014

	General Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		BIA Compact FY14	IHS Compact FY14		
<b>Revenues:</b>					
<b>Intergovernmental:</b>					
Federal sources	\$ 3,500,679	4,471,683	8,715,041	2,473,881	19,161,284
State of Alaska	-	-	-	1,562,333	1,562,333
<b>Local sources:</b>					
<b>Charges for services:</b>					
Leases and rentals	90,948	-	-	-	90,948
Permits and fees	72,772	-	-	-	72,772
User charges	373,224	-	-	-	373,224
Commercial fishing adventure	283,222	-	-	-	283,222
Investment earnings	95,879	-	-	-	95,879
Program income	804,572	-	-	3,373,165	4,177,737
Gaming	2,065,895	-	-	-	2,065,895
TERO fees	552,011	-	-	-	552,011
Other	131,451	-	-	25,150	156,601
<b>Total revenues</b>	<b>7,970,653</b>	<b>4,471,683</b>	<b>8,715,041</b>	<b>7,434,529</b>	<b>28,591,906</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	858,852	573,377	-	356,671	1,788,900
Public safety	6,835	1,093,588	-	68,092	1,168,515
Public works	-	-	-	1,168,422	1,168,422
Environmental services	68,304	-	-	980,665	1,048,969
Social services	18,305	-	-	-	18,305
Economic development	1,206	843,029	-	260,562	1,104,797
Tourism	157,984	-	-	-	157,984
Community services	3,145,328	397,374	-	1,492,872	5,035,574
Health and social services	-	-	7,697,981	4,492,416	12,190,397
Education	-	105,911	-	608,232	714,143
Capital outlay	-	-	-	794,791	794,791
<b>Debt service:</b>					
Principal	193,933	-	-	-	193,933
Interest	1,807	-	-	-	1,807
<b>Total expenditures</b>	<b>4,452,554</b>	<b>3,013,279</b>	<b>7,697,981</b>	<b>10,222,723</b>	<b>25,386,537</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,518,099</b>	<b>1,458,404</b>	<b>1,017,060</b>	<b>(2,788,194)</b>	<b>3,205,369</b>
<b>Other financing sources (uses):</b>					
Transfers in	218,548	-	-	-	218,548
Transfers (out)	(517,246)	-	-	-	(517,246)
<b>Net other financing sources (uses)</b>	<b>(298,698)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(298,698)</b>
<b>Net change in fund balances</b>	<b>3,219,401</b>	<b>1,458,404</b>	<b>1,017,060</b>	<b>(2,788,194)</b>	<b>2,906,671</b>
<b>Fund balances (deficit), beginning of year</b>	<b>(1,549,976)</b>	<b>-</b>	<b>-</b>	<b>6,757,261</b>	<b>5,207,285</b>
<b>Fund balances, end of the year</b>	<b>\$ 1,669,425</b>	<b>1,458,404</b>	<b>1,017,060</b>	<b>3,969,067</b>	<b>8,113,956</b>

See accompanying notes to financial statements.

**METLAKATLA INDIAN COMMUNITY**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
of Governmental Funds to the Statement of Activities

Year Ended September 30, 2014

Net change in fund balances – total governmental funds	\$ 2,906,671
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation expense	(938,349)
Capital asset additions	<u>806,201</u>
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds do not report the accrual of interest expense on debt when it is not payable from currently available resources:</p>	
Principal repayments	<u>193,933</u>
<p>Revenues in the Statement of Activities that represent accounts receivable amounts that do not provide current financial resources are unearned in the fund financial statements but recognized in the statement of activities. This amount represents the change in the revenue shown as unearned in the fund financial statements.</p>	
	<u>212,385</u>
<p>Governmental funds do not report expenditures for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, expenses and liabilities are presented regardless of when financial resources are available:</p>	
Change in compensated absences	<u>(12,511)</u>
Change in net position of governmental activities	<u>\$ 3,168,330</u>

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

## Bureau of Indian Affairs (BIA) Compact FY14 Special Revenue Fund

Year Ended September 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues :			
Intergovernmental- Federal sources	\$ 4,471,683	4,471,683	-
Expenditures:			
Current:			
General government	797,340	573,377	223,963
Public safety	1,093,588	1,093,588	-
Economic development	1,440,312	843,029	597,283
Enviromental services	56,500	-	56,500
Community services	419,759	397,374	22,385
Education	128,424	105,911	22,513
Public works	431,434	-	431,434
Total expenditures	<u>4,367,357</u>	<u>3,013,279</u>	<u>1,354,078</u>
Excess of revenues over expenditures	\$ <u>104,326</u>	1,458,404	<u>1,354,078</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>1,458,404</u>	

See accompanying notes to financial statements.

**METLAKATLA INDIAN COMMUNITY**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Indian Health Services (IHS) Compact FY14 Special Revenue Fund

Year Ended September 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues :			
Intergovernmental- Federal sources	\$ <u>8,715,041</u>	<u>8,715,041</u>	<u>-</u>
Expenditures:			
Current:			
Health and social services	<u>8,715,041</u>	<u>7,697,981</u>	<u>1,017,060</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>1,017,060</u>	<u><u>1,017,060</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>1,017,060</u></u>	

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

## Proprietary Funds

## Statement of Net Position

September 30, 2014

<u>Assets</u>	Annette Island Packing Company (as of 12/31/2013)	Metlakatla Power and Light (as of 12/31/2013)	Hatchery Harvest Account	Boat Loans	Total Proprietary Funds
<b>Current assets:</b>					
Cash and cash equivalents	\$ 19,556	33,145	171	6,358	59,230
Receivables (net of allowance):					
Accounts	91,164	461,312	106,365	-	658,841
Loans	-	-	-	78,179	78,179
Inventory	-	111,416	-	-	111,416
Prepaid expenses	43,090	11,811	-	-	54,901
Other assets	-	300	-	-	300
Due from General Fund	-	-	366,039	-	366,039
Total current assets	<u>153,810</u>	<u>617,984</u>	<u>472,575</u>	<u>84,537</u>	<u>1,328,906</u>
<b>Noncurrent assets -</b>					
<b>Capital assets:</b>					
Non-depreciable	-	1,273,527	-	-	1,273,527
Depreciable, net	2,937,167	116,954	294,939	-	3,349,060
	<u>2,937,167</u>	<u>1,390,481</u>	<u>294,939</u>	<u>-</u>	<u>4,622,587</u>
<b>Total assets</b>	<u>\$ 3,090,977</u>	<u>2,008,465</u>	<u>767,514</u>	<u>84,537</u>	<u>5,951,493</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	1,294,706	99,592	701	-	1,394,999
Accrued compensation and related liabilities	26,884	17,332	-	-	44,216
Cash overdraft	-	16,410	-	-	16,410
Customer deposits	-	1,223	-	-	1,223
Accrued interest	-	312,307	-	-	312,307
Other liabilities	-	20,211	-	-	20,211
Long-term debt due within one year	-	1,078,396	-	-	1,078,396
Total current liabilities	<u>1,321,590</u>	<u>1,545,471</u>	<u>701</u>	<u>-</u>	<u>2,867,762</u>
<b>Noncurrent liabilities:</b>					
Long-term debt due in more than one year	-	301,794	-	-	301,794
Total liabilities	<u>1,321,590</u>	<u>1,847,265</u>	<u>701</u>	<u>-</u>	<u>3,169,556</u>
<b>Net position</b>					
Net investment in capital assets	2,937,167	10,291	294,939	-	3,242,397
Unrestricted (deficit)	(1,167,780)	150,909	471,874	84,537	(460,460)
Total net position	<u>1,769,387</u>	<u>161,200</u>	<u>766,813</u>	<u>84,537</u>	<u>2,781,937</u>
<b>Total liabilities and net position</b>	<u>\$ 3,090,977</u>	<u>2,008,465</u>	<u>767,514</u>	<u>84,537</u>	<u>5,951,493</u>

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

## Proprietary Funds

## Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2014

	Annette Island Packing Company (year ended 12/31/2013)	Metlakatla Power and Light (year ended 12/31/2013)	Hatchery Harvest	Boat Loans	Total Proprietary Funds
Operating revenues:					
Charges for sales and services	\$ 8,488,268	1,848,781	207,471	-	10,544,520
Interest on loans	-	-	-	2,742	2,742
Miscellaneous	4,471	2,975	-	-	7,446
Total operating revenues	<u>8,492,739</u>	<u>1,851,756</u>	<u>207,471</u>	<u>2,742</u>	<u>10,554,708</u>
Operating expenses:					
Costs of sales	5,459,898	-	-	-	5,459,898
Salaries and benefits	1,386,193	-	-	-	1,386,193
Professional fees	184,286	-	5,747	-	190,033
Travel and training	31,957	-	-	-	31,957
Utilities	398,288	-	910	-	399,198
Insurance	260,493	-	-	-	260,493
Depreciation	427,650	243,660	23,175	-	694,485
Supplies and materials	610,614	-	79,320	-	689,934
Postage and freight	155,201	-	2,575	-	157,776
Dues and subscriptions	-	-	510	-	510
Other	544,099	-	-	-	544,099
Indirect costs	-	-	13,359	-	13,359
Power production	-	468,192	-	-	468,192
Purchased power	-	225,470	-	-	225,470
Transmission	-	26,829	-	-	26,829
Distribution	-	10,873	-	-	10,873
Consumer accounts	-	573,784	-	-	573,784
Administrative and general	-	727,132	-	-	727,132
Total operating expenses	<u>9,458,679</u>	<u>2,275,940</u>	<u>125,596</u>	<u>-</u>	<u>11,860,215</u>
Operating income (loss)	<u>(965,940)</u>	<u>(424,184)</u>	<u>81,875</u>	<u>2,742</u>	<u>(1,305,507)</u>
Non-operating revenues (expenses):					
Interest income	3,811	74,633	-	-	78,444
Interest expense	-	(51,506)	-	-	(51,506)
Bad debt expense	-	-	-	(34,040)	(34,040)
Total non-operating revenues (expenses)	<u>3,811</u>	<u>23,127</u>	<u>-</u>	<u>(34,040)</u>	<u>(7,102)</u>
Other financing sources (uses):					
Transfers out - General Fund	(125,479)	-	-	(1,000)	(126,479)
Change in net position	<u>(1,087,608)</u>	<u>(401,057)</u>	<u>81,875</u>	<u>(32,298)</u>	<u>(1,439,088)</u>
Net position, beginning of year	<u>2,856,995</u>	<u>562,257</u>	<u>684,938</u>	<u>116,835</u>	<u>4,221,025</u>
Net position, end of year	<u>\$ 1,769,387</u>	<u>161,200</u>	<u>766,813</u>	<u>84,537</u>	<u>2,781,937</u>

See accompanying notes to financial statements.

## METLAKATLA INDIAN COMMUNITY

## Proprietary Funds

## Statement of Cash Flows

Year Ended September 30, 2014

	Annette Island Packing Company (year ended 12/31/2013)	Metlakatla Power and Light (year ended 12/31/2013)	Hatchery Harvest Accounts	Boat Loans	Total Proprietary Funds
Cash flows provided (used) by operating activities:					
Receipts from customers	\$ 8,729,073	1,735,270	214,364	6,125	10,684,832
Payments to suppliers	(7,455,861)	(590,636)	(100,790)	-	(8,147,287)
Payments to employees	(1,387,304)	(968,309)	-	-	(2,355,613)
Net cash provided (used) by operating activities	<u>(114,092)</u>	<u>176,325</u>	<u>113,574</u>	<u>6,125</u>	<u>181,932</u>
Cash flows provided (used) noncapital and related financing activities:					
Interest payments on line of credit and note payable	-	(51,506)	-	-	(51,506)
Receipts from grantors	-	-	-	-	-
Transfer out	-	-	-	(1,000)	(1,000)
Internal activity - payments to/from other funds	-	-	(110,313)	-	(110,313)
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>(51,506)</u>	<u>(110,313)</u>	<u>(1,000)</u>	<u>(162,819)</u>
Cash flows provided (used) by capital financing activities:					
Principal paid on debt	-	(46,062)	-	-	(46,062)
Capital contributions	(125,479)	-	-	-	(125,479)
Proceeds from sale of capital assets	-	-	(3,261)	-	(3,261)
Purchase of capital assets	-	(278,389)	-	-	(278,389)
Net cash provided (used) by capital and related financing activities	<u>(125,479)</u>	<u>(324,451)</u>	<u>(3,261)</u>	<u>-</u>	<u>(453,191)</u>
Cash flows from investing activities -					
Interest received	<u>3,811</u>	<u>74,633</u>	<u>-</u>	<u>-</u>	<u>78,444</u>
Net increase (decrease) in cash and cash equivalents	(235,760)	(124,999)	-	5,125	(355,634)
Cash and cash equivalents, beginning of year	<u>255,316</u>	<u>141,734</u>	<u>171</u>	<u>1,233</u>	<u>398,454</u>
Cash and cash equivalents, end of year	<u>\$ 19,556</u>	<u>16,735</u>	<u>171</u>	<u>6,358</u>	<u>42,820</u>
Cash and cash equivalents consist of:					
Cash and cash equivalents	\$ 19,556	33,145	171	6,358	59,230
Cash overdraft	-	(16,410)	-	-	(16,410)
	<u>\$ 19,556</u>	<u>16,735</u>	<u>171</u>	<u>6,358</u>	<u>42,820</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (965,940)	(424,184)	81,875	2,742	(1,305,507)
Adjustments to reconcile operating loss to net cash flow from operating activities:					
Depreciation	427,650	243,660	23,175	-	694,485
Bad debt expense	-	391,940	-	(34,040)	357,900
(Increase) decrease in assets:					
Accounts receivable	236,334	(116,486)	6,893	37,423	164,164
Inventory	-	28,005	-	-	28,005
Prepaid expenses	(618)	956	-	-	338
Deposits	-	-	-	-	-
Increase (decrease) in liabilities:					
Accounts payable	189,593	8,189	1,631	-	199,413
Accrued interest	(1,111)	47,568	-	-	46,457
Accrued liabilities	-	(3,323)	-	-	(3,323)
Net cash provided (used) by operating activities	<u>\$ (114,092)</u>	<u>176,325</u>	<u>113,574</u>	<u>6,125</u>	<u>181,932</u>

See accompanying notes to financial statements.

**METLAKATLA INDIAN COMMUNITY**

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

September 30, 2014

	<u>Agency Fund</u>
Assets - cash and cash equivalents	\$ <u>5,137</u>
Liabilities - dividends held in trust for minor members	\$ <u>5,137</u>

See accompanying notes to financial statements.

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# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements

September 30, 2014

### I. Summary of Significant Accounting Policies

#### (a) *General*

Metlakatla Indian Community (Community) is an American Indian Tribe located on the Annette Island Reserve. The Community was organized in 1944 under provisions of Section 16 of the Federal Indian Reorganization Act. The Annette Islands Reserve Council (Council) governs all activities of the tribe by the authority of the Community Constitution and Bylaws. The Community is not subject to federal or state income tax.

The accounting policies of the Community conform to U.S. generally accepted accounting principles as defined by the Governmental Accounting Standards Board. The following is a summary of the more significant policies.

#### (b) *Reporting Entity*

As required by U.S. generally accepted accounting principles, these financial statements present the Community and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

#### **Blended Component Units**

Annette Island Packing Company (AIPC) – AIPC is an enterprise of the Community. AIPC's operating revenues and expenses generally result from providing goods and services related to seafood processing, storage, and retail operations plant. Management of AIPC is under the direction of a general manager who is responsible to AIPC's board of directors. The AIPC board of directors consists of the Community's Council and Finance Committee. AIPC is reported as an enterprise fund as of its December 31, 2013 year end, the latest information available.

Metlakatla Power and Light (MPL) – MPL is an enterprise of the Community. MPL generates and provides electricity to the various users located on the Annette Islands Reserve. Management of MPL is under the direction of a general manager who is responsible to MPL's board of directors. Under the MPL bylaws, the MPL board's authority to enter into contracts is limited. Contracts not authorized under the bylaws are presented to the Community's Council for approval. The accounting records of MPL conform to the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as modified for Electric Borrowers of the Rural Utilities Service (RUS). MPL is presented as of its December 31, 2013 year end, the latest information available.

# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements, Continued

### Discretely Presented Component Unit

Metlakatla Housing Authority (MHA) – is a non-profit corporation (and governmental entity) formed by operation of law (Tribal Ordinance) by the Metlakatla Indian Community to engage in or assist in the development and operation of rental and leased housing and serve as the agency providing homeownership opportunities for eligible families. The Community's Council appoints the MHA board of commissioners. MHA is presented as of its March 31, 2014 year end.

### Component Unit Financial Statements

Complete financial statements of the individual component units can be obtained directly from their respective administrative offices:

Metlakatla Power and Light  
P.O. Box 359  
Metlakatla, Alaska 99926

Metlakatla Housing Authority  
P.O. Box 59  
Metlakatla, Alaska 99926

Annette Island Packing Company  
P.O. Box 10  
Metlakatla, Alaska 99926

### (c) *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

(d) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fees and permits are recognized as revenues in the year for which they are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Compacts of Self-Governance with the Indian Health Service and the Bureau of Indian Affairs are considered voluntary non-exchange transactions and revenues are reported when eligibility requirements are met and resources are available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for grant revenues which are recognized when the related expenditure is incurred irrespective of when the cash is received. Revenues not collected within 60 days of year end are recorded as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Federal government and the State of Alaska cost reimbursable grants are recorded to the extent of allowable expenditures when incurred. Compacting Agreements are recognized in the year received.

Amounts earned on investment of available cash balances and the rental of building facilities and revenue from services or fees are recorded in the period to which they relate, including accrual at year end of the balance due and unrealized gains and losses on investments held at year end.

Amounts received pursuant to asset sale contracts are recorded on the accrual basis.

Other local revenues are recorded on a basis consistent with their nature in relation to measurement and availability standards.

The Community reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

The *Bureau of Indian Affairs (BIA) Compact FY14 Special Revenue Fund* accounts for the annual funding agreement received from the U.S. Department of the Interior, Bureau of Indian Affairs, for tribal governance of the Annette Island Reserve for the specified year allocation.

The *Indian Health Services (IHS) Compact FY14 Special Revenue Fund* accounts for the funding agreement received annually from the U.S. Department of Health and Human Services, Indian Health Service, to operate the health facilities and to provide health care to residents of the Annette Island Service Unit.

The government reports the following major proprietary funds:

The *Annette Island Packing Company Fund* accounts for the activities of the Community's fish processing facility. Annette Island Packing Company is a blended component unit that purchases raw fish product and packages them for resale.

The *Metlakatla Power and Light Fund* accounts for the activity of generating and providing electricity to the various residential, commercial and industrial users located on Annette Island Reserve.

The *Hatchery Harvest Fund* accounts for the activity of catching and selling hatchery fish to Annette Island Packing Company.

The *Boat Loans Fund* accounts for boat loans made to Community members in the past. No new loans are being made by the Community.

Additionally, the government reports the following fiduciary fund:

The *Agency Fund* accounts for dividends held by the Community on behalf of tribal members until they reach the age of majority.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

(e) ***Assets, Liabilities, and Fund Equity/Net Position***

**Cash and Investments**

For purposes of the statement of cash flows, the Community considers all short-term investments with original maturities of three months or less to be cash equivalents.

Investments for the Community are reported at fair value, as determined by quoted market prices. Interest income on central treasury investments is recorded in the General Fund.

**Receivables and Payables / Advances**

Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business type activities are reported in the government wide financial statements as "internal balances."

All trade receivables in proprietary funds are net of an allowance for uncollectibles. The allowance for uncollectibles is an estimate of the amount uncollectible based on past experience.

The Annette Island Packing Company (AIPC) and the Boat Loans Enterprise Fund grant credit and make advances to boat operators who fish for AIPC. These boat operators reside primarily in the Community.

MPL estimates collectability of accounts receivable at the end of each fiscal year based on percentages of balances over 90 days old. The percentages vary depending on the type of customers, i.e., commercial or individual, that owes the Utility.

**Inventories and Prepaid Items / Expenses**

Inventories of fuel are generally stated at lower of cost or market with cost being determined on the first-in, first-out basis based on the consumption method. Expendable operating supplies are accounted for using the purchases method. There are no significant amounts of such inventories at year end. Inventory of fuel, materials, and supplies for Metlakatla Power and Light is recorded at the lower of weighted average cost or market based on the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the fund financial statements. Prepaid items and expenses are based on the consumption method.

# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements, Continued

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer system, roads, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Community as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

The U.S. Department of Interior, Bureau of Indian Affairs, owns and provides for annual maintenance of the roads and sidewalks infrastructure system. The U.S. Department of Health and Human Services, Indian Health Service, owns and provides for annual maintenance of the Annette Island Service Unit clinic. These capital assets are not recorded in the Community's financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year.

Additions and replacements of electric plant in service are recorded at original cost of contracted services, direct labor, materials and indirect overhead charges. The average unit cost of property units replaced or retired plus removal cost less salvage is charged to accumulated provision for depreciation. Generally, no gain or loss on sale or retirement is recognized for property other than integrated operating units.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	30 years
Equipment	5 years
Vehicles	7 years
Infrastructure	20-75 years
Production plant	30-50 years
Distribution plant	10-40 years
General plant	5-35 years

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

#### Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

#### Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid accumulated vacation and sick leave balances. The liability has been calculated using the vesting method in which leave amounts both currently payable and amounts for employees expected to be eligible to receive such payments in the future are included.

#### Customer Deposits

Customer deposits are the amounts certain customers are required to receive utility service.

#### Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest on long-term obligations is recorded as an expenditure when due.

#### Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the Community's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements, Continued

### Fund Balance

In the Fund Financial Statements, fund balance includes five classifications as follows:

**Nonspendable Fund Balance** – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid expenses, supplies, long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

**Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

**Committed Fund Balance** – amounts that can be used only for the specific purposes determined by a formal action of the Council. Commitments may be changed or lifted by the Council taking the same formal action that imposed the constraint originally.

**Assigned Fund Balance** – amounts intended to be used by Metlakatla Indian Community for specific purposes: intent can be expressed by the Council or by the Mayor or designee. Such constraint is binding unless modified or eliminated by the Council or Mayor or designee. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

**Unassigned Fund Balance** – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the General Fund. If another governmental fund, other than the General Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Compliance with the provisions of the Fund Balance Classification Policy are reviewed as part of the annual budget adoption process. The Mayor reports to the Council as close to the end of the year as possible the anticipated year-end fund balance or deficit. The Council takes appropriate action to commit or assign, or otherwise allocate prior year fund balances as a part of the budget planning process.

Metlakatla Indian Community's Special Revenue Funds are used to account for programs with which funds are restricted or committed.

# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements, Continued

### **Administrative Cost Allocation**

The Community allocates administrative costs benefiting all programs to those programs and funds using an indirect cost rate approved by their Federal cognizant agency. These administrative costs are included in the statement of activities and the statement of revenues, expenditures and changes in fund balances as expenses/expenditures of the benefiting function.

### **Operating and Nonoperating Revenue and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Annette Island Packing Company, Metlakatla Power and Light and Hatchery Harvest Proprietary Funds are charges to customers for services. The principal operating revenues of the Boat Loans Fund are interest on loans. Operating expenses for proprietary funds include costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Use of Estimates**

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results may differ from the estimates.

## **II. Stewardship, Compliance, and Accountability**

### **(a) Budgetary Information**

The Community did not adopt a budget for the General Fund for the year ended September 30, 2014. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Special Revenue Funds. All annual appropriations lapse at fiscal year-end. Enterprise funds are financed through user charges related to providing goods and services to the general public and have annually adopted operating budgets and project length capital budgets.

The appropriated budget is prepared by fund and function. Budgetary control is exercised at the function level.

### **(b) Deficit Fund Equity**

The IHS Clinic Construction Special Revenue Fund had a deficit of \$1,794 at September 30, 2014. This deficit is expected to be covered by future operations from revenue generated by local programs and by initiating various cost cuts.

# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements, Continued

### III. Detailed Notes on all Funds

#### (1) Cash and Investments

The Community has combined a portion of cash and investments into a central treasury. All maturities are less than one year. At September 30, 2014, investments of the primary government were composed of the following:

	<u>Fair Value</u>
Mutual funds	\$ <u>552,044</u>

In addition to the investments listed above, the Community also had cash equivalents of \$4,661,939. As of December 31, 2013, Metlakatla Power and Light had a cash overdraft of \$16,410.

#### (a) Policy

The Community has approved an investment policy for advance funding from grantors under which the Community may invest only in and through:

1. United States banks, credit unions, and brokers.
2. Investments fully collateralized if amount is more than insurance provided.
3. Institutions with third-party security agreements for collateral on file with the Community.

The Community has not adopted an investment policy for non-grant funding.

All of the Community's cash and investments at September 30, 2014 are either held by or purchased through United States banks, credit unions, or brokers.

#### (b) Credit Risk

The Community does not have a formal investment policy that restricts investments based on credit risk. The Community's investments in money market funds and mutual funds are not rated for credit quality.

#### (c) Concentration of Credit Risk

The Community places no limit on the amount in which it may invest in any one issuer. At September 30, 2014, the Community had 100 percent of its investments in mutual funds.

#### (d) Custodial Credit Risk - Deposits

The Community maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the Balance Sheet and Statements of Net Position as "cash and cash equivalents" or amounts "due to/from other funds."

The Community's bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000. U.S. Treasury obligations collateralize the remaining bank balance, which is held by Bank of New York in a Tri-party collateral agreement with Wells Fargo, the pledging financial institution's agent, in the Community's name.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

**(e) Custodial Credit Risk - Investments**

For an investment, this is a risk that, in the event of the failure of the counterparty, the Community will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Community manages its custodial credit risk in investments by requiring collateralization agreements. The Community had no debt securities exposed to custodial credit risk at September 30, 2014.

**(f) Interest Rate Risk**

The Community's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Certificates of deposit renew at current market rates every 90 days.

**(2) Receivables**

Receivables of the primary government for the year ended September 30, 2014 were as follows:

	Governmental Funds			Annette Island Packing Company Enterprise Fund
	General Fund	Other Governmental Funds	Total Governmental Funds	
Receivables:				
Customers and others	\$ 4,827,460	477,445	5,304,905	91,164
Grants	-	1,226,085	1,226,085	-
Gross receivables	4,827,460	1,703,530	6,530,990	91,164
Less: allowance for uncollectibles	(729,434)	-	(729,434)	-
Net total receivables	\$ 4,098,026	1,703,530	5,801,556	91,164

	Enterprise Funds			Total Enterprise Funds	Total Governmental Funds	Total Primary Government
	Metlakatla Power and Light	Hatchery Harvest	Boat Loans			
Receivables:						
Customers and others	\$ 1,689,170	106,365	-	1,886,699	5,304,905	7,191,604
Loans	-	-	278,179	278,179	-	278,179
Grants	-	-	-	-	1,226,085	1,226,085
Gross receivables	1,689,170	106,365	278,179	2,164,878	6,530,990	8,695,868
Less: allowance for uncollectibles	(1,227,858)	-	(200,000)	(1,427,858)	(729,434)	(2,157,292)
Net total receivables	\$ 461,312	106,365	78,179	737,020	5,801,556	6,538,576

**METLAKATLA INDIAN COMMUNITY**

Notes to Basic Financial Statements, Continued

**(3) Deferred Inflows and Unearned Revenues**

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report *unearned revenues* in connection with resources that have been received, but not yet earned. At September 30, 2014, the various components of *deferred inflows* and *unearned revenues* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Unavailable accounts receivable	\$ 394,373	-	394,373
Grant advances prior to expending all proceeds	-	980,025	980,025
Total unavailable/unearned revenue for governmental funds	<u>\$ 394,373</u>	<u>980,025</u>	<u>1,374,398</u>

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**METLAKATLA INDIAN COMMUNITY**

Notes to Basic Financial Statements, Continued

**(4) Capital Assets**

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Construction in progress	\$ 5,238,314	66,863	(1,076,699)	4,228,478
Capital assets being depreciated:				
Water and sewer network	4,286,000	590,837	-	4,876,837
Walden Point road	3,480,395	46,582	-	3,526,977
Cable network	1,023,000	-	-	1,023,000
Moorage and dockage	7,428,900	618,514	-	8,047,414
Erosion control	484,431	-	-	484,431
Buildings	7,789,132	396,627	-	8,185,759
Artwork	230,400	-	-	230,400
Equipment	5,059,787	163,477	-	5,223,264
Vehicles	2,310,016	-	-	2,310,016
Total capital assets being depreciated	<u>32,092,061</u>	<u>1,816,037</u>	<u>-</u>	<u>33,908,098</u>
Less accumulated depreciation for:				
Water and sewer network	3,153,957	134,028	-	3,287,985
Walden Point road	228,455	120,597	-	349,052
Cable network	940,320	25,575	-	965,895
Moorage and dockage	3,657,910	171,584	-	3,829,494
Erosion control	129,184	16,148	-	145,332
Buildings	4,477,763	182,500	-	4,660,263
Artwork	43,899	3,291	-	47,190
Equipment	4,427,253	201,709	-	4,628,962
Vehicles	2,083,521	82,917	-	2,166,438
Total accumulated depreciation	<u>19,142,262</u>	<u>938,349</u>	<u>-</u>	<u>20,080,611</u>
Total capital assets being depreciated, net	<u>12,949,799</u>	<u>877,688</u>	<u>-</u>	<u>13,827,487</u>
Total governmental activities - capital assets, net	<u>\$ 18,188,113</u>	<u>944,551</u>	<u>(1,076,699)</u>	<u>18,055,965</u>

# METLAKATLA INDIAN COMMUNITY

## Notes to Basic Financial Statements, Continued

	Beginning Balances	Additions	Deletions	Ending Balances
<b>Annette Island Packing Company:</b>				
Capital assets being depreciated:				
Buildings and improvements	\$ 3,414,163	-	-	3,414,163
Machinery and equipment	4,023,198	-	-	4,023,198
Furniture and fixtures	129,884	-	-	129,884
Vessels and vehicles	31,195	-	-	31,195
Total capital assets being depreciated	7,598,440	-	-	7,598,440
Less accumulated depreciation for:				
Buildings and improvements	1,398,947	194,138	-	1,593,085
Machinery and equipment	2,688,961	229,504	-	2,918,465
Furniture and fixtures	118,359	1,269	-	119,628
Vessels and vehicles	27,356	2,739	-	30,095
Total accumulated depreciation	4,233,623	427,650	-	4,661,273
Total Annette Island Packing Company	\$ 3,364,817	(427,650)	-	2,937,167
 <b>Metlakatla Power and Light:</b>				
Capital assets not being depreciated:				
Plant held for future use	\$ 163,064	-	-	163,064
Construction in progress	849,882	260,581	-	1,110,463
Total capital assets not being depreciated	1,012,946	260,581	-	1,273,527
Capital assets being depreciated:				
Production plant	5,568,245	-	-	5,568,245
Distribution plant	3,280,249	-	-	3,280,249
General plant	1,232,394	17,808	-	1,250,202
Total capital assets being depreciated	10,080,888	17,808	-	10,098,696
Less accumulated depreciation for:				
Production plant	5,519,294	48,951	-	5,568,245
Distribution plant	3,003,092	171,765	-	3,174,857
General plant	1,215,696	22,944	-	1,238,640
Total accumulated depreciation	9,738,082	243,660	-	9,981,742
Total capital assets being depreciated, net	342,806	(225,852)	-	116,954
Total Metlakatla Power and Light	\$ 1,355,752	34,729	-	1,390,481

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

	Beginning Balances	Additions	Deletions	Ending Balances
Hatchery Harvest:				
Capital assets being depreciated:				
Buildings and improvements	\$ 643,383	-	-	643,383
Machinery and equipment	476,092	-	26,770	449,322
Total capital assets				
being depreciated	1,119,475	-	26,770	1,092,705
Less accumulated depreciation for:				
Buildings and improvements	345,770	10,220	-	355,990
Machinery and equipment	455,591	12,955	26,770	441,776
Total accumulated				
depreciation	801,361	23,175	26,770	797,766
Total capital assets				
being depreciated, net	318,114	(23,175)	-	294,939
Total business-type activities-				
capital assets, net	\$ 5,038,683	(416,096)	-	4,622,587

Depreciation expense was charged to the departments and functions of the primary government as follows:

Governmental activities:	
General government	\$ 87,377
Public safety	43,996
Public works	318,278
Environmental services	30,254
Economic development	115,817
Community services	331,511
Health and social services	11,116
Total governmental activities	938,349
Business-type activities:	
Annette Island Packing Company	427,650
Metlakatla Power and Light	243,660
Hatchery Harvest	23,175
Total business-type activities	694,485
Total	\$ 1,632,834

**METLAKATLA INDIAN COMMUNITY**

Notes to Basic Financial Statements, Continued

**(5) Interfund Receivables, Payables and Transfers**

**(a) Interfund Receivables and Payables**

A summary of interfund balances for the year ended September 30, 2014 follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental	\$ 1,999,182
BIA Compact FY14	General Fund	1,517,858
IHS Compact FY14	General Fund	1,382,692
Other Governmental Funds	General Fund	4,880,076
Hatchery Harvest Enterprise Fund	General Fund	366,039
		<u>\$ 10,145,847</u>

The outstanding balances between funds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**(b) Transfers**

The following fund transfers occurred for the year ended September 30, 2014:

	<u>Transfers In:</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Annette Island Packing Company Enterprise Fund</u>	
Transfers out:			
General Fund	\$ -	517,246	517,246
Annette Island Packing Company Enterprise Fund	217,548	-	217,548
Boat Loans Enterprise Fund	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Transfers	\$ <u>218,548</u>	<u>517,246</u>	<u>735,794</u>

Transfers for the year do not equal each other due to Annette Island Packing Company (AIPC) being presented as of December 31, 2013. Transfers to AIPC made after December 31, 2013, but prior to September 30, 2014 from the Community are recorded as transfer out in the General Fund but do not show as transfers in by AIPC. Activity occurring after AIPC's fiscal year end is not accounted for in the financial statements.

**(6) Long-Term Debt**

**(a) Notes Payable – Governmental activities**

In January, 2008, the Community took out a \$950,000 note payable that was backed by the Bureau of Indian Affairs (BIA) loan guaranty program and is recorded in Governmental Activities. The BIA provides a 90% guaranty not to exceed \$950,000. The interest rate is Wall Street Journal Prime plus 1%. The terms of the loan require monthly payments of \$7,917 plus accrued interest. The Community has offered capital assets as collateral on the loan.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

Debt service payments on the note are made by the General Fund.

During the year ended September 30, 2014, the Community paid off the \$193,333 remaining balance.

**(b) Notes Payable – Business-type activities**

Notes were issued periodically from the Rural Utility Service (RUS) from inception of the construction of the utility plant in 1952 and are recorded in Metlakatla Power and Light Enterprise Fund and the Business-type activities. All assets of the Utility are pledged as security for these notes. The notes are for 35 year periods, bear interest at rates of 2% and 5% and are scheduled to be paid in full at various times from 2013 to 2016.

The loan agreement with the RUS, as periodically amended, does not permit the distribution of equity and margins and provides that the notes be collateralized by a pledge of the revenue of the Utility and that advance payments of at least \$100,000 be maintained. The RUS may utilize such advance payments to satisfy quarterly installments of principal and interest in the event the Utility is unable to meet them; RUS took those funds in May, 2001. The Utility must replenish the advance payment fund to the \$100,000 balance; however, these funds have not been replenished. These funds, if replenished, are the property of the Community.

As a further condition of the loan, if the advance payment fund falls below \$100,000 the Community has agreed to pay into the fund an amount not to exceed \$50,000 per annum of the distributable net income in excess of \$75,000 of Annette Island Packing Company (AIPC), a seafood processing enterprise owned by the Community, until the fund is restored to \$100,000.

Additionally, the Community agreed to make annual non-refundable contributions to the Utility of \$22,000 of AIPC's profits in excess of \$75,000 not otherwise required to meet any payments under the \$100,000 requirement noted above. In the event the AIPC's net profits are insufficient to meet the \$22,000 payments, or any portion thereof, the deficiency is required to be paid from the excess of income over expenses of the Community's other industrial activities. The RUS has waived the payment requirement for an indefinite period; however, such requirement may be reinstated by the RUS if it is necessary for additional collateral for the loans made.

The Utility is required to maintain a general rate structure sufficient to meet all operating, maintenance and administrative expenses as well as debt service on the notes payable to the RUS. It must also maintain a "times interest earning ratio" of at least 1.5 (calculated by dividing the sum of the annual net profit plus interest on the RUS debt and divided by the interest on RUS debt), and "debt service coverage" of at least 1.25. Those requirements were not met in 2013 and 2012.

A renewal and replacement fund may be required under the terms of the loan agreement with RUS in the event that maintenance, renewal, and replacement requirements, as established by RUS, are not met by the Utility. This RUS requirement is not mandatory and the Utility has not established such a fund.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

The following schedule summarizes the long-term loans payable for Metlakatla Power and Light Enterprise Fund as of December 31:

	<u>2013</u>	<u>2012</u>
Balance at January 1,	\$ 1,426,252	1,469,618
Reductions	<u>(46,062)</u>	<u>(43,366)</u>
Balance at December 31,	<u>1,380,190</u>	<u>1,426,252</u>
 Less current portion	 <u>(1,078,396)</u>	 <u>(971,457)</u>
 Long term loans payable	 \$ <u>301,794</u>	 <u>454,795</u>

Maturities of the long-term loans payable over the remaining years ended December 31, 2013 are as follows:

2014	\$ 50,000
2015	50,000
2016	50,000
2017	50,000
2018	50,000
2019-2023	250,000
2024-2028	250,000
2029-2033	250,000
2034-2038	250,000
2039-2040	<u>130,190</u>
	\$ <u>1,380,190</u>

The long-term loans payable carry a variable interest rate determined annually by RUS. Loan payments required per the original agreements have not been made by the Utility; however RUS and the Utility have reached an agreement whereby quarterly debt service payments of \$12,500 are to be made. RUS makes the determination of how principal and interest is allocated to the outstanding loan balance subsequent to receipt of the payments. The Utility is unable to determine the portion of future yearly payments allocated to principal and interest. The amount of the loans reported as current is determined by RUS and is subject to change. All amounts reported as current are callable and have been classified as current by RUS.

**METLAKATLA INDIAN COMMUNITY**

Notes to Basic Financial Statements, Continued

**(c) Changes in Long-Term Liabilities**

Long-term liability activity is summarized as follows for the year ended September 30, 2014:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of year</u>	<u>Due within one year</u>
Governmental activities:					
Notes payable	\$ 193,933	-	(193,933)	-	-
Compensated absences	328,336	246,011	(233,500)	340,847	233,500
Total Governmental activities	<u>522,269</u>	<u>246,011</u>	<u>(427,433)</u>	<u>340,847</u>	<u>233,500</u>
Business-type activities -					
Notes payable	\$ 1,426,252	-	(46,062)	1,380,190	1,078,396

**(7) Fund Balances**

Detailed information related to amounts classified as nonspendable and committed fund balances at September 30, 2014 are as follows:

	General <u>Fund</u>	Special Revenue Funds		Other Governmental <u>Funds</u>	<u>Total</u>
		BIA Compact <u>FY14</u>	IHS Compact <u>FY14</u>		
Nonspendable:					
Inventory	\$ 33,922	-	-	13,288	47,210
Restricted:					
BIA Compact	-	1,458,404	-	1,727,277	3,185,681
IHS Compact	-	-	1,017,060	66,720	1,083,780
Older Americans	-	-	-	2,655	2,655
Title III	-	-	-	3,979	3,979
Harbor Renovation	-	-	-	123,251	123,251
Total Restricted	\$ -	<u>1,458,404</u>	<u>1,017,060</u>	<u>1,923,882</u>	<u>4,399,346</u>
Assigned:					
Medicare Medicaid	-	-	-	365,611	365,611
Children's Mental Health	-	-	-	1,668,080	1,668,080
Total assigned	\$ -	-	-	<u>2,033,691</u>	<u>2,033,691</u>

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

#### **(8) Related Party Transactions**

The Community is charged utility rates by MPL in the same manner as other MPL customers. Payments totaled \$440,216 for the year ended September 30, 2014. At December 31, 2013, MPL had accounts receivable of \$1,016,626 from the Community and AIPC.

The Community sells fish recorded in the Hatchery Harvest Enterprise Fund to AIPC. Fish sales to AIPC for the year ended September 30, 2014, were \$207,741. At September 30, 2014, the amount owed by AIPC to the Hatchery Harvest Enterprise Fund was \$106,365. In May 2014 AIPC ceased operations. MIC subsequently signed an operating agreement with Silver Bay Seafoods (SBS). Under the operating agreement, SBS agreed to take over management of the packing plant. MIC and SBS agreed to split the net profits 50-50. AIPC made a debt payment of \$125,479 to the Community for the year ended September 30, 2014. Subsequent to AIPC ceasing operations, the Community paid expenses on-behalf of the packing company of \$517,246.

Council members have outstanding accounts receivable in a variety of Community funds. All transactions occurred during the normal course of business.

#### **(9) IHS Settlement**

During 2014, Metlakatla Indian Community entered into an agreement with the Indian Health Service on-behalf of the U.S. Department of Health and Human Services whereby the Community received a lump sum payment to settle claims that had been filed by the Community for alleged underpayments of contract support costs required under the Indian Self Determination and Education Assistance Act for the fiscal years 1997 through 2013. The final settlement payment amount received, including interest, under Contract Disputes Act and net of contingent attorney's fees was \$3,500,679.

#### **(10) Contingent Liabilities**

Under the terms of state and federal grants, periodic audits may be performed by funding agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could require reimbursements to the grantor agencies.

In the normal course of their activities, the Community is involved in various claims and pending litigation. Management believes the outcome of these matters will not have a material adverse effect on the operations or financial condition of the Community. Accordingly, no provision for losses has been recorded.

MPL is party to various claims, legal actions, and complaints, for and against its interests, arising in the ordinary course of business. These various actions are covered by insurance, or in the opinion of management, the ultimate disposition of the matters will not have a material adverse effect on the operations or financial condition of MPL.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

MPL has suffered recurring losses from operations. As discussed in Note III, 6 (b), MPL has been unable to meet its quarterly debt payments beginning with the payment due March 2001. MPL has been involved in ongoing negotiations with RUS to either reduce the debt or obtain some relief from debt payments as scheduled. Negotiations regarding the remaining debt continue but there can be no assurance that MPL will be successful in accomplishing its objectives. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. MPL's collectability of receivables due from AIPC is uncertain at year end. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Because AIPC is an enterprise of the Community, the Community is ultimately liable for any amounts owed by this entity. AIPC is dependent upon the availability of credit for purposes of financing receivables, inventory, and ongoing operations and has historically received advances from the Community to meet these financing needs. Occasionally, AIPC receives advances from customers prior to sale of product.

#### **(11) Landfill Closure and Post-closure Liability and Other Environmental Remediation**

Federal laws and regulations require the Community to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, generally accepted accounting principles require that the Community report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. An environmental assessment of risk and compliance was performed in 1994 by an independent consultant who recommended that the landfill be closed. The Community has estimated the ultimate cost of closure and post-closure monitoring to be between \$4,000,000 and \$5,000,000. The Community has studied the historical use of the landfill site and expects the majority of the costs to be paid by various federal agencies which have used the landfill since it opened. As a result, there is no accrual to provide for these costs in the financial statements.

The Community is aware of environmental contamination on its land near the airport. The airport was built by the U.S. Government and has been used primarily by federal agencies. The Community is unable to estimate at this time the ultimate cost of environmental cleanup and monitoring. The Community expects the majority of the costs to be paid by various federal agencies which have used the airport since it opened. As a result, there is no accrual to provide for these costs in the financial statements.

#### **IV. Other Information**

##### **(a) Risk Management**

The Community is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and illness of and injuries to employees for which the Community carries commercial insurance. Claims on insurance have not exceeded coverage in any of the last five years and there has been no significant reduction in insurance coverage from 2013. The Community does not carry commercial insurance on the facilities used by AIPC.

## METLAKATLA INDIAN COMMUNITY

### Notes to Basic Financial Statements, Continued

#### **(b) Employee Benefit Plans**

The Community offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Community has determined that a fiduciary relationship does not exist between it and the Plan. The Plan is not reported in the Community's financial statements in accordance with U.S. generally accepted accounting principles.

#### **(c) Federal Agency Costs and Reimbursements**

Certain salary and employee benefit costs of the Annette Island Service Unit (Service Unit) employees are paid directly by the Federal Government through an Intergovernmental Personnel Agreement (IPA). Also, the Service Unit orders and receives supplies for the General Services Administration (GSA) as a federal contractor. These IPA and GSA costs are included as program expenditures.

#### **(d) Subsequent Events**

Management has evaluated subsequent events through June 30, 2015, the date which the financial statements were available for issue. No items were deemed necessary for disclosure.

#### **(e) Subsequent Accounting Pronouncements**

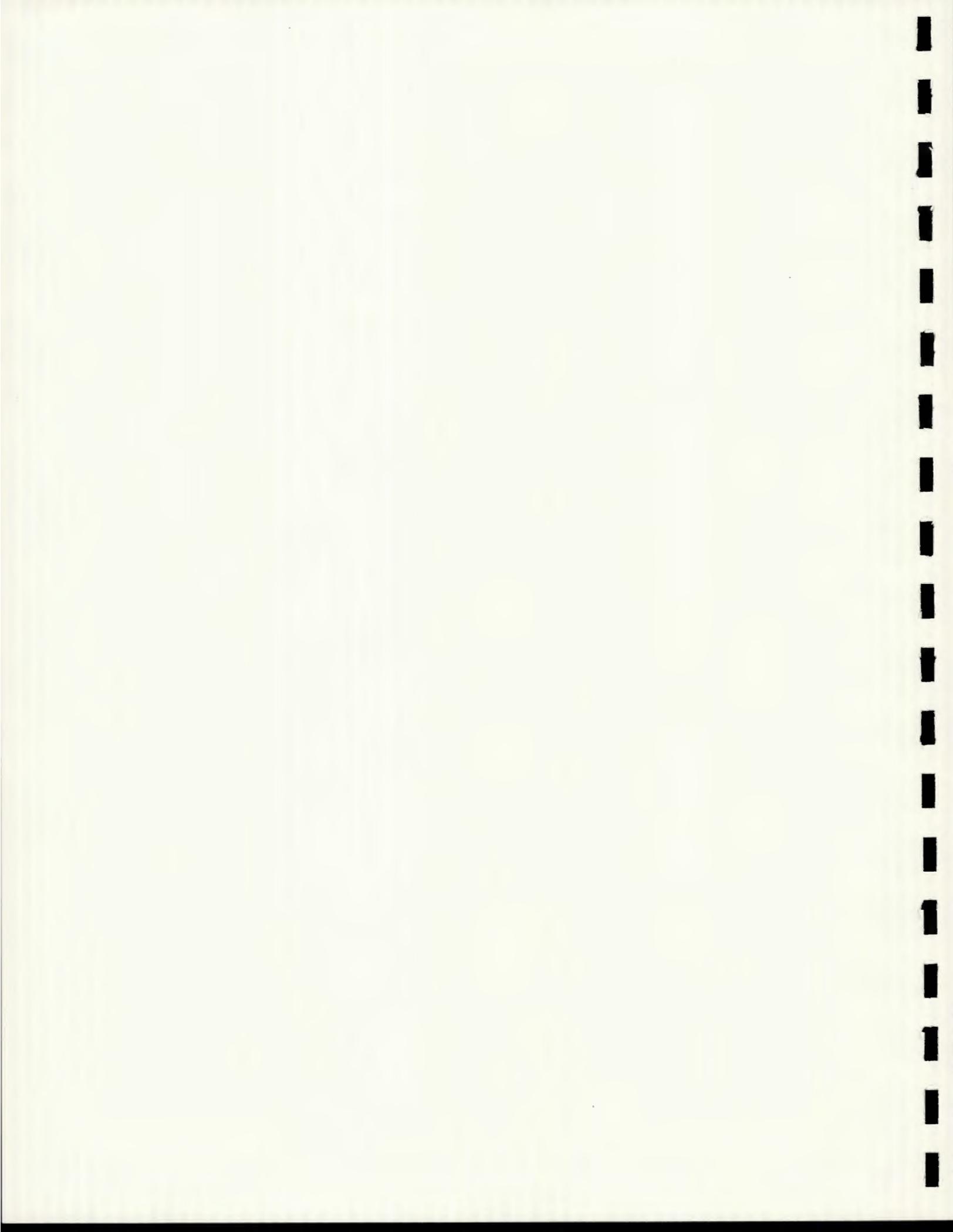
The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 68 – *Accounting and Reporting for Pensions – an Amendment of GASB Statement No. 27. Effective for fiscal years beginning after June 15, 2014.*
- GASB 69 – *Government Combinations and Disposals of Government Operations. Effective for fiscal years beginning after December 15, 2013.*
- GASB 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – Amends GASB 68. Effective for fiscal years beginning after June 15, 2014.*
- GASB 72 – *Fair Value Measurement and Application. Effective for periods beginning after June 15, 2015.*

Statements 68 – 71 are not expected to have any material impact on the financial statements of the Community.

GASB Statement No. 72, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements.

**ADDITIONAL SUPPLEMENTARY  
INFORMATION**



## METLAKATLA INDIAN COMMUNITY

## General Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance

Year Ended September 30, 2014

Revenues:	
Intergovernmental -	
Federal sources -	
IHS Settlement	\$ 3,500,679
Local sources:	
Charges for services:	
Leases and rentals	90,948
Permits and fees	72,772
User charges	373,224
Commercial fishing adventure	283,222
Investment earnings	95,879
Program income	804,572
Gaming	2,065,895
TERO fees	552,011
Other	131,451
Total revenues	<u>7,970,653</u>
Expenditures:	
General government:	
Indirect cost pool	3,678,541
Indirect cost recovery	(3,623,371)
Other administrative	803,682
Total general government	<u>858,852</u>
Public safety:	
Tribal courts	220
Law enforcement	355
Fire protection	6,260
Total public safety	<u>6,835</u>
Environmental services	<u>68,304</u>
Social services	<u>18,305</u>
Economic development	<u>1,206</u>
Tourism	<u>157,984</u>

(continued)

## METLAKATLA INDIAN COMMUNITY

## General Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance, Continued

Expenditures, continued:		
Community services:		
TERO	\$	32,339
Senior Center		88,221
HUD Senior Center		642
Gaming		2,027,422
Tobacco operations		478,713
Water, garbage, and sewer		288,741
Cable television		158,177
Ferry terminal		20,612
Port operations		50,461
Total community services		<u>3,145,328</u>
Debt service:		
Principal		193,933
Interest		1,807
Total debt service		<u>195,740</u>
Total expenditures		<u>4,452,554</u>
Excess of revenues over expenditures		<u>3,518,099</u>
Other financing sources (uses):		
Transfer in - Boat Loans Enterprise Fund		1,000
Transfer in - Annette Island Packing Company Enterprise Fund		217,548
Transfer out - Annette Island Packing Company Enterprise Fund		<u>(517,246)</u>
Net other financing sources (uses)		<u>(298,698)</u>
Net change in fund balance		3,219,401
Fund balance (deficit), beginning of year		<u>(1,549,976)</u>
Fund balance, end of the year	\$	<u><u>1,669,425</u></u>

METLAKATLA INDIAN COMMUNITY

General Fund

Detailed Functional Schedule of Expenditures

Year Ended September 30, 2014

Expenditures:	General Government		Public Safety			Environmental Services	Social Services
	Indirect Cost Pool	Other Administrative	Tribal Courts	Law Enforcement	Fire Protection		
Salaries and wages	\$ 1,493,492	145,750	-	-	-	-	2,250
Fringe benefits	470,000	36,886	-	-	-	-	226
Professional services	486,159	336,331	-	-	-	-	110
Supplies	356,355	12,151	-	-	5,360	44,543	110
Utilities	298,224	-	220	355	554	3,335	5,630
Insurance	239,593	-	-	-	-	-	206
Travel and training	74,886	47,846	-	-	-	-	-
Equipment	27,140	-	-	-	346	-	3,781
Repairs and maintenance	157,848	-	-	-	-	-	-
Dues and subscriptions	7,383	-	-	-	-	-	-
Freight and postage	30,600	-	-	-	-	-	-
Leases and rentals	6,901	-	-	-	-	-	102
Native art	-	2,650	-	-	-	-	6,000
Scholarships	-	18,335	-	-	-	-	-
Contributions	-	13,516	-	-	-	-	-
Other	-	190,217	-	-	-	-	-
Support services	29,960	-	-	-	-	-	-
Indirect costs (recovery)	(3,623,371)	-	-	-	-	-	-
Principal	-	-	-	-	-	20,426	-
Loan interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 55,170</b>	<b>803,682</b>	<b>220</b>	<b>355</b>	<b>6,260</b>	<b>68,304</b>	<b>18,305</b>

(continued)

METLAKATLA INDIAN COMMUNITY

General Fund

Detailed Functional Schedule of Expenditures, Continued

Expenditures:	Economic Development		Community Services				
	Fisheries Program	Tourism	TERO	Senior Center	HUD Senior Center	Gaming	Tobacco Operations
Salaries and wages	\$ -	74,813	16,887	40,865	-	542,503	36,811
Fringe benefits	-	12,048	1,674	6,040	-	68,794	4,353
Professional services	290	2,675	386	220	-	1,043,802	-
Supplies	916	6,035	3,247	5,987	211	86,112	364,599
Utilities	-	-	-	-	431	-	-
Insurance	-	-	5,927	34,894	-	-	10,509
Travel and training	-	4,906	-	215	-	14,411	-
Equipment	-	10,500	-	-	-	350	-
Repairs and maintenance	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	-
Freight and postage	-	-	-	-	-	-	-
Leases and rentals	-	-	-	-	-	-	-
Native art	-	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-	-
Contributions	-	26,400	-	-	-	3,650	-
Advertising	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Indirect costs (recovery)	-	20,607	4,218	-	-	267,800	62,441
Principal	-	-	-	-	-	-	-
Loan interest	-	-	-	-	-	-	-
Total expenditures	\$ <u>1,206</u>	<u>157,984</u>	<u>32,339</u>	<u>88,221</u>	<u>642</u>	<u>2,027,422</u>	<u>478,713</u>

(continued)

METLAKATLA INDIAN COMMUNITY

General Fund

Detailed Functional Schedule of Expenditures, Continued

	<u>Community Services</u>					<u>Total</u>
	<u>Water, Garbage, and Sewer</u>	<u>Cable Television</u>	<u>Ferry Terminal</u>	<u>Port Operations</u>	<u>Debt Service</u>	
Expenditures:						
Salaries and wages	\$ 173,929	59,151	17,121	-	-	2,603,572
Fringe benefits	28,655	16,215	2,682	-	-	647,573
Professional services	-	-	-	-	-	1,919,876
Supplies	130	-	50	-	-	845,887
Utilities	-	-	759	-	-	299,620
Insurance	48,179	-	-	-	-	339,102
Travel and training	186	-	-	-	-	146,577
Equipment	-	-	-	-	-	37,990
Repairs and maintenance	-	-	-	-	-	157,848
Dues and subscriptions	-	62,179	-	-	-	69,562
Freight and postage	-	-	-	-	-	30,702
Leases and rentals	-	-	-	-	-	12,901
Native art	-	-	-	-	-	2,650
Scholarships	-	-	-	-	-	18,335
Contributions	-	-	-	-	-	43,566
Other	-	-	-	50,461	-	240,678
Support services	-	-	-	-	-	29,960
Indirect costs (recovery)	37,662	20,632	-	-	-	(3,189,585)
Principal	-	-	-	-	193,933	193,933
Loan interest	-	-	-	-	1,807	1,807
Total expenditures	\$ <u>288,741</u>	<u>158,177</u>	<u>20,612</u>	<u>50,461</u>	<u>195,740</u>	<u>4,452,554</u>

## METLAKATLA INDIAN COMMUNITY

Bureau of Indian Affairs (BIA) Compact FY14 Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended September 30, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources	\$ 4,471,683	4,471,683	-
Expenditures:			
General government:			
Indirect costs	797,340	573,377	223,963
Public safety:			
Salaries and wages	763,657	763,657	-
Fringe benefits	217,395	217,395	-
Professional services	1,704	1,704	-
Supplies	20,939	20,939	-
Utilities	30,302	30,302	-
Travel and training	2,696	2,696	-
Support services	1,173	1,173	-
Repairs and maintenance	577	577	-
Leases and rentals	48,592	48,592	-
Freight and postage	6,553	6,553	-
Total public safety	1,093,588	1,093,588	-
Economic development:			
Salaries and wages	624,492	491,987	132,505
Fringe benefits	161,847	153,526	8,321
Professional services	472,617	48,124	424,493
Supplies	85,445	58,286	27,159
Utilities	53,891	53,879	12
Travel and training	6,673	5,173	1,500
Repairs and maintenance	13,283	10,232	3,051
Freight and postage	9,194	9,042	152
Leases and rentals	12,338	12,338	-
Advertising	90	-	90
Dues and subscriptions	442	442	-
Total economic development	1,440,312	843,029	597,283
Environmental services:			
Salaries and wages	34,300	-	34,300
Fringe benefits	4,000	-	4,000
Supplies	10,000	-	10,000
Utilities	2,000	-	2,000
Travel and training	5,000	-	5,000
Repairs and maintenance	700	-	700
Freight and postage	500	-	500
Total environmental services	56,500	-	56,500

(continued)

## METLAKATLA INDIAN COMMUNITY

Bureau of Indian Affairs (BIA) Compact FY14 Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, Continued

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures, continued:			
Community services:			
Salaries and wages	\$ 257,877	220,799	37,078
Fringe benefits	72,091	72,093	(2)
Supplies	1,063	1,063	-
Utilities	7,844	7,843	1
Professional services	5,217	5,877	(660)
Travel and training	1,134	27,296	(26,162)
Freight and postage	370	370	-
Support services	55	55	-
General assistance	73,448	61,978	11,470
Advertising	660	-	660
Total community services	<u>419,759</u>	<u>397,374</u>	<u>22,385</u>
Education:			
Salaries and wages	41,636	41,636	-
Fringe benefits	14,013	14,013	-
Utilities	2,086	2,086	-
Freight and postage	89	89	-
Educational grants	70,600	48,087	22,513
Total education	<u>128,424</u>	<u>105,911</u>	<u>22,513</u>
Public works -			
Professional services	431,434	-	431,434
Total expenditures	<u>4,367,357</u>	<u>3,013,279</u>	<u>1,354,078</u>
Excess of revenues over expenditures	\$ <u>104,326</u>	1,458,404	<u>1,354,078</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>1,458,404</u>	

## METLAKATLA INDIAN COMMUNITY

## Indian Health Services (IHS) Compact FY14 Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended September 30, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental - Federal sources	\$ 8,715,041	8,715,041	-
Expenditures:			
Health and social services:			
Salaries and wages	3,044,468	2,834,467	210,001
Fringe benefits	844,773	814,798	29,975
Professional services	1,064,604	689,589	375,015
Supplies	719,994	832,712	(112,718)
Utilities	760,651	418,733	341,918
Travel and training	641,963	641,713	250
Repairs and maintenance	34,063	33,862	201
Dues and subscriptions	16,880	16,880	-
Freight and postage	35,528	35,528	-
Leases and rentals	93,975	50,075	43,900
Advertising	9,550	-	9,550
Equipment	118,968	-	118,968
Indirect costs	1,329,624	1,329,624	-
Total expenditures	<u>8,715,041</u>	<u>7,697,981</u>	<u>1,017,060</u>
Excess of revenues over expenditures	\$ <u>-</u>	1,017,060	<u>1,017,060</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>1,017,060</u>	

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Balance Sheet

September 30, 2014

Special Revenue Funds

Assets	EZEC Funds	Vocational Rehab FY13-14	Child Welfare Service FY13	Promoting Safe and Stable Families FY13	Older American Title VI		Caregiver FY14-15	NALEMP		Survey and Inventory Brownsfield	
					FY10	FY11		FY14	FY13-15	FY11-15	FY14
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Accounts receivable:											
Granting agencies	-	5,502	1,997	135	-	-	9,410	1,062	180,013	68	82,839
Local sources	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	47,959	-	-	-	1,082	141	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 47,959</u>	<u>5,502</u>	<u>1,997</u>	<u>135</u>	<u>1,082</u>	<u>141</u>	<u>9,410</u>	<u>1,062</u>	<u>180,013</u>	<u>68</u>	<u>82,839</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>											
Liabilities:											
Accounts payable	-	813	-	-	-	-	-	-	-	-	-
Accrued payroll and payroll liabilities	-	2,142	-	-	-	-	3,714	21	18,958	-	-
Due to other funds	-	2,547	1,997	135	-	-	4,264	1,041	161,055	68	82,839
Unearned revenues	47,959	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>47,959</u>	<u>5,502</u>	<u>1,997</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>7,978</u>	<u>1,062</u>	<u>180,013</u>	<u>68</u>	<u>82,839</u>
Deferred inflows of resources:											
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>47,959</u>	<u>5,502</u>	<u>1,997</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>7,978</u>	<u>1,062</u>	<u>180,013</u>	<u>68</u>	<u>82,839</u>
Fund balances (deficits):											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	1,082	141	1,432	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,082</u>	<u>141</u>	<u>1,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 47,959</u>	<u>5,502</u>	<u>1,997</u>	<u>135</u>	<u>1,082</u>	<u>141</u>	<u>9,410</u>	<u>1,062</u>	<u>180,013</u>	<u>68</u>	<u>82,839</u>

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Balance Sheet, Continued

Assets	Special Revenue Funds										
	Integrated Solid Waste Management	Presbyterian Committee	Federal Headstart FY13-14	State Headstart		Childcare FY12	USDA Headstart	USDA High Tunnel	SOA Bring Kids Home FY15	Rasmuson Furnishings	Alaska Invasive Plant FY11
				FY14-15	FY13-14						
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Accounts receivable:											
Granting agencies	-	-	21,128	12,350	19,575	-	-	8,597	-	-	4,593
Local sources	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	15,722	9,500	-	-	-	664	19,626	-	100	19,880	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 15,722</u>	<u>9,500</u>	<u>21,128</u>	<u>12,350</u>	<u>19,575</u>	<u>664</u>	<u>19,626</u>	<u>8,597</u>	<u>100</u>	<u>19,880</u>	<u>4,593</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>											
Liabilities:											
Accounts payable	-	-	671	-	-	-	-	-	-	-	-
Accrued payroll and payroll liabilities	-	-	9,569	2,741	-	-	-	-	-	-	-
Due to other funds	-	-	10,888	9,609	19,575	-	-	8,597	-	-	4,593
Unearned revenues	15,722	9,500	-	-	-	664	19,626	-	100	19,880	-
Total liabilities	<u>15,722</u>	<u>9,500</u>	<u>21,128</u>	<u>12,350</u>	<u>19,575</u>	<u>664</u>	<u>19,626</u>	<u>8,597</u>	<u>100</u>	<u>19,880</u>	<u>4,593</u>
Deferred inflows of resources:											
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>15,722</u>	<u>9,500</u>	<u>21,128</u>	<u>12,350</u>	<u>19,575</u>	<u>664</u>	<u>19,626</u>	<u>8,597</u>	<u>100</u>	<u>19,880</u>	<u>4,593</u>
Fund balances (deficits):											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,722</u>	<u>9,500</u>	<u>21,128</u>	<u>12,350</u>	<u>19,575</u>	<u>664</u>	<u>19,626</u>	<u>8,597</u>	<u>100</u>	<u>19,880</u>	<u>4,593</u>

(continued)

METLAKATLA INDIAN COMMUNITY  
 Other Governmental Funds  
 Combining Balance Sheet, Continued

Assets	Special Revenue Funds									
	Rasmuson Longhouse Preservation	FY11	Community Revenue Sharing FY13	FY14	FY15	Comprehensive Case Management FY13	SOA Fish and Game	National Forest Receipts FY14	FY13	Native Seed Project
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-
Accounts receivable:										
Granting agencies	-	-	-	-	-	48,250	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-	-
Due from other funds	412	482	203,787	165,801	166,197	-	1,290	88,906	11,183	50,936
Inventory	-	-	-	-	-	-	-	-	-	-
	\$ 412	482	203,787	165,801	166,197	48,250	1,290	88,906	11,183	50,936
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>										
Liabilities:										
Accounts payable	412	-	2,751	-	-	-	-	-	-	-
Accrued payroll and payroll liabilities	-	-	133	-	-	-	-	-	2,125	-
Due to other funds	-	-	-	-	-	48,250	-	-	-	-
Unearned revenues	-	482	200,903	165,801	166,197	-	1,290	88,906	9,058	50,936
Total liabilities	412	482	203,787	165,801	166,197	48,250	1,290	88,906	11,183	50,936
Deferred inflows of resources:										
Unavailable revenues	-	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	412	482	203,787	165,801	166,197	48,250	1,290	88,906	11,183	50,936
Fund balances (deficits):										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	-	-	-	-	-	-	-	-	-	-
	\$ 412	482	203,787	165,801	166,197	48,250	1,290	88,906	11,183	50,936

(continued)

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Balance Sheet, Continued

Assets	Special Revenue Funds								
	Comprehensive Behavioral Health 10-11	Alaska Energy Triangle Lake Feasibility	Women 10-11	Infant Children 12-13	SEARHC WIC FY14-15	Title III NTSS 10-11	Title III NTSS 11-12	Title III NTSS 14-15	Children's Mental Health Third Party
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-
Accounts receivable:									
Granting agencies	-	438,921	-	2,520	1,685	-	-	6,926	-
Local sources	-	-	-	-	-	-	-	-	-
Due from other funds	3,028	-	41	-	-	565	366	-	1,674,090
Inventory	-	-	-	-	-	-	-	-	-
	<u>\$ 3,028</u>	<u>438,921</u>	<u>41</u>	<u>2,520</u>	<u>1,685</u>	<u>565</u>	<u>366</u>	<u>6,926</u>	<u>1,674,090</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>									
Liabilities:									
Accounts payable	-	51,313	-	-	-	-	-	-	3,221
Accrued payroll and payroll liabilities	-	-	-	-	456	-	-	-	2,789
Due to other funds	-	387,608	-	2,520	1,229	-	-	6,081	-
Unearned revenues	3,028	-	41	-	-	-	-	-	-
Total liabilities	<u>3,028</u>	<u>438,921</u>	<u>41</u>	<u>2,520</u>	<u>1,685</u>	<u>-</u>	<u>-</u>	<u>6,081</u>	<u>6,010</u>
Deferred inflows of resources:									
Unavailable revenues	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>3,028</u>	<u>438,921</u>	<u>41</u>	<u>2,520</u>	<u>1,685</u>	<u>-</u>	<u>-</u>	<u>6,081</u>	<u>6,010</u>
Fund balances (deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	565	366	845	-
Assigned	-	-	-	-	-	-	-	-	1,668,080
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565</u>	<u>366</u>	<u>845</u>	<u>1,668,080</u>
	<u>\$ 3,028</u>	<u>438,921</u>	<u>41</u>	<u>2,520</u>	<u>1,685</u>	<u>565</u>	<u>366</u>	<u>6,926</u>	<u>1,674,090</u>

(continued)

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Balance Sheet, Continued

Special Revenue Funds

Assets	Title III NSIP			BIA Compact					
	07-08	11-12	14-15	FY04	FY09	FY10	FY11	FY12	FY13
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-
Accounts receivable:									
Granting agencies	22,534	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-
Due from other funds	-	2,203	1,604	10,209	280,491	14,573	575,767	380,607	491,644
Inventory	-	-	-	-	-	-	-	-	-
	<u>\$ 22,534</u>	<u>2,203</u>	<u>1,604</u>	<u>10,209</u>	<u>280,491</u>	<u>14,573</u>	<u>575,767</u>	<u>380,607</u>	<u>491,644</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>									
Liabilities:									
Accounts payable	-	-	-	-	-	2,529	-	21,552	-
Accrued payroll and payroll liabilities	-	-	-	-	-	134	1,799	-	-
Due to other funds	22,534	-	-	-	-	-	-	-	-
Unearned revenues	-	-	1,604	-	-	-	-	-	-
Total liabilities	<u>22,534</u>	<u>-</u>	<u>1,604</u>	<u>-</u>	<u>-</u>	<u>2,663</u>	<u>1,799</u>	<u>21,552</u>	<u>-</u>
Deferred inflows of resources:									
Unavailable revenues	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>22,534</u>	<u>-</u>	<u>1,604</u>	<u>-</u>	<u>-</u>	<u>2,663</u>	<u>1,799</u>	<u>21,552</u>	<u>-</u>
Fund balances (deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	2,203	-	10,209	280,491	11,910	573,968	359,055	491,644
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>2,203</u>	<u>-</u>	<u>10,209</u>	<u>280,491</u>	<u>11,910</u>	<u>573,968</u>	<u>359,055</u>	<u>491,644</u>
	<u>\$ 22,534</u>	<u>2,203</u>	<u>1,604</u>	<u>10,209</u>	<u>280,491</u>	<u>14,573</u>	<u>575,767</u>	<u>380,607</u>	<u>491,644</u>

(continued)

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Balance Sheet, Continued

Assets	Special Revenue Funds										Total Special Revenue Funds	
	IHS Clinic Construction	IHS Third Party	ANTHC M&I	ANTHC Health Systems Support	ANTHC GPRA Project	AISU Cooling System	Biomed Support FY12	IHS Compact FY13	Medicare Medicaid FY14	Diabetes FY13		
Cash and cash equivalents	\$ -	764,440	-	-	-	-	-	-	-	-	-	764,440
Accounts receivable:												
Granting agencies	-	-	-	-	-	-	-	-	-	1,631	-	880,771
Local sources	-	193,811	-	-	-	-	-	-	283,634	-	-	477,445
Due from other funds	28,366	-	8,921	8,892	5,000	64	87,219	66,720	274,715	-	-	4,718,753
Inventory	-	96,218	-	-	-	-	-	-	-	-	-	96,218
	<u>\$ 28,366</u>	<u>1,054,469</u>	<u>8,921</u>	<u>8,892</u>	<u>5,000</u>	<u>64</u>	<u>87,219</u>	<u>66,720</u>	<u>558,349</u>	<u>1,631</u>	<u>-</u>	<u>6,937,627</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>												
Liabilities:												
Accounts payable	-	400	-	-	-	-	-	-	35	-	-	83,697
Accrued payroll and payroll liabilities	-	3,468	-	-	-	-	-	-	40,064	-	-	88,113
Due to other funds	-	965,255	-	-	-	-	-	-	-	1,631	-	1,753,351
Unearned revenues	30,160	-	8,921	8,892	5,000	64	87,219	-	-	-	-	941,953
Total liabilities	<u>30,160</u>	<u>969,123</u>	<u>8,921</u>	<u>8,892</u>	<u>5,000</u>	<u>64</u>	<u>87,219</u>	<u>-</u>	<u>40,099</u>	<u>1,631</u>	<u>-</u>	<u>2,867,114</u>
Deferred inflows of resources:												
Unavailable revenues	-	72,058	-	-	-	-	-	-	152,639	-	-	224,697
Total liabilities and deferred inflows of resources	<u>30,160</u>	<u>1,041,181</u>	<u>8,921</u>	<u>8,892</u>	<u>5,000</u>	<u>64</u>	<u>87,219</u>	<u>-</u>	<u>192,738</u>	<u>1,631</u>	<u>-</u>	<u>3,091,811</u>
Fund balances (deficits):												
Nonspendable	-	13,288	-	-	-	-	-	-	-	-	-	13,288
Restricted	-	-	-	-	-	-	-	66,720	-	-	-	1,800,631
Assigned	-	-	-	-	-	-	-	-	365,611	-	-	2,033,691
Unassigned	(1,794)	-	-	-	-	-	-	-	-	-	-	(1,794)
Total fund balances (deficits)	<u>(1,794)</u>	<u>13,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,720</u>	<u>365,611</u>	<u>-</u>	<u>-</u>	<u>3,845,816</u>
	<u>\$ 28,366</u>	<u>1,054,469</u>	<u>8,921</u>	<u>8,892</u>	<u>5,000</u>	<u>64</u>	<u>87,219</u>	<u>66,720</u>	<u>558,349</u>	<u>1,631</u>	<u>-</u>	<u>6,937,627</u>

(continued)

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Balance Sheet, Continued

Assets	Capital Project Funds						Total Capital Project Funds	Total Other Governmental
	Transmission Line Walden Point	Chum Hatchery	EDA City Dock	Intertie Construction	Harbor Renovation	Intertie Design and Permitting		
Cash and cash equivalents	\$ -	-	-	-	-	-	-	764,440
Accounts receivable:								
Granting agencies	46,582	104,763	72,462	-	-	121,507	345,314	1,226,085
Local sources	-	-	-	-	-	-	-	477,445
Due from other funds	-	-	-	38,072	123,251	-	161,323	4,880,076
Inventory	-	-	-	-	-	-	-	96,218
	<u>\$ 46,582</u>	<u>104,763</u>	<u>72,462</u>	<u>38,072</u>	<u>123,251</u>	<u>121,507</u>	<u>506,637</u>	<u>7,444,264</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>								
Liabilities:								
Accounts payable	-	95,247	-	-	-	-	95,247	178,944
Accrued payroll and payroll liabilities	-	-	4,236	-	-	-	4,236	92,349
Due to other funds	46,582	9,516	68,226	-	-	121,507	245,831	1,999,182
Unearned revenue	-	-	-	38,072	-	-	38,072	980,025
Total liabilities	<u>46,582</u>	<u>104,763</u>	<u>72,462</u>	<u>38,072</u>	<u>-</u>	<u>121,507</u>	<u>383,386</u>	<u>3,250,500</u>
Deferred inflows of resources:								
Unavailable revenues	-	-	-	-	-	-	-	224,697
Total liabilities and deferred inflows of resources	<u>46,582</u>	<u>104,763</u>	<u>72,462</u>	<u>38,072</u>	<u>-</u>	<u>121,507</u>	<u>383,386</u>	<u>3,475,197</u>
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	-	13,288
Restricted	-	-	-	-	123,251	-	123,251	1,923,882
Assigned	-	-	-	-	-	-	-	2,033,691
Unassigned	-	-	-	-	-	-	-	(1,794)
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,251</u>	<u>-</u>	<u>123,251</u>	<u>3,969,067</u>
	<u>\$ 46,582</u>	<u>104,763</u>	<u>72,462</u>	<u>38,072</u>	<u>123,251</u>	<u>121,507</u>	<u>506,637</u>	<u>7,444,264</u>

METLAKATLA INDIAN COMMUNITY

Other Governmental Funds

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

	Special Revenue Funds								
	BIA Compact Grants	Public Works Grants	Environmental Services Grants	Economic Development Grants	Community Services Grants	Health and Social Services Grants	Education Grants	Capital Project Funds	Totals
<b>Revenues:</b>									
Intergovernmental:									
Federal sources	\$ 257,715	-	944,767	92,086	562,519	122,142	481,450	13,202	2,473,881
State of Alaska	-	396,268	-	-	362,509	100	56,408	747,048	1,562,333
Local sources:									
Investment and interest income	-	-	-	-	-	-	-	-	-
Program income and user charges	-	-	-	-	-	3,373,165	-	-	3,373,165
Other	-	-	-	-	10,184	14,966	-	-	25,150
<b>Total revenues</b>	<u>257,715</u>	<u>396,268</u>	<u>944,767</u>	<u>92,086</u>	<u>935,212</u>	<u>3,510,373</u>	<u>537,858</u>	<u>760,250</u>	<u>7,434,529</u>
<b>Expenditures:</b>									
General government	356,671	-	-	-	-	-	-	-	356,671
Public safety	68,092	-	-	-	-	-	-	-	68,092
Public works	772,154	396,268	-	-	-	-	-	-	1,168,422
Environmental services	35,898	-	944,767	-	-	-	-	-	980,665
Economic development	188,476	-	-	92,086	-	-	-	-	260,562
Community services	557,415	-	-	-	935,457	-	-	-	1,492,872
Health and social services	-	-	-	-	-	4,492,416	-	-	4,492,416
Education	70,374	-	-	-	-	-	537,858	-	608,232
Capital outlay	-	-	-	-	-	-	-	794,791	794,791
<b>Total expenditures</b>	<u>2,029,080</u>	<u>396,268</u>	<u>944,767</u>	<u>92,086</u>	<u>935,457</u>	<u>4,492,416</u>	<u>537,858</u>	<u>794,791</u>	<u>10,222,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,771,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245)</u>	<u>(982,043)</u>	<u>-</u>	<u>(34,541)</u>	<u>(2,788,194)</u>
Fund balances, beginning of year	<u>3,498,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,879</u>	<u>3,093,948</u>	<u>-</u>	<u>157,792</u>	<u>6,757,261</u>
Fund balances, end of year	<u>\$ 1,727,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,634</u>	<u>2,111,905</u>	<u>-</u>	<u>123,251</u>	<u>3,969,067</u>

## METLAKATLA INDIAN COMMUNITY

Bureau of Indian Affairs (BIA) Compact Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

	BIA Compact						Totals
	FY04	FY09	FY10	FY11	FY12	FY13	
Revenues-							
Intergovernmental-							
Federal sources	\$ -	-	-	-	53,000	204,715	257,715
Expenditures:							
General government -							
Indirect costs	-	-	-	50,850	118,457	187,364	356,671
Public safety:							
Salaries and wages	-	-	19,142	-	-	37,211	56,353
Fringe benefits	-	-	-	-	-	11,739	11,739
Total public safety	-	-	19,142	-	-	48,950	68,092
Public works:							
Salaries and wages	-	-	-	1,800	1,869	56,867	60,536
Fringe benefits	-	-	-	138	-	7,990	8,128
Professional services	-	-	-	-	392,334	305,842	698,176
Supplies	-	-	-	-	-	5,088	5,088
Freight and postage	-	-	-	-	-	226	226
Total public works	-	-	-	1,938	394,203	376,013	772,154
Environmental services:							
Salaries and wages	-	-	-	5,918	6,616	9,960	22,494
Fringe benefits	-	-	-	957	1,715	2,093	4,765
Utilities	-	-	-	-	864	2,168	3,032
Supplies	-	-	2,530	-	2,080	345	4,955
Travel and training	-	-	-	-	-	368	368
Repair and maintenance	-	-	-	-	61	-	61
Freight and postage	-	-	41	-	146	36	223
Total environmental services	-	-	2,571	6,875	11,482	14,970	35,898
Economic development:							
Salaries and wages	-	-	5,652	-	30,216	48,083	83,951
Fringe benefits	-	-	6,253	-	-	14,969	21,222
Supplies	-	-	1,141	-	7,717	25,368	34,226
Travel and training	-	-	-	-	-	6,583	6,583
Freight and postage	-	-	712	-	859	656	2,227
Utilities	-	-	1,216	-	-	348	1,564
Repair and maintenance	-	-	8,060	-	-	10,643	18,703
Total economic development	-	-	23,034	-	38,792	106,650	168,476
Community services:							
Salaries and wages	-	-	13,579	90,902	-	24,320	128,801
Fringe benefits	-	-	1,395	20,326	-	11,236	32,957
Professional services	-	-	-	54,446	51,405	-	105,851
Supplies	-	-	-	27,359	96	-	27,455
Travel and training	-	-	-	6,002	7,473	76,081	89,556
Freight and postage	-	-	35	889	-	-	924
Repair and maintenance	-	-	-	425	100	-	525
Support services	-	-	-	10,733	-	-	10,733
Utilities	-	-	-	5,884	165	-	6,049
Equipment	-	-	-	7,495	38,995	-	46,490
Dues and subscriptions	-	-	-	-	-	500	500
General assistance	-	-	-	-	-	107,574	107,574
Total community services	-	-	15,009	224,461	98,234	219,711	557,415
Education:							
Salaries and wages	-	27,224	-	3,796	-	1,771	32,791
Fringe benefits	-	2,735	-	377	-	743	3,855
Supplies	-	2,138	-	817	-	-	2,955
Travel and training	-	1,612	-	-	-	-	1,612
Freight and postage	-	2	-	-	-	-	2
Adult vocational and higher education grants	-	-	-	675	-	28,484	29,159
Total education	-	33,711	-	5,665	-	30,998	70,374
Total expenditures	-	33,711	59,756	289,789	661,168	984,656	2,029,080
Excess (deficiency) of revenues over (under) expenditures	-	(33,711)	(59,756)	(289,789)	(608,168)	(779,941)	(1,771,365)
Fund balances, beginning of year	10,209	314,202	71,666	863,757	967,223	1,271,585	3,498,642
Fund balances, end of year	\$ 10,209	280,491	11,910	573,968	359,055	491,644	1,727,277

**METLAKATLA INDIAN COMMUNITY**

Public Works Grant

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

	Alaska Energy Triangle Lake <u>Feasibility</u>
Revenues -	
Intergovernmental -	
State of Alaska	\$ <u>396,268</u>
Expenditures -	
Professional services	<u>396,268</u>
Excess of revenues over expenditures	-
Fund balances, beginning of year	<u>-</u>
Fund balances, end of year	\$ <u><u>-</u></u>

METLAKATLA INDIAN COMMUNITY

Environmental Services Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

	Environmental Services Special Revenue Funds						Totals
	NALEMP		Survey and Inventory Brown Fields FY14	USDA High Tunnel	Alaska Invasive Plant FY14	Native Seed Project	
	FY11-15	FY13-15					
Revenues:							
Intergovernmental - Federal sources	\$ 537,278	273,115	121,250	8,597	4,511	16	944,767
Expenditures:							
Salaries and wages	204,875	118,385	35,923	-	3,670	-	362,853
Fringe benefits	82,781	39,382	20,537	-	841	-	143,541
Professional services	53,142	29,837	50,619	-	-	-	133,598
Supplies	6,204	1,887	-	-	-	-	8,107
Utilities	8,101	2,779	-	-	-	16	10,880
Travel and training	6,241	-	4,337	-	-	-	10,578
Dues and subscriptions	-	-	1,200	-	-	-	1,200
Equipment	-	28,800	-	8,597	-	-	37,397
Repairs and maintenance	2,227	-	-	-	-	-	2,227
Freight and postage	2,065	76	-	-	-	-	2,141
Leases and rentals	97,920	-	-	-	-	-	97,920
Indirect costs	73,722	51,969	8,634	-	-	-	134,325
Total expenditures	537,278	273,115	121,250	8,597	4,511	16	944,767
Excess of revenues over expenditures	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	-	-	-

## METLAKATLA INDIAN COMMUNITY

## Economic Development Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

Economic Development Special Revenue Funds

	EZEC Funds	National Forest Receipts		Totals
		FY12	FY13	
Revenues -				
Intergovernmental -				
Federal sources	\$ 25,008	951	66,127	92,086
Expenditures:				
Salaries and wages	10,738	-	29,157	39,895
Fringe benefits	3,926	-	3,824	7,750
Professional services	6,806	-	-	6,806
Supplies	3,538	951	12,439	16,928
Utilities	-	-	19,313	19,313
Freight and postage	-	-	1,394	1,394
Total expenditures	25,008	951	66,127	92,086
Excess of revenues over expenditures	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	-	-	-

## METLAKATLA INDIAN COMMUNITY

## Community Services Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

	Community Services Special Revenue Funds									
	Vocational Rehab FY12-13	Vocational Rehab FY13-14	Child Welfare Service FY13	Promoting Safe and Stable Families FY13	NSIP Title VI FY15	Older Americans Title VI				
						FY10	FY11	FY13	FY14	FY15
<b>Revenues:</b>										
Intergovernmental:										
Federal sources	\$ 68,361	259,881	2,815	11,670	1,306	-	-	-	54,245	71,170
State of Alaska	-	-	-	-	-	-	-	-	-	-
Local sources - other	-	-	-	-	-	-	-	-	941	1,811
Total revenues	<u>68,361</u>	<u>259,881</u>	<u>2,815</u>	<u>11,670</u>	<u>1,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,186</u>	<u>72,781</u>
<b>Expenditures:</b>										
Salaries and wages	15,921	42,759	-	-	-	-	-	-	17,921	48,830
Fringe benefits	8,249	17,830	-	-	-	-	-	-	2,092	5,399
Professional services	-	25	-	-	-	-	-	-	77	-
Supplies	-	1,303	-	-	1,306	-	803	115	28,039	7,837
Utilities	3,243	2,200	-	-	-	-	-	-	-	-
Travel and training	-	11,307	2,459	2,741	-	-	-	-	-	-
Dues and subscriptions	-	555	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Support services	35,250	127,333	356	8,929	-	-	-	-	-	-
Freight and postage	5	1,118	-	-	-	-	-	-	-	-
Leases and rentals	-	6,000	-	-	-	-	-	-	-	-
Indirect costs	5,693	49,451	-	-	-	-	-	-	7,344	9,283
Total expenditures	<u>68,381</u>	<u>259,881</u>	<u>2,815</u>	<u>11,670</u>	<u>1,306</u>	<u>-</u>	<u>803</u>	<u>115</u>	<u>55,473</u>	<u>71,349</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(803)	(115)	(287)	1,432
Fund balances, beginning of year	-	-	-	-	-	1,082	944	115	287	-
Fund balances, end of year	\$ -	-	-	-	-	<u>1,082</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>1,432</u>

(continued)

**METLAKATLA INDIAN COMMUNITY**

Community Services Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances, Continued

	Community Services Special Revenue Funds							Community Revenue Sharing FY11
	Caregiver		Skater's Lake Trail - Phase II	Rasmuson Longhouse Preservation	Comprehensive Case Management			
	FY 14-15	FY 13-14			FY05	FY08	FY13	
Revenues:								
Intergovernmental:								
Federal sources	\$ 27,037	21,051	6,519	-	-	-	-	-
State of Alaska	-	-	-	-	70,206	29,398	30,092	564
Local sources - other	-	-	-	622	-	-	-	-
Total revenues	<u>27,037</u>	<u>21,051</u>	<u>6,519</u>	<u>622</u>	<u>70,206</u>	<u>29,398</u>	<u>30,092</u>	<u>564</u>
Expenditures:								
Salaries and wages	21,336	16,288	5,774	-	53,117	-	19,801	53
Fringe benefits	2,174	1,543	697	-	17,033	6,425	2,096	511
Professional services	-	-	-	-	-	-	-	482
Supplies	-	-	-	622	-	17,273	-	-
Utilities	-	-	-	-	-	-	-	-
Travel and training	-	-	-	-	56	4,361	-	-
Dues and subscriptions	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	8,195	-
Freight and postage	-	-	48	-	-	1,339	-	-
Leases and rentals	-	-	-	-	-	-	-	-
Indirect costs	3,527	3,220	-	-	-	-	-	-
Total expenditures	<u>27,037</u>	<u>21,051</u>	<u>6,519</u>	<u>622</u>	<u>70,206</u>	<u>29,398</u>	<u>30,092</u>	<u>1,046</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	(482)
Fund balances, beginning of year	-	-	-	-	-	-	-	482
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

METLAKATLA INDIAN COMMUNITY

Community Services Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances, Continued

	Community Services Special Revenue Funds								Totals
	Community Revenue Sharing		Title III 12-13	Title III NSIP		Title III NTSS			
	FY12	FY13		10-11	13-14	10-11	11-12	14-15	
Revenues:									
Intergovernmental:									
Federal sources	\$ -	-	-	1,538	30,000	-	-	6,926	562,519
State of Alaska	183,996	33,183	-	-	15,070	-	-	-	362,509
Local sources - other	-	-	682	-	-	5,483	-	845	10,184
Total revenues	<u>183,996</u>	<u>33,183</u>	<u>682</u>	<u>1,538</u>	<u>45,070</u>	<u>5,483</u>	<u>-</u>	<u>7,771</u>	<u>935,212</u>
Expenditures:									
Salaries and wages	45,207	108	-	-	28,441	-	-	-	315,556
Fringe benefits	12,604	26	-	-	3,207	-	-	-	79,886
Professional services	34,903	135	-	-	-	-	-	-	35,622
Supplies	73,126	5,931	2,052	1,568	7,636	4,918	-	6,023	158,552
Utilities	15,908	22,988	-	-	-	-	-	-	44,339
Travel and training	-	-	-	-	-	-	-	-	20,924
Dues and subscriptions	-	-	-	-	-	-	-	-	555
Repairs and maintenance	-	2,595	-	-	-	-	-	-	2,595
Support services	1,610	-	-	-	-	-	-	-	181,673
Freight and postage	638	1,400	-	-	-	-	-	-	4,548
Leases and rentals	-	-	-	-	-	-	-	-	6,000
Indirect costs	-	-	-	-	5,786	-	-	903	85,207
Total expenditures	<u>183,996</u>	<u>33,183</u>	<u>2,052</u>	<u>1,568</u>	<u>45,070</u>	<u>4,918</u>	<u>-</u>	<u>6,926</u>	<u>935,457</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,370)	(30)	-	565	-	845	(245)
Fund balances, beginning of year	-	-	1,370	2,233	-	-	366	-	6,879
Fund balances, end of year	\$ -	-	-	2,203	-	565	366	845	6,634

**METLAKATLA INDIAN COMMUNITY**

Health and Social Services Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances (Deficits)

Year Ended September 30, 2014

	Health and Social Services Special Revenue Funds						
	Children's Mental Health	SEARHC WIC		IHS Clinic Construction	IHS Third Party	ANTHC M&I FY13	IHS Compact FY13
		FY13-14	FY14-15				
<b>Revenues:</b>							
Intergovernmental:							
Federal sources	\$ -	-	-	4,273	-	26,751	67,909
State of Alaska	-	-	-	-	-	-	-
Local sources:							
Program income and user charges	1,279,330	-	-	-	447,330	-	-
Other	-	13,281	1,685	-	-	-	-
Total revenues	<u>1,279,330</u>	<u>13,281</u>	<u>1,685</u>	<u>4,273</u>	<u>447,330</u>	<u>26,751</u>	<u>67,909</u>
<b>Expenditures:</b>							
Salaries and wages	342,703	12,154	1,504	-	318,816	-	382,667
Fringe benefits	89,280	1,127	181	-	105,526	-	103,510
Professional services	22,419	-	-	-	1,294	-	441,629
Supplies	79,628	-	-	4,273	37,958	-	36,761
Utilities	8,890	-	-	-	-	-	36,502
Travel and training	52,021	-	-	-	-	-	142,676
Repairs and maintenance	13,706	-	-	-	-	-	-
Freight and postage	3,117	-	-	-	-	-	709
Leases and rentals	9,660	-	-	-	-	-	2,500
Foster children	123,440	-	-	-	-	-	-
Contributions and donations	-	-	-	-	19,297	-	-
Native art	-	-	-	-	8,800	-	-
Support services	1,450	-	-	-	-	-	-
Dues and subscriptions	4,102	-	-	-	-	-	-
Equipment	-	-	-	-	-	26,751	132,527
Grant refund	58,400	-	-	-	-	-	-
Indirect costs	192,938	-	-	-	115,933	-	1,189
Total expenditures	<u>1,001,754</u>	<u>13,281</u>	<u>1,685</u>	<u>4,273</u>	<u>607,624</u>	<u>26,751</u>	<u>1,280,670</u>
Excess (deficiency) of revenues over (under) expenditures	277,576	-	-	-	(160,294)	-	(1,212,761)
Fund balances (deficits), beginning of year	<u>1,390,504</u>	-	-	(1,794)	<u>173,582</u>	-	<u>1,279,481</u>
Fund balances (deficit), end of year	\$ <u>1,668,080</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>13,288</u>	<u>-</u>	<u>66,720</u>

(continued)

METLAKATLA INDIAN COMMUNITY

Health and Social Services Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances (Deficits), Continued

	Health and Social Services Special Revenue Funds					Comprehensive Behavioral Health FY13	Totals
	Medicare Medicaid				Diabetes FY13		
	FY11	FY12	FY13	FY14			
<b>Revenues:</b>							
Intergovernmental:							
Federal sources	\$ -	-	-	-	23,209	-	122,142
State of Alaska	-	-	-	-	-	100	100
Local sources:							
Program income and user charges	24,688	-	-	1,621,817	-	-	3,373,165
Other	-	-	-	-	-	-	14,966
Total revenues	<u>24,688</u>	<u>-</u>	<u>-</u>	<u>1,621,817</u>	<u>23,209</u>	<u>100</u>	<u>3,510,373</u>
<b>Expenditures:</b>							
Salaries and wages	-	-	129,224	816,100	-	-	2,003,168
Fringe benefits	-	-	91,116	188,895	-	72	579,707
Professional services	-	-	-	2,266	10,758	28	478,394
Supplies	-	4,743	-	5,184	431	-	168,978
Utilities	-	-	-	-	-	-	45,392
Travel and training	-	-	-	4,726	4,663	-	204,086
Repairs and maintenance	-	-	-	-	-	-	13,706
Freight and postage	-	-	-	-	-	-	3,826
Leases and rentals	-	-	-	-	-	-	12,160
Foster children	-	-	-	-	-	-	123,440
Contributions and donations	-	-	-	-	-	-	19,297
Native art	-	-	-	-	-	-	8,800
Support services	-	-	-	-	-	-	1,450
Dues and subscriptions	-	-	-	-	-	-	4,102
Equipment	-	-	-	-	4,330	-	163,608
Grant refund	-	-	-	-	-	-	58,400
Indirect costs	-	-	51,780	239,035	3,027	-	603,902
Total expenditures	<u>-</u>	<u>4,743</u>	<u>272,120</u>	<u>1,256,206</u>	<u>23,209</u>	<u>100</u>	<u>4,492,416</u>
Excess (deficiency) of revenues over (under) expenditures	24,688	(4,743)	(272,120)	365,611	-	-	(982,043)
Fund balances (deficits), beginning of year	<u>(24,688)</u>	<u>4,743</u>	<u>272,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,093,948</u>
Fund balances (deficit), end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>365,611</u>	<u>-</u>	<u>-</u>	<u>2,111,905</u>

**METLAKATLA INDIAN COMMUNITY**

Education Grants

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

Education Special Revenue Funds

	Federal Headstart		TERO FY14	State Headstart		USDA Headstart	Totals
	FY13-14	FY12-13		FY14-15	FY13-14		
<b>Revenues:</b>							
Intergovernmental:							
Federal sources	\$ 305,231	128,014	26,000	-	-	22,205	481,450
State of Alaska	-	-	-	12,350	44,058	-	56,408
Total revenues	<u>305,231</u>	<u>128,014</u>	<u>26,000</u>	<u>12,350</u>	<u>44,058</u>	<u>22,205</u>	<u>537,858</u>
<b>Expenditures:</b>							
Salaries and wages	181,998	47,878	19,580	7,287	13,360	-	270,103
Fringe benefits	66,554	18,037	6,420	3,452	6,722	-	101,185
Professional services	12,714	21,405	-	-	-	-	34,119
Supplies	6,316	35,102	-	-	-	22,205	63,623
Utilities	3,770	1,299	-	-	-	-	5,069
Travel and training	17,527	3,345	-	-	17,664	-	38,536
Repairs and maintenance	1,678	60	-	-	-	-	1,738
Dues and subscriptions	1,870	-	-	-	-	-	1,870
Freight and postage	1,953	20	-	-	-	-	1,973
Indirect costs	10,851	868	-	1,611	6,312	-	19,642
Total expenditures	<u>305,231</u>	<u>128,014</u>	<u>26,000</u>	<u>12,350</u>	<u>44,058</u>	<u>22,205</u>	<u>537,858</u>
Excess of revenues over expenditures	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

METLAKATLA INDIAN COMMUNITY

Capital Projects Funds

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended September 30, 2014

	Capital Project Funds							
	Transmission Line Walden Point	Net Pens and Hatchery Improvements	Chum Hatchery	EDA City Dock	Drainage System Upgrade	Harbor Renovation	Intertie Design and Permitting	Totals
Revenues:								
Intergovernmental:								
Federal sources	\$ 13,202	-	-	-	-	-	-	13,202
State of Alaska	-	5,565	117,438	618,514	916	-	4,615	747,048
Total revenue	<u>13,202</u>	<u>5,565</u>	<u>117,438</u>	<u>618,514</u>	<u>916</u>	<u>-</u>	<u>4,615</u>	<u>760,250</u>
Expenditures:								
Salaries and wages	-	-	-	70,947	-	1,258	-	72,205
Fringe benefits	-	-	-	16,376	-	269	-	16,645
Professional services	13,202	-	106,762	469,062	-	3,590	4,615	597,231
Supplies	-	5,565	-	5,900	916	6,118	-	18,499
Utilities	-	-	-	-	-	14,146	-	14,146
Repairs and maintenance	-	-	-	-	-	638	-	638
Freight and postage	-	-	-	-	-	1,798	-	1,798
Dues and subscriptions	-	-	-	-	-	150	-	150
Indirect costs	-	-	10,676	56,229	-	6,574	-	73,479
Total expenditures	<u>13,202</u>	<u>5,565</u>	<u>117,438</u>	<u>618,514</u>	<u>916</u>	<u>34,541</u>	<u>4,615</u>	<u>794,791</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	(34,541)	-	(34,541)
Fund balances, beginning of year	-	-	-	-	-	157,792	-	157,792
Fund balances, end of year	\$ -	-	-	-	-	<u>123,251</u>	-	<u>123,251</u>

**METLAKATLA INDIAN COMMUNITY**

Alaska Department of Health and Social Services  
 Comprehensive Behavioral Health Treatment and Recovery Grant 602-14-979

Schedule of Revenues and Expenditures - Budget and Actual

Year Ended September 30, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 100	100	-
Expenditures:			
Other	100	100	-
Excess of revenues over expenditures	\$ -	-	-

## METLAKATLA INDIAN COMMUNITY

Alaska Department of Health and Social Services  
 Nutrition Services Incentive Program (NSIP) FY10-11 Grant 607-PA-118

## Schedule of Revenues and Expenditures - Budget and Actual

Year Ended September 30, 2014

	Final Budgeted Amounts	Actual Amounts			Variance with Final Budget - Positive (Negative)
		Prior Year	Current Year	Total	
Revenues:					
Intergovernmental -					
Federal sources passed through the State of Alaska	\$ 59,959	2,036	1,538	3,574	(56,385)
Expenditures:					
Salaries and wages	39,329	-	-	-	39,329
Facility	3,000	-	-	-	3,000
Supplies	6,000	2,036	1,538	3,574	2,426
Other	4,381	-	-	-	4,381
Indirect costs	7,249	-	-	-	7,249
Total expenditures	59,959	2,036	1,538	3,574	56,385
Excess of revenues over expenditures	\$ -	-	-	-	-

## METLAKATLA INDIAN COMMUNITY

Alaska Department of Health and Social Services  
 Nutrition, Transportation and Support Services (NTSS) Grant 607-14-135

## Schedule of Revenues and Expenditures - Budget and Actual

Year Ended September 30, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through			
the State of Alaska	\$ 30,000	30,000	-
State of Alaska	15,070	15,070	-
	<u>45,070</u>	<u>45,070</u>	<u>-</u>
Expenditures:			
Personal services	29,250	31,649	(2,399)
Supplies	9,059	7,635	1,424
Indirect costs	6,761	5,786	975
Total expenditures	<u>45,070</u>	<u>45,070</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

## METLAKATLA INDIAN COMMUNITY

Alaska Department of Health and Social Services  
 Nutrition, Transportation and Support Services (NTSS) Grant 607-309-1513

## Schedule of Revenues and Expenditures - Budget and Actual

Year Ended September 30, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 30,000	6,926	(23,074)
State of Alaska	15,070	-	(15,070)
Total revenues	<u>45,070</u>	<u>6,926</u>	<u>(38,144)</u>
Expenditures:			
Personal services	29,250	-	29,250
Supplies	9,941	6,023	3,918
Indirect costs	5,879	903	4,976
Total expenditures	<u>45,070</u>	<u>6,926</u>	<u>38,144</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

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## METLAKATLA INDIAN COMMUNITY

## Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Expenditures
U.S. Department of Agriculture:				
Direct:				
EZ/Enterprise Community	None	10.772	\$ 2,062,080	25,008
Passed through Alaskan Association of Conservation Districts - Alaska Invasive Plant FY14	2013-30G	10.860	10,691	4,511
Passed through the State of Alaska, Department of Education:				
Metlakatla Indian Community Head Start	None	10.558	22,205	22,205
Seasonal High Tunnel	None	10.558	16,676	8,597
			<u>38,881</u>	<u>30,802</u>
Passed through the State of Alaska, Department of Natural Resources -				
ARRA - Rural Village Seed Production Project	MI-11-007	10.688	189,840	16
Passed through the State of Alaska, Department of Commerce, Community, and Economic Development:				
National Forest Receipts FY12	None	10.665	141,831	951
National Forest Receipts FY13	None	10.665	122,414	66,127
			<u>264,245</u>	<u>67,078</u>
Total U.S. Department of Agriculture			<u>2,565,737</u>	<u>127,415</u>
U.S. Department of Defense - direct -				
Native American Lands Environmental Mitigation FY11-15	W912DY-11-2-0336	12.116	1,256,020	537,278
Native American Lands Environmental Mitigation FY13	W912DY-13-2-0305	12.116	1,286,000	273,115
			<u>2,542,020</u>	<u>810,393</u>
U.S. Department of Education - direct -				
American Indian Vocational Rehabilitation Services FY13	H250G100029-12	84.250	365,000	68,361
American Indian Vocational Rehabilitation Services FY14	H250G100029-13	84.250	365,000	259,881
			<u>730,000</u>	<u>328,242</u>
U.S. Equal Employment Opportunity Commission - direct -				
Tribal Employment Rights Office FY14	EECCN120039	30.005	26,000	26,000

(continued)

## METLAKATLA INDIAN COMMUNITY

## Schedule of Expenditures of Federal Awards, Continued

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Expenditures
U.S. Department Health and Human Services:				
Direct:				
Indian Health Services (IHS) Compact - AISU FY13	58G970043	93.210	8,137,451	1,280,670
Indian Health Services (IHS) Compact - AISU FY14	58G970043	93.210	8,715,041	7,697,981
			<u>16,852,492</u>	<u>8,978,651</u>
Head Start FY13	90CI0895/44	93.600	403,123	128,014
Head Start FY14	90CI0895/45	93.600	386,804	305,231
			<u>789,927</u>	<u>433,245</u>
Older Americans Title VI FY14	1110AKT6NS	93.047	276,060	54,245
Older Americans Title VI FY15	1410AKT6NS	93.047	92,780	71,170
			<u>368,840</u>	<u>125,415</u>
Indian Health Services - AISU Diabetes FY13	H1D4IHS0015-15-1	93.237	71,969	23,209
Child Welfare Service Plan FY13	G-13PEAKCWSS	93.645	8,475	2,815
Promoting Safe and Stable Families FY13	G-13PEAKFPSS	93.556	13,458	11,670
Indian Health Service - Clinic Construction	AN1AI43C7	93.441	7,569,157	4,273
Native American Caregiver Support FY13-14	1110AKT6CG	93.054	78,900	21,051
Native American Caregiver Support FY14-15	1410AKT6CG	93.054	28,700	27,037
			<u>107,600</u>	<u>48,088</u>
* Nutrition Services Incentive Program FY14-15	1410AKNSIT	93.053	1,677	1,306
Passed through the State of Alaska, Department of Health and Social Services:				
* Nutrition Services Incentive Program FY10-11	607-PA-118	93.053	1,538	1,538
* Nutrition, Transportation and Support Services FY13-14	607-14-135	93.044	30,000	30,000
* Nutrition, Transportation and Support Services FY14-15	607-309-1513	93.045	30,000	6,926
* Total Aging Cluster			<u>63,215</u>	<u>39,770</u>
Passed through Alaska Native Tribal Health Consortium:				
Maintenance and Improvement FY13	None	93.210	28,376	26,751
Total U.S. Department of Health and Human Services			<u>25,873,509</u>	<u>9,693,887</u>
U.S. Department of the Interior:				
Direct:				
ARRA Compact of Self Governance FY09	199A2.1YR50/199A3.FER00	15.022	386,194	33,711
Compact of Self Governance FY10	GT-OSGT199	15.022	5,414,007	59,756
Compact of Self Governance FY11	GT-OSGT199	15.022	5,425,190	289,789
Compact of Self Governance FY12	GT-OSGT199	15.022	4,734,045	661,168
Compact of Self Governance FY13	GT-OSGT199	15.022	4,220,296	984,656
Compact of Self Governance FY14	GT-OSGT199	15.022	4,471,682	3,013,279
Total U.S. Department of the Interior			<u>24,651,414</u>	<u>5,042,359</u>

(continued)

## METLAKATLA INDIAN COMMUNITY

## Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:				
Passed through the State of Alaska, Department of Natural Resources:				
Skater's Lake Trail - Phase II	10793016	20.219	<u>49,708</u>	<u>6,519</u>
U.S. Environmental Protection Agency - direct - State and Tribal Response Program FY14				
	RP-00J44303	66.817	<u>121,250</u>	<u>121,250</u>
U.S. Denali Commission - direct - Metlakatla Transmission Line Material				
	00262-02	90.100	<u>500,000</u>	<u>13,202</u>
Total federal financial assistance			<u>\$ 57,059,638</u>	<u>16,169,267</u>
Federal expenditures per above schedule				\$ 16,169,267
Adjustments to reconcile to total federal source revenue in financial statements:				
Excess (deficiency) of revenues over (under) expenditures in the current year:				
BIA Compact FY09				(33,711)
BIA Compact FY10				(59,756)
BIA Compact FY11				(289,789)
BIA Compact FY12				(608,168)
BIA Compact FY13				(779,941)
BIA Compact FY14				1,458,404
IHS Compact FY13				(1,212,761)
IHS Compact FY14				1,017,060
Federal IHS settlement funds received from the U.S. Department of Health and Human Services that are not subject to federal cost principles based on the settlement agreement (Note 9 to the financial statements).				<u>3,500,679</u>
Total federal revenues per Basic Financial Statements				<u>\$ 19,161,284</u>

Notes to Schedule

1. The schedule was prepared on the modified accrual basis of accounting.
2. No funds were passed through to subrecipients.

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## METLAKATLA INDIAN COMMUNITY

## Schedule of State Financial Assistance

Year Ended September 30, 2014

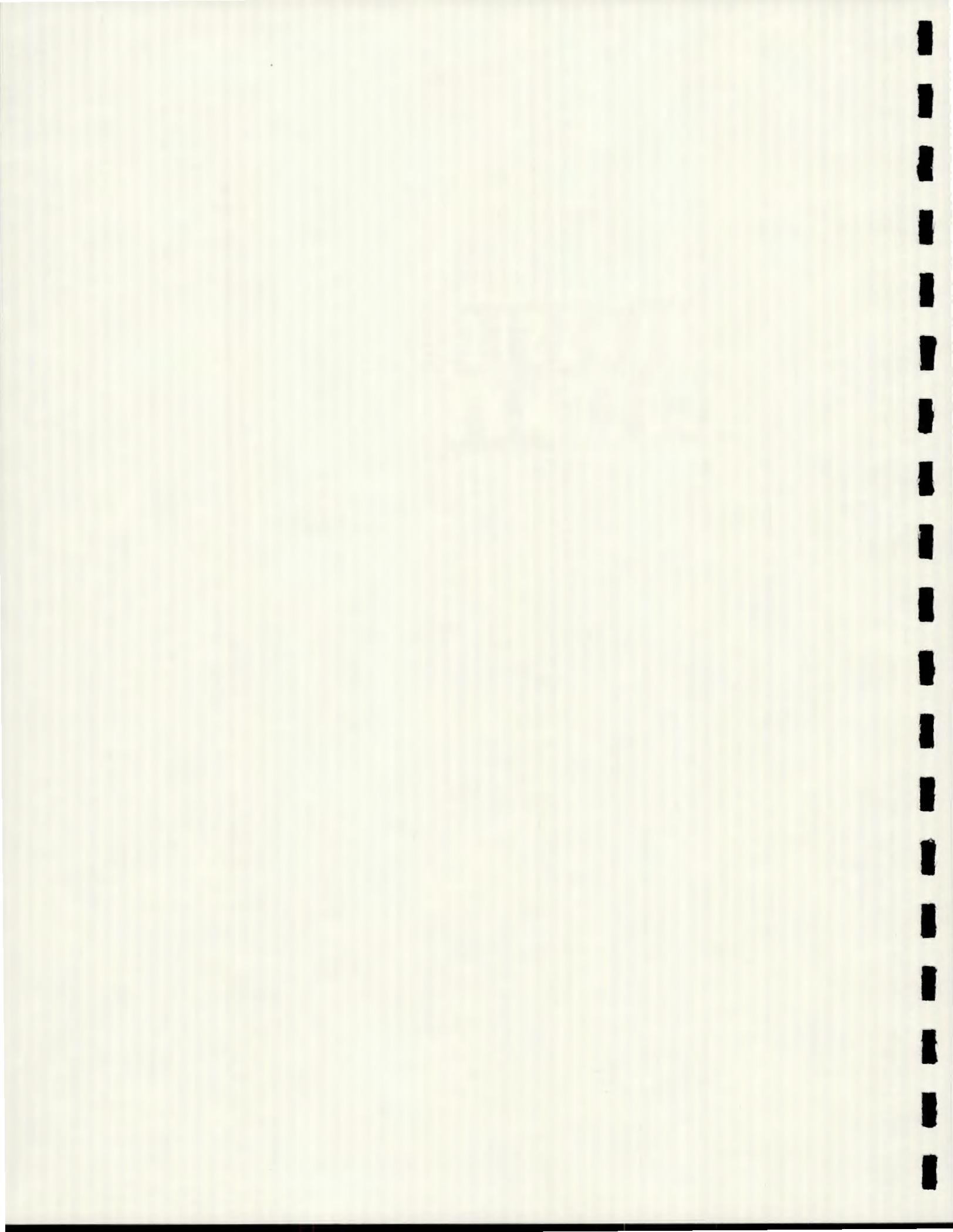
<u>State Grant Title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Eligible Expenditures</u>
Department of Commerce, Community and Economic Development:			
Drainage System Upgrade	08-DC-431	750,000	916
* EDA City Dock Improvements	13-DC-511	2,000,000	618,514
Net Pens and Hatchery Improvements	13-DC-220	150,000	5,565
* Design and Construction of Chum Hatchery	13-DC-388	500,000	117,438
Total Department of Commerce, Community and Economic Development		3,400,000	742,433
Department of Health and Social Services:			
Nutrition, Transportation and Support Services FY13-14	607-14-135	15,070	15,070
Comprehensive Behavioral Health Treatment and Recovery FY14	602-14-979	100	100
		15,170	15,170
Department of Transportation and Public Facilities - Metlakatla Harbor Renovation			
	None	1,250,000	34,541
Department of Education and Early Development:			
Head Start FY14	HS 14.089.01	47,166	44,058
Head Start FY15	HS 15.089.01	33,405	12,350
Total Department of Education and Early Development		80,571	56,408
Department of Revenue:			
Revenue Sharing FY11	None	171,177	564
* Revenue Sharing FY12	None	221,132	183,996
Revenue Sharing FY13	None	234,086	33,183
Total Department of Revenue		626,395	217,743
Alaska Energy Authority:			
Metlakatla - Ketchikan Intertie Design and Permitting	2195429	820,000	4,615
* Triangle Lake Hydroelectric Project Feasibility	7040074	500,000	396,268
Total Alaska Energy Authority		1,320,000	400,883
Total State Financial Assistance		\$ 5,592,136	1,467,178
State expenditures per above schedule:			\$ 1,467,178
Adjustments to reconcile to total State sources revenue in the financial statements:			
Contracts (included in state source revenue but excluded from Schedule of State Financial Assistance):			
Comprehensive Case Management FY05			70,206
Comprehensive Case Management FY08			29,398
Comprehensive Case Management FY13			30,092
Excess (deficiency) of revenues over (under) expenditures in the current year:			
Metlakatla Harbor Renovation			(34,541)
Total state revenues per Basic Financial Statements			\$ 1,562,333

## Notes to Schedule:

1. This schedule was prepared on the modified accrual basis of accounting.
2. \* Denotes a major program for compliance audit purposes.

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**COMPLIANCE REPORTS**



**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**

**Independent Auditor's Report**

Members of the Council  
Metlakatla Indian Community  
Metlakatla, Alaska

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Metlakatla Indian Community as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Metlakatla Indian Community's basic financial statements, and have issued our report thereon dated June 30, 2015.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Federal Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Federal Schedule of Findings and Questioned Costs as Finding 2014-001 to be a material weakness.

Members of the Council  
Metlakatla Indian Community

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Federal Schedule of Findings and Questioned Costs as Finding 2014-002 to be a significant deficiency.

***Compliance and Other Matters***

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

***Metlakatla Indian Community's Response to Findings***

Metlakatla Indian Community's responses to the findings identified in our audit are described in the accompanying Federal Schedule of Findings and Questioned Costs and Corrective Action Plan. Metlakatla Indian Community's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Altman, Rogers & Co.*

Anchorage, Alaska  
June 30, 2015

**Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133**

**Independent Auditor's Report**

Members of the Council  
Metlakatla Indian Community  
Metlakatla, Alaska

***Report on Compliance for Each Major Federal Program***

We have audited Metlakatla Indian Community'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 Metlakatla Indian Community's major federal programs for the year ended September 30, 2014. Metlakatla Indian Community's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Metlakatla Indian Community's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, 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 Metlakatla Indian Community's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Metlakatla Indian Community's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Metlakatla Indian Community complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Federal Schedule of Findings and Questioned Costs as Finding 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

Metlakatla Indian Community's response to the noncompliance finding identified in our audit is described in the accompanying Federal Schedule of Findings and Questioned Costs and Corrective Action Plan. Metlakatla Indian Community's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of Metlakatla Indian Community is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metlakatla Indian Community's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Metlakatla Indian Community's internal control over compliance.

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

Members of the Council  
Metlakatla Indian Community

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Federal Schedule of Findings and Questioned Costs as Finding 2014-003, that we consider to be a significant deficiency.

Metlakatla Indian Community's response to the internal control over compliance finding identified in our audit is described in the accompanying Federal Schedule of Findings and Questioned Costs and Corrective Action Plan. Metlakatla Indian Community's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Altman, Rogers & Co.*

Anchorage, Alaska  
June 30, 2015

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**METLAKATLA INDIAN COMMUNITY**

Federal Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report?

X  Yes         No

Internal control over financial reporting:

Significant deficiency(ies) identified?

X  Yes         No

Material weakness(es) identified?

X  Yes         No

Noncompliance material to financial statements?

    Yes     X  No

Federal Awards

Internal control over major programs (Section .510 (a)(1)):

Significant deficiency(ies) identified?

X  Yes         No

Material weakness(es) identified?

    Yes     X  No

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (Section .510 (a)(2))?

    Yes     X  No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) (3) or (4)?

    Yes     X  No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.250

American Indian Vocational Rehabilitation Services

93.210

IHS Compact

93.600

Head Start

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 485,078

Auditee qualified as low-risk auditee?

    Yes     X  No

**METLAKATLA INDIAN COMMUNITY**

Federal Schedule of Findings and Questioned Costs, Continued

**Section II – Financial Statement Findings**

**Finding 2014-001**

**Internal Control over Billings and Cash Receipts**

**Material Weakness**

**Condition:**

At the start of field work the clinic was at least nine months behind on their billings. Annette Island Service Unit (AISU) personnel are not coding cash receipts to the accounts receivable module and patient's accounts when cash payments are received. Even though the payments for provided services were received, patient's accounts had no record of payments.

**Criteria:**

Accounts receivable should be recorded when services are rendered. The cash collected should then be applied against the accounts receivable balance.

**Context:**

During our audit of the billing and receipting cycles it was noted that the clinic is not billing in a timely manner and cash receipts are not being applied to the accounts receivable module when payments are received. If the clinic is not billing to Medicaid for the services in a timely manner, claims may be rejected by the State of Alaska if they are past the normal processing period.

**Cause:**

The clinic has had turnover in the accounting department which has caused a large backlog on work to be done.

**Effect:**

The accounts receivable balance was overstated at year end and had to be adjusted.

**Recommendation:**

Management should consider hiring additional qualified staff to bring billings current. The clinic should also ensure patient's accounts are properly credited when payments are received.

**Management's Response:**

Management concurs with the finding. See Corrective Action Plan.

**Finding 2014-002**

**Internal Control over Accrued Leave**

**Significant Deficiency**

**Condition:**

During our review of accrued leave it was discovered that numerous employees had exceeded the 240 hour leave cap.

**Criteria:**

Per the Community's personnel policy manual, the maximum vacation leave hours that can be accrued at year end is 240 hours and any annual leave in excess of that amount is to be paid to the employee.

**METLAKATLA INDIAN COMMUNITY**

Federal Schedule of Findings and Questioned Costs, Continued

- Context:** Of the one hundred and seventy-two employees that had an accrued leave balance at year end, we discovered that nine had exceeded the 240 hour cap.
- Cause:** The payroll department was not monitoring the excess balance and not paying out the excess leave hours at year end.
- Effect:** The accrued leave balance was overstated by \$25,874 and the payroll expense account was understated by \$25,874 at year end.
- Recommendation:** Management should be cognizant of the leave cap at year end and ensure that all employees that are in excess of that amount be paid out.
- Management's Response:** Management concurs with the Finding. See Corrective Action Plan.

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2014-003**

**Internal Control over Eligibility**

**Significant Deficiency/  
Non-Compliance**

**Lack of Eligibility Documentation**

<b>Federal Award Program:</b>	<u>CFDA #</u>	<u>Grant #</u>	<u>Programs</u>
	93.600	90CI0895/45	Head Start FY14
	93.600	90CI0895/44	Head Start FY13

**Condition:** During our review of children's income eligibility we found that one of ten files reviewed did not have proper documentation of family income verification.

**Criteria:** Per program requirements, program employees should perform age verification as well as income verification. The eligible age for the program is 3 to 5 years old. Also, there is a requirement stating that if class consists of primarily 3-year old children, then class sizes should be no more than 17 students and if it is primarily 4-year old students, then classes should be no more than 20 students. The Head Start program requires the Community to keep track to ensure that no less than 10% of their students are disabled. Per grant requirements, the Head Start program should keep track of how many poverty-level children they enroll in the program. For tribal operated programs, 51% of children should be under the poverty level. Moreover, per 45 CFR, Section 1305.4(e), the child's records must include a statement signed by the employee charged with income verification which income documents were examined and stating that the child is income eligible.

## METLAKATLA INDIAN COMMUNITY

### Federal Schedule of Findings and Questioned Costs, Continued

- Context:** During our testing over eligibility, we were unable to locate the required eligibility documentation. We reviewed ten files and one of them was lacking signed eligibility documents.
- Cause:** The child's file in question contained blank copies of income verification documents and did not contain the required signed statement by the employee certifying that income eligibility was met.
- Effect:** Failing to comply with grant requirements could hinder the Community's opportunity to continue receiving grant funding. It could potentially result in enrolling ineligible students.
- Questioned Costs:** None noted.
- Recommendation:** The employee charged with gathering income eligibility documentation should fill out the Head Start eligibility verification form and sign it documenting income eligibility. We recommend that program management utilizes the available database and keep track of required statistical data for the program.
- Management's Response:** Management concurs with the finding. See the Corrective Action Plan.

**METLAKATLA INDIAN COMMUNITY**

Federal Schedule of Findings and Questioned Costs

**Section IV – Summary of Prior Year Audit Findings**

**Financial Statement Findings**

**Finding 2013-001**

**Internal Control over Payroll**

**Significant Deficiency**

**Condition:**

During our testing of internal control over payroll, we noted one instance where an employee was overpaid and one instance where an employee was underpaid. We also noted that 14 out of 40 payroll transactions tested had improper amounts withheld for Alaska State unemployment and one employee did not have Alaska State unemployment deductions withheld since 2009.

**Status:**

This finding has been resolved.

**Finding 2013-002**

**Internal Control over Billings and Cash Receipts**

**Material Weakness**

**Condition:**

At the start of field work the clinic was at least three months behind on their billings. Annette Island Service Unit (AISU) personnel are not coding cash receipts in the accounts receivable module and patient's accounts when cash payments are received. Even though the payments for provided services were received, patient's accounts had no record of payments.

**Status:**

This finding has not been resolved and is repeated as Finding 2014-001 in the current year.

**Finding 2013-003**

**Internal Control over Accounts Payable and Year End Closing**

**Material Weakness**

**Condition:**

Six invoices that involved charges for services prior to September 30, 2013 were identified during the audit that should have been accrued as accounts payable at year end.

**Status:**

This finding has been resolved.

**METLAKATLA INDIAN COMMUNITY**

Federal Schedule of Findings and Questioned Costs, Continued

**Finding 2013-004**

**Internal Control over Accrued Leave**

**Significant Deficiency**

**Condition:** During our review of accrued leave it was discovered that numerous employees had exceed the 240 hour leave cap.

**Status:** This finding has not been resolved and is repeated as Finding 2014-002 in the current year.

**Finding 2013-005**

**Internal Control over Financial Reporting – Prior Period Adjustment**

**Material Weakness**

**Condition:** During the course of FY13 audit it was discovered that the Community had overstated the ending pharmaceutical inventory in the prior year due to inventory being recorded in the general ledger at selling price and not valuing inventory at cost.

**Status:** This finding has been resolved.

**Federal Award Findings**

**Finding 2013-006**

**Internal Control over Reporting**

**Significant Deficiency/  
Non-Compliance**

**Late Reporting and Noncompliance with Reporting**

<b>Federal Award Programs:</b>	<b><u>CFDA #</u></b>	<b><u>Grant #</u></b>	<b><u>Programs</u></b>
	93.600	90CI0895/43	Head Start FY12
	93.600	90CI0895/44	Head Start FY13
	15.999	None	BIA Loan Guaranty

**Condition:** During the year, MIC was late submitting a quarterly report for the Head Start Program. Also, the Council did not submit quarterly financial status reports to BIA on the loan guaranty program.

**Status:** This finding has been resolved.

**METLAKATLA INDIAN COMMUNITY**

Federal Schedule of Findings and Questioned Costs, Continued

**Finding 2013-007**

**Internal Control over Special Tests and Provisions**

**Significant Deficiency/  
Non-Compliance**

**Lack of Insurance as Required by BIA Loan Guaranty**

**Federal Award Program:**

<u>CFDA #</u>	<u>Program</u>
15.999	BIA Loan Guaranty

**Condition:**

Adequate insurance coverage related to Annette Island Packing Company's seafood processing plant was not maintained.

**Status:**

This finding has been resolved.

**Finding 2013-008**

**Internal Control over Eligibility**

**Material Weakness/  
Material Non-Compliance**

**Lack of Eligibility Documentation**

**Federal Award Program:**

<u>CFDA#</u>	<u>Program</u>
93.600	Head Start

**Condition:**

During our review of children's income eligibility, we were unable to locate proper documentation regarding income eligibility determinations.

**Status:**

This finding has not been resolved and is repeated as Finding 2014-003 in the current year. However, the issues identified in the current year were less severe than in the prior year, and as such the findings has been reduced to a significant deficiency and non-compliance.

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**Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits**

**Independent Auditor's Report**

Members of the Council  
Metlakatla Indian Community  
Metlakatla, Alaska

**Report on Compliance for Each Major State Program**

We have audited Metlakatla Indian Community's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Metlakatla Indian Community's major state programs for the year ended September 30, 2014. Metlakatla Indian Community's major state programs are identified in the accompanying Schedule of State Financial Assistance.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Metlakatla Indian Community's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* 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 state program occurred. An audit includes examining, on a test basis, evidence about Metlakatla Indian Community's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Metlakatla Indian Community's compliance.

Members of the Council  
Metlakatla Indian Community

### **Opinion on Each of the Major State Programs**

In our opinion, Metlakatla Indian Community complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which is described in the accompanying State Schedule of Findings and Questioned Costs as Finding 2014-004. Our opinion on each major state program is not modified with respect to this matter.

Metlakatla Indian Community's response to the noncompliance finding identified in our audit is described in the accompanying State Schedule of Findings and Questioned Costs and Corrective Action Plan. Metlakatla Indian Community's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Metlakatla Indian Community is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metlakatla Indian Community's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Metlakatla Indian Community's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state program will not be prevented, or detected and corrected, on a timely basis. 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 state 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.

Members of the Council  
Metlakatla Indian Community

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying State Schedule of Findings and Questioned Costs as Finding 2014-004, that we consider to be a significant deficiency.

Metlakatla Indian Community's response to the internal control over compliance finding identified in our audit is described in the accompanying State Schedule of Findings and Questioned Costs and Corrective Action Plan. Metlakatla Indian Community's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

*Altman, Rogers & Co.*

Anchorage, Alaska  
June 30, 2015

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**METLAKATLA INDIAN COMMUNITY**

State Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?	<u> X </u>	Yes	<u>    </u>	No
Material weakness(es) identified?	<u> X </u>	Yes	<u>    </u>	No

Noncompliance material to financial statements?      Yes  X  No

State Financial Assistance

Internal control over major programs:

Significant deficiency(ies) identified?	<u> X </u>	Yes	<u>    </u>	No
Material weakness(es) identified?	<u>    </u>	Yes	<u> X </u>	No

Type of auditor’s report issued on compliance for major programs: Unmodified

Dollar threshold used to distinguish a state major program: \$ 75,000

**Section II – Financial Statement Findings**

See Federal Schedule of Findings and Questioned Costs.

**Section III – State Award Findings and Questioned Costs**

**Finding 2014-004                      Internal Control over Reporting**

**Significant Deficiency/  
Non-Compliance**

**Reporting**

**State Award Program**

Awarding Agency  
AEA

Grant#  
7040074

Program  
Triangle Lake Hydroelectric Project  
Feasibility

**Condition:**                      Quarterly reports are not being prepared and submitted within the required time period.

**METLAKATLA INDIAN COMMUNITY**

State Schedule of Findings and Questioned Costs, Continued

**Criteria:** We tested the reporting requirements for state compliance purposes and noted that reports were not submitted within 15 days of the end of the reporting period as specified in the grant agreement.

**Context:** The grant agreement requires the grantee to submit financial status reports within 15 days of the end of the quarter. We noted that no quarterly reports were being submitted before the deadline.

**Cause:** There was confusion related to the reporting deadlines.

**Effect:** Improper grant reporting could hinder opportunities for future grants.

**Questioned Costs:** None noted.

**Recommendation:** We recommend that grant requirements be closely monitored and that there is a clear line of communication established to determine who is responsible for grant reporting.

**Management's Response:** Management concurs with the finding. See Corrective Action Plan.

**Section VI – Summary of Prior Year State Award Findings**

**Finding 2013-009**

**Internal Control over Reporting**

**Significant Deficiency/  
Non-Compliance**

**Reporting**

**State Award Program**

Awarding Agency  
DCCED

Grant#  
08-DC-431

Program  
Drainage System Upgrade

**Condition:** Quarterly reports are not being prepared and submitted within the required time period.

**Status:** This finding has been resolved for the Drainage System Upgrade Program; however, this is repeated for the Triangle Lake Hydroelectric Project Feasibility as Finding 2014-004 in the current year.

**METLAKATLA INDIAN COMMUNITY**

Corrective Action Plan

Year Ended September 30, 2014

**Financial Statement Findings**

**Finding 2014-001**

**Internal Control Over Billings and Cash Receipts**

**Name of Contact Person:** Nathan Fawcett, Treasurer  
Rachael Askren, AISU Director

**Corrective Action:** AISU has hired an office business manager to specifically oversee the efficient processing flow of billings and cash receipts within the new electronic health records system, as well as the newly implemented Medisoft 8 billing system. The new systems will ensure correct data flow to Medicaid/Medicare and 3<sup>rd</sup> party billing.

**Proposed Completion Date:** December 31, 2015

**Finding 2014-002**

**Internal Control Over Accrued Leave**

**Name of Contact Person:** William Wilson, Personnel Officer

**Corrective Action:** Memos have been sent to employees regarding changes made to the accrued leave policy from MIC Council's finance committee during FY2013. There are steps being taken to have each employee that is close to or over the cap come within the cap limit.

**Proposed Completion Date:** September 30, 2015.

**Federal Award Findings and Questioned Costs**

**Finding 2014-003**

**Internal Control Over Eligibility – Lack of Eligibility Documentation**

**Name of Contact Person:** Jamie Chinuhuk, Head Start Director

**Corrective Action:** Jamie has worked with the Office of Head Start and has come into compliance with their requirements.

**Proposed Completion Date:** September 30, 2015.

**METLAKATLA INDIAN COMMUNITY**

Corrective Action Plan, Continued

**State Award Findings and Questioned Costs**

**Finding 2014-004**

**Internal Control Over Reporting**

**Name of Contact Person:** Kimberlee Anderson, Contracts & Grants Administrator

**Corrective Action Plan:** The Community will work with the General Manager at Metlakatla Power and Light to ensure financial information is provided so that the required quarterly reports can be submitted.

**Proposed Completion Date:** September 30, 2015.

