

SHOALWATER BAY INDIAN TRIBE

**Basic Financial Statements and
Independent Auditors' Reports**

September 30, 2014

Shoalwater Bay Indian Tribe

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INDEPENDENT AUDITORS' REPORT

Tribal Council
Shoalwater Bay Indian Tribe
Tokeland, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Shoalwater Bay Indian Tribe (the Tribe) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements as listed in the contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors' consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Shoalwater Bay Indian Tribe as of September 30, 2014, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 6 through 15 and 43-47 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 U.S. generally accepted auditing standards, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tribe's basic financial statements. The combining statements of revenues, expenditures, and changes in fund balances for various Tribal departments listed as supplementary information in the contents, schedule of expenditures of federal and nonfederal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and summary schedule of prior audit findings (prepared by the Tribe) in the Single Audit – Auditee's Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, schedule of expenditures of federal and nonfederal awards, and summary schedule of prior audit findings are the responsibility of management and were derived from and relate 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 basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining statements, schedule of expenditures of federal and nonfederal awards, and summary schedule of prior audit findings are fairly stated in all material respects in relation to the basic financial statements as a whole.

The corrective action plan (prepared by the Tribe) in the Single Audit – Auditee's Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2015, on our consideration of the Tribe'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* in considering the Tribe's internal control over financial reporting and compliance.

Stauffer & Associates, P.C.

Liberty Lake, Washington
June 18, 2015

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Overview of the Financial Statements

The administration of the Shoalwater Bay Indian Tribe (the Tribe) offers readers of the Tribe's financial statements this narrative overview and analysis of the financial activities of the Tribe for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with the Tribe's financial statements, which follow this section.

Financial Highlights

- The primary governmental assets of the Tribe exceeded its liabilities at the close of the most recent fiscal year by \$19,995,720 (net position).
- During the year, the Tribe's primary governmental net position increased by \$6,586,830; \$1,910,753 from governmental activities, a 14.3% increase, and \$4,676,077 from the combining of the Southern Puget Sound Inter-Tribal Housing Authority (SPSITHA) component unit into the Tribal government. Willapa Bay Enterprises (WBE) component unit total net position decreased by \$1,047,451, a 16.5% decline.
- Expenses of the Tribe's governmental activities were \$10,828,529 (a 13% decrease) for the year. Activities included \$3,537,728 (flat from the prior year) for health services, \$1,126,718 (a 4% increase) for public safety, \$1,043,713 (a 55% decline) for public works, \$919,233 (a 14% decrease) for social services and \$910,454 (a 18% decrease) for general government. The decrease in public works is because of the completion of a road project and the decrease in general government spending is due to increased efficiencies.
- Component unit activities had total operating revenues of \$16,119,312 compared with operating expenses of \$16,782,224. WBE revenues increased over last year while net income declined.
- The resources available for appropriation in the general fund were \$9,814,726, (a 6% increase) which was under budget by \$90,910. General fund charges to appropriations were \$1,790,631 less than budgeted. This means that the Tribe in total did \$1,699,721 better than it budgeted.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Tribe's basic financial statements. The Tribe's basic financial statements comprise three components: 1) Tribe-wide financial statements, 2) Fund financial statements, and 3) Notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Tribe-Wide Financial Statements

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

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Overview of the Financial Statements (continued)

Tribe-Wide Financial Statements (continued)

The statement of net position presents information on all the 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 Tribe is improving or deteriorating.

Governmental activities now reflect capital assets and long-term liabilities in the same way business-type entities have historically reported them.

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

Both of the Tribe-wide financial statements distinguish functions of the Tribe that are principally supported by intergovernmental revenues, assessments, and taxes (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 Tribe include general government, public safety, public works, health, social services, education, cultural, environmental, and economic development.

The Tribe-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tribe, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Tribe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The Tribe maintains two of the five types of governmental funds, a general fund and a special revenue fund. The general fund is the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund. The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Overview of the Financial Statements (continued)

Governmental Funds. (continued)

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

Detailed information of governmental fund data is provided in the form of combining statements on pages 18 through 19 of this report.

Proprietary Funds. The Tribe has no proprietary funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Tribe-wide financial statements because the resources of those funds are not available to support the Tribe's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 23 through 42 of this report.

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Tribe-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Primary government, assets exceeded liabilities by \$19,995,720 at the close of the most recent fiscal year. Table 1 below summarizes the Tribe's net position allocated between its governmental and component unit activities:

	Governmental Activities		Component Unit Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 10,977,620	\$ 9,079,729	\$ 2,442,280	\$ 2,886,077	\$ 13,419,900	\$ 11,965,806
Capital assets	10,931,737	8,355,991	5,087,699	8,231,675	16,019,436	16,587,666
Noncurrent assets	1,616,926	-	-	1,466,843	1,616,926	1,466,843
Total assets	23,526,283	17,435,720	7,529,979	12,584,595	31,056,262	30,020,315
Current liabilities	2,708,615	3,286,142	1,582,432	1,228,504	4,291,047	4,514,646
Long-term debt	688,853	740,688	649,589	242,520	1,338,442	983,208
Noncurrent liabilities	133,095	-	-	92,084	133,095	92,084
Total liabilities	3,530,563	4,026,830	2,232,021	1,563,108	5,762,584	5,589,938
Net Position						
Invested in capital assets, net of related debt	10,203,678	7,166,462	3,892,497	7,921,272	14,096,175	15,087,734
Invested in mutual help homes	1,446,843	-	-	1,466,843	1,446,843	1,466,843
Restricted	374,544	264,956	-	-	374,544	264,956
Unrestricted	7,970,655	5,977,472	1,405,461	1,633,372	9,376,116	7,610,844
Total net position	\$19,995,720	\$13,408,890	\$ 5,297,958	\$11,021,487	\$25,293,678	\$24,430,377

During the year, the Tribe's primary governmental net position from governmental activity increased by \$1,910,753, a 14.3% increase. There was also an increase of \$4,676,077 from the combining of the Southern Puget Sound Inter-Tribal Housing Authority (SPSITHA) component unit into the Tribal government. WBE component unit total net position decreased by \$1,047,451, a 16.5% decline.

The largest portion of the Tribe's primary governmental net position (58.4%) are non-spendable as it reflects the Tribe's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets; investment in long-term notes receivable, net of related offset; and investment in mutual help homes. The Tribe uses these assets to provide services to the members and community; consequently, these assets are not available for future spending. Although the Tribe's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

A portion of the Tribe's primary governmental net position (.4%) is restricted by outside agencies (primarily Indian Health Services and Bureau of Indian Affairs). The remaining balance of *unrestricted net position* (\$7,970,655 a 33% increase from the prior year) may be used to meet the Tribe's ongoing obligations to its members, the community and creditors. Governmental activities unrestricted net position generally represents cash and cash equivalents, investments, and receivables. Cash and investment balances are managed to generate the highest earnings yield possible within the Tribe's very risk-averse policies, while at the same time providing adequate cash flows for program operations, construction and other ongoing projects. Analysis of noncurrent assets and liabilities is detailed in a later section of this MD&A labeled "Capital Assets and Debt Administration."

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Tribe-Wide Financial Analysis (continued)

Statement of Activities

Table 2 below summarizes the Tribe's change in net position for the year:

	Changes in the Shoalwater Bay Indian Tribe's Net Position					
	Governmental Activities		Component Unit Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program:						
Gaming and other business-type activities	\$ -	\$ -	\$16,119,312	\$15,962,810	\$16,119,312	\$15,962,810
Housing	-	-	-	352,429	-	352,429
Other charges for services	948,245	727,649	-	-	948,245	727,649
Operating grants and contributions	5,492,095	6,666,670	-	-	5,492,095	6,666,670
Distribution from primary government	-	-	350,000	820,000	350,000	820,000
General:						
Machine allocation leases	3,665,166	3,412,969	-	-	3,665,166	3,412,969
Taxes	2,435,962	2,262,717	-	-	2,435,962	2,262,717
Other revenue	196,009	227,235	-	6,054	196,009	233,289
Total revenues	<u>12,737,477</u>	<u>13,297,240</u>	<u>16,469,312</u>	<u>17,141,293</u>	<u>29,206,789</u>	<u>30,438,533</u>
Expenses:						
General government	910,454	1,111,431	-	-	910,454	1,111,431
Public safety	1,126,718	1,084,703	-	-	1,126,718	1,084,703
Public works	1,043,713	2,352,714	-	-	1,043,713	2,352,714
Housing	431,535	-	-	513,474	431,535	513,474
Health	3,537,728	3,568,485	-	-	3,537,728	3,568,485
Social services	919,233	1,074,151	-	-	919,233	1,074,151
Education	351,659	379,551	-	-	351,659	379,551
Cultural	349,940	233,510	-	-	349,940	233,510
Environmental	508,049	671,855	-	-	508,049	671,855
Economic development	673,582	688,265	-	-	673,582	688,265
Gaming and other business-type activities	-	-	16,782,224	15,785,320	16,782,224	15,785,320
Interest on long-term debt	50,670	81,226	-	-	50,670	81,226
Distribution to component unit	350,000	820,000	-	-	350,000	820,000
Depreciation	575,248	433,141	-	-	575,248	433,141
Other	(1,805)	(66,700)	-	16,650	(1,805)	(50,050)
Total expenses	<u>10,826,724</u>	<u>12,432,332</u>	<u>16,782,224</u>	<u>16,315,444</u>	<u>27,608,948</u>	<u>28,747,776</u>
Increase (decrease) in net position	1,910,753	864,908	(312,912)	825,849	1,597,841	1,690,759
Net position - 10/01	13,408,890	12,543,982	11,021,486	10,195,637	24,430,376	22,739,618
Prior period adjustment	-	-	(734,539)	-	(734,539)	-
Consolidation of component unit	4,676,077	-	(4,676,077)	-	-	-
Net position - 09/30	<u>\$19,995,720</u>	<u>\$13,408,890</u>	<u>\$ 5,297,958</u>	<u>\$11,021,486</u>	<u>\$25,293,678</u>	<u>\$24,430,377</u>

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Business Activities (continued)

WBE's administrative expenses for 2014 were \$548,952, an increase of \$96,039. They also charged management fees of \$444,000 to their divisions (up by \$114,330), had other income of \$251,004 (mostly a contribution from the Shakopee Indian Tribe) and recognized \$350,000 of income on a distribution from the Shoalwater Bay Indian Tribe.

Fiduciary Activities

Pension Trust – Net position for the employee retirement fund at September 30, 2014, was \$3,103,919. There were no liabilities against the assets. Net position for the fund increased 5.0% or \$147,997 for the year. Contributions to the plan included \$194,036 (a 7% increase from the prior year) in employer contributions and \$143,415 (a 12% increase) in employee contributions. The portfolio's market value appreciated in the amount of \$236,272 and distributions to participants totaled \$428,227. As of September 30, 2014, plan participants have an outstanding loan balance of \$50,895.

Expendable Trust – Net position for the Dexter Trust at September 30, 2014, was \$1,907,978. There were no liabilities for the trust. Assets for the trust include cash at \$45,458, investments of \$1,533,959 and land, buildings, and equipment valued at \$328,561 net of depreciation. Net position for the Dexter Trust increased by 0.5% or \$8,944 for the year. Investment income for the year was \$32,213 while the portfolio's market value depreciated by \$12,768. Asset administration fees were \$7,029 and depreciation expense was \$3,483. The Dexter Fund did not purchase any Dexter property this fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, the Tribe uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Tribe's general fund reported a combined ending balance of \$8,328,211, an increase of \$1,857,630 from governmental operations and \$228,153 from combining the Tribe's Housing component unit into the Tribe. The majority of the fund balance (58.0%) constitutes unrestricted and unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, committed or assigned and not available for new spending.

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

General Fund Budgetary Highlights

While the revenue budget variance was slightly unfavorable, the expenditure budget variances were favorable, and in total, there was a \$1,699,721 favorable variance over budget. Revenues fell short of budgetary projections by \$90,910 (\$9,814,726 vs. \$9,905,636). The most significant revenue unfavorable variance was in indirect cost recoveries at \$382,865 (\$2,543,583 vs. \$2,926,448). This variance occurred because of a delay in the execution of some grants and Tribal programs. This unfavorable variance was largely made up for in a favorable variance of \$207,375 in machine leases and \$89,296 in tax revenues.

Expenditures were under budgetary projections by \$1,790,631 (\$7,957,100 vs. \$9,747,731). The largest expenditure variance was in the area of environmental which was under budget by \$565,641. Environmental was under budget due to a delay in the waste water treatment facility project.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the Tribe had \$10,931,737 invested in a broad range of capital assets, including land, buildings, equipment, and vehicles. This represents an increase, net of depreciation, of \$2,575,746 compared to fiscal year 2013 (excluding Component Units). Table 3 below presents the Tribe's capital assets by category:

	<u>Capital Assets at Year End, Net of Depreciation</u>		
	Governmental Activities	Component Units	Total
Land	\$ 2,174,446	\$ -	\$ 2,174,446
Land Improvements	1,198,315	-	1,198,315
Buildings and Improvements	6,408,294	4,264,348	10,672,642
Equipment	979,437	823,351	1,802,788
Vehicles	102,134	-	102,134
Construction in Progress	69,111	-	69,111
Total	<u>\$10,931,737</u>	<u>\$ 5,087,699</u>	<u>\$16,019,436</u>

This year's major additions included:

Consolidation of Housing component unit, net of depreciation \$2,964,094

Shoalwater Bay Indian Tribe

Management's Discussion and Analysis

Long-term Debt

At year end, the Tribe had \$748,059 in outstanding debts, consisting of current maturities of \$59,206 and long-term maturities of \$688,853. Table 4 below presents the Tribe's debt by category:

<u>Outstanding Debt at Year End</u>			
	<u>Governmental</u>	<u>Component</u>	
	<u>Activities</u>	<u>Unit</u>	<u>Total</u>
Notes Payable	<u>\$ 748,059</u>	<u>\$ 1,185,247</u>	<u>\$ 1,933,306</u>
Total	<u>\$ 748,059</u>	<u>\$ 1,185,247</u>	<u>\$ 1,933,306</u>

Economic Factors and Next Year's Planned Expenditures

The Tribal Council has considered many factors when setting the fiscal year 2015 budget. The most significant factors are: 1) continuing pressure at the federal level for available resources, 2) increased monitoring by federal and state granting agencies, 3) a leveling of patient revenues as the Wellness Center reaches its capacity, 4) the impact of the economic recession on the casino and other business operations, 5) increasing competition for federal and state grants, 6) increasing needs of the Tribe's elders and young people, 7) increasing pressure on the indirect cost pool to meet the needs of all the Tribe's services, and 8) the need for economic diversification. These items were taken into account when adopting the governmental funds budget.

Amounts available for appropriation in the general fund budget are \$10,112,622 for the year ending September 30, 2015, an increase of 2.1% from the final 2014 budget of \$9,905,636. Budgeted expenditures for the general fund in 2015 are \$10,038,051, an increase of 3.0% from the final 2014 amount of \$9,747,731. The 2015 budget is based on projected actual revenues and expenditures instead of the prior year budget. The increase in expenditures reflects the commitment to expand the land base of the Tribe.

Requests for Information

This financial report is designed to provide Tribal members, customers, investors, and creditors with a general overview of the Tribe's finances and demonstrate the Tribe's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Tribe's Chief Financial Officer at the Tribal Offices or via e-mail at lkerns@shoalwaterbay-nsn.gov.

Shoalwater Bay Indian Tribe

Statement of Net Position

September 30, 2014

	Primary Government Governmental Activities	Component Unit WBE	Reporting Entity
Assets			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ 9,752,505	\$ 1,927,919	\$ 11,680,424
Receivables:			
Receivables, net	450,008	96,048	546,056
Accrued revenue	638,938	-	638,938
Inventories	-	266,030	266,030
Prepaid expenses	136,169	152,283	288,452
Total current assets	<u>10,977,620</u>	<u>2,442,280</u>	<u>13,419,900</u>
<i>NONCURRENT ASSETS:</i>			
Capital assets:			
Land	2,174,443	-	2,174,443
Construction in progress	69,111	-	69,111
Buildings and equipment, net	8,688,183	5,087,699	13,775,882
Total capital assets	<u>10,931,737</u>	<u>5,087,699</u>	<u>16,019,436</u>
Other noncurrent assets:			
Long-term notes receivable	150,083	-	150,083
Non-Conveyed mutual help home units	1,466,843	-	1,466,843
Total other noncurrent assets	<u>1,616,926</u>	<u>-</u>	<u>1,616,926</u>
Total assets	<u>23,526,283</u>	<u>7,529,979</u>	<u>31,056,262</u>
Liabilities			
<i>CURRENT LIABILITIES:</i>			
Accounts payable	152,858	178,284	331,142
Accrued payroll and other liabilities	380,526	135,385	515,911
Other current liabilities	-	733,105	733,105
Unearned revenue - grants	2,116,025	-	2,116,025
Current portion of notes payable	59,206	535,658	594,864
Total current liabilities	<u>2,708,615</u>	<u>1,582,432</u>	<u>4,291,047</u>
<i>NONCURRENT LIABILITIES:</i>			
Noncurrent portion of notes payable	688,853	649,589	1,338,442
Long term receivable offset	113,074	-	113,074
Deposit liabilities	20,021	-	20,021
Total noncurrent liabilities	<u>821,948</u>	<u>649,589</u>	<u>1,471,537</u>
Total liabilities	<u>3,530,563</u>	<u>2,232,021</u>	<u>5,762,584</u>
Net Position			
Net investment in capital assets	11,650,521	3,892,497	15,543,018
Restricted	374,544	-	374,544
Unrestricted	7,970,655	1,405,461	9,376,116
Total net position	<u>\$ 19,995,720</u>	<u>\$ 5,297,958</u>	<u>\$ 25,293,678</u>

See accompanying independent auditors' report and notes to basic financial statements.

Shoalwater Bay Indian Tribe

Statement of Activities

Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	WBE Component Unit	SPSITHA Component Unit
		Charges for Services	Operating Grants			
Primary Government:						
Governmental Activities:						
General government	\$ 910,454	\$ -	\$ 407,575	\$ (502,879)		
Public safety	1,126,718	39,530	379,544	(707,644)		
Public works	1,043,713	9,389	116,644	(917,680)		
Housing	431,535	33,207	293,912	(104,416)		
Health	3,537,728	847,021	2,943,873	253,166		
Social services	919,233	19,098	489,356	(410,779)		
Education	351,659	-	164,575	(187,084)		
Cultural	349,940	-	233,475	(116,465)		
Environmental	508,049	-	463,140	(44,909)		
Economic development	673,582	-	-	(673,582)		
Interest on long-term debt	50,670	-	-	(50,670)		
Distribution to component unit	350,000	-	-	(350,000)		
Unallocated depreciation	575,248	-	-	(575,248)		
Total governmental activities	10,828,529	948,245	5,492,094	(4,388,190)		
Total primary government	10,828,529	948,245	5,492,094	(4,388,190)		
Component Units:						
WBE Component Unit	\$ 16,782,224	\$ 16,119,312	\$ -	\$ (662,912)		
Total component units	\$ 16,782,224	\$ 16,119,312	\$ -	\$ (662,912)		
General revenues:						
Machine leases				3,665,166		
Casino taxes				1,296,667		
Tax revenues				1,139,296		
TERO income				1,332		
License fees				20,545		
Interest and investment revenue				11,393		
Other operating revenue				162,739		
Distribution to primary government				4,676,078		(4,676,078)
Distribution from primary government				-	350,000	-
Gain (loss) on disposal of assets				1,804		-
Total general revenues				10,975,020	350,000	(4,676,078)
CHANGE IN NET POSITION				6,586,830	(312,912)	(4,676,078)
NET POSITION, BEGINNING OF YEAR, as previously reported				13,408,890	6,345,409	4,676,078
PRIOR PERIOD ADJUSTMENT				-	(734,539)	-
NET POSITION, BEGINNING OF YEAR, as adjusted				13,408,890	5,610,870	4,676,078
NET POSITION, END OF YEAR				\$ 19,995,720	\$ 5,297,958	\$ -

See accompanying independent auditors' report and notes to basic financial statements.

Shoalwater Bay Indian Tribe

Balance Sheet - Governmental Funds

September 30, 2014

	General Fund	BIA Self Governance	IHS Self Governance	HUD Housing	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 6,917,952	\$ 878,274	\$ 1,512,245	\$ -	\$ 444,034	\$ 9,752,505
Receivables:						
Accounts receivable	455,111	-	-	(5,103)	-	450,008
Due from other funds	5,621,458	-	-	-	9,950	5,631,408
Accrued revenue	-	-	-	269,297	369,641	638,938
Prepaid	136,169	-	-	-	-	136,169
Total assets	\$ 13,130,690	\$ 878,274	\$ 1,512,245	\$ 264,194	\$ 823,625	\$ 16,609,028
Liabilities and Fund Balances						
LIABILITIES:						
Accounts payable	\$ 90,136	\$ 2,057	\$ 41,884	\$ 8,928	\$ 9,853	\$ 152,858
Accrued payroll and other liabilities	210,525	35,118	86,080	10,618	38,185	380,526
Due to other funds	4,501,818	105,250	446,913	244,648	332,779	5,631,408
Unearned revenue - grants	-	735,849	937,368	-	442,808	2,116,025
Total liabilities	4,802,479	878,274	1,512,245	264,194	823,625	8,280,817
FUND BALANCES:						
Nonspendable	136,169	-	-	-	-	136,169
Restricted	374,544	-	-	-	-	374,544
Committed	1,438,580	-	-	-	-	1,438,580
Assigned	1,589,123	-	-	-	-	1,589,123
Unassigned	4,789,795	-	-	-	-	4,789,795
Total fund balances	8,328,211	-	-	-	-	8,328,211
Total liabilities and fund balances	\$ 13,130,690	\$ 878,274	\$ 1,512,245	\$ 264,194	\$ 823,625	

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	10,931,737
Other noncurrent assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,616,926
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(881,154)
Net position of governmental activities	\$ 19,995,720

See accompanying independent auditors' report and notes to basic financial statements.

Shoalwater Bay Indian Tribe
**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**
Year Ended September 30, 2014

	General Fund	BIA Self Governance	IHS Self Governance	HUD Housing	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Indirect cost recoveries:						
Grants and contracts	\$ 1,423,878	\$ -	\$ -	\$ -	\$ -	\$ 1,423,878
Tribal sources	1,119,705	-	-	-	-	1,119,705
Intergovernmental grants and contracts	25,759	1,040,071	2,752,748	293,912	1,379,604	5,492,094
Machine leases	3,665,166	-	-	-	-	3,665,166
Casino taxes	1,296,666	-	-	-	-	1,296,666
Tax revenues	1,139,296	-	-	-	-	1,139,296
TERO income	1,332	-	-	-	-	1,332
License fees	20,545	-	-	-	-	20,545
Service fees	915,038	-	-	-	-	915,038
Distribution from component unit	228,153	-	-	-	-	228,153
Other revenue	207,335	-	-	-	-	207,335
Total revenues	<u>10,042,873</u>	<u>1,040,071</u>	<u>2,752,748</u>	<u>293,912</u>	<u>1,379,604</u>	<u>15,509,208</u>
EXPENDITURES:						
Current:						
General government	2,544,175	243,841	-	-	52,782	2,840,798
Public safety	540,871	121,732	-	-	190,502	853,105
Public works	857,327	102,004	-	-	13,429	972,760
Housing	101,081	-	-	228,342	-	329,423
Health	476,644	-	1,941,825	-	143,231	2,561,700
Social services	347,520	84,040	-	-	320,352	751,912
Education	160,696	107,500	-	-	6,249	274,445
Cultural	79,078	-	-	-	158,908	237,986
Environmental	51,127	99,103	-	-	221,835	372,065
Economic development	658,410	-	-	-	-	658,410
Total current direct expenditures	<u>5,816,929</u>	<u>758,220</u>	<u>1,941,825</u>	<u>228,342</u>	<u>1,107,288</u>	<u>9,852,604</u>
Indirect expenditures	1,119,705	281,851	810,923	65,570	265,534	2,543,583
Total current expenditures	<u>6,936,634</u>	<u>1,040,071</u>	<u>2,752,748</u>	<u>293,912</u>	<u>1,372,822</u>	<u>12,396,187</u>
Debt service:						
Principal	441,470	-	-	-	-	441,470
Interest	50,669	-	-	-	-	50,669
Distribution to component unit	350,000	-	-	-	-	350,000
Capital outlay	183,317	-	-	-	6,782	190,099
Total expenditures	<u>7,962,090</u>	<u>1,040,071</u>	<u>2,752,748</u>	<u>293,912</u>	<u>1,379,604</u>	<u>13,428,425</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,080,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,080,783</u>
OTHER FINANCING SOURCES:						
Gain on sale of assets	5,000	-	-	-	-	5,000
Total other financing sources	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	<u>2,085,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,085,783</u>
FUND BALANCE, BEGINNING OF YEAR	<u>6,242,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,242,428</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,328,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,328,211</u>

See accompanying independent auditors' report and notes to basic financial statements.

Shoalwater Bay Indian Tribe

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

Year Ended September 30, 2014

Net Change in Fund Balance - Governmental Funds \$ 2,085,783

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 190,099	
Depreciation	(575,248)	
Distribution to primary government of long term assets	4,447,923	
Loss on disposal of assets	<u>(3,197)</u>	
		4,059,577

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts consist of:

Payment to Bank of America	8,366	
Payment to Anchor Bank - term loan	49,361	
Payment to Shorebank - term loan	<u>383,743</u>	
		<u>441,470</u>

Change in Net Position of Governmental Activities \$ 6,586,830

Shoalwater Bay Indian Tribe

Statement of Net Position - Fiduciary Funds

Year Ended September 30, 2014

	Pension Trust <u>Employee Retirement</u>	Expendable Trust <u>Dexter Fund</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 36,399	\$ 45,458
Investments	3,016,625	1,533,959
Participant loans	50,895	-
Land, buildings, and equipment, net	<u>-</u>	<u>328,561</u>
Total assets	<u>\$ 3,103,919</u>	<u>\$ 1,907,978</u>
<i>Net Position</i>		
Assets held in trust for pension benefits and other purposes	<u>\$ 3,103,919</u>	<u>\$ 1,907,978</u>
Total net position	<u>\$ 3,103,919</u>	<u>\$ 1,907,978</u>

See accompanying independent auditors' report and notes to basic financial statements.

Shoalwater Bay Indian Tribe

Statement of Changes in Fund Net Position - Fiduciary Funds

Year Ended September 30, 2014

	Pension Trust Employee Retirement	Expendable Trust Dexter Fund
<i>REVENUES:</i>		
Contributions:		
Employer	\$ 194,036	\$ -
Plan members	143,415	-
Total contributions	337,451	-
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	236,272	(12,768)
Investment income	-	32,213
Total investment earnings	236,272	19,445
Other nonoperating revenue	2,501	11
Total additions	576,224	19,456
<i>EXPENSES:</i>		
Distributions to participants	428,227	-
Administrative expenses	-	7,029
Depreciation expense	-	3,483
Total deductions	428,227	10,512
<i>CHANGE IN NET POSITION</i>	147,997	8,944
<i>NET POSITION, BEGINNING OF YEAR</i>	2,955,922	1,899,034
<i>NET POSITION, END OF YEAR</i>	\$ 3,103,919	\$ 1,907,978

See accompanying independent auditors' report and notes to basic financial statements.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Shoalwater Bay Indian Tribe (the Tribe) is a federally recognized Indian Tribal Government governed by five elected Tribal Council members. The services provided by the Tribe include administering general government activities, pursuing community development, increasing economic opportunities for Tribal members, enhancing natural resources, enforcing laws, and increasing the level of social and health services provided to its members.

Summary of Significant Accounting Policies:

The financial activities of the Tribe and its enterprises are confidential. The accompanying financial statements and related notes are to be distributed only based on authorization from the Tribal Council or its designee. Information related to federal grants and contracts required by U.S. Office of Management and Budget Circular A-133 is public information and is available on request from the Tribal Treasurer.

The accompanying financial statements have been prepared in accordance with the reporting model defined by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This reporting model includes requirements for Tribe-wide financial statements, management’s discussion and analysis (presented as required supplementary information), and reporting of roads, bridges, and water systems.

Reporting Entity

Legal Entity

All the entities (funds, enterprises, institutions, agencies, departments, and offices) that are not legally separate are part of the Tribe’s primary government for financial reporting purposes. The legal entity includes:

- Governmental and regulatory offices, agencies, and departments of the Tribe.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Reporting Entity (continued)

Component Units

Component units are legally separate organizations for which the Tribe is financially accountable and/or for which the nature and significance of their relationship with the Tribe are such that exclusion would cause the financial statements to be misleading or incomplete.

The Tribe is considered to be financially accountable for an organization when either:

1. The Tribe appoints a voting majority of the organization's governing body and can impose its will on that organization, *or*
2. There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Tribe.

Blended Component Units

Despite being legally separate, component units that are so intertwined with the primary government that they are, in substance, the same as the primary government are reported as part of the primary government. The criteria used for this determination are:

1. The component unit's governing body is substantively the same as the governing body of the primary government, *or*
2. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government by providing services that the primary government would have provided if they were not provided by the component unit.

The Tribe has no blended component units.

Discrete Component Units

Component units not meeting the criteria for blending with the primary government are discretely presented in the financial statements. Discrete presentation entails reporting component unit financial data in a column separate from the financial data of the Tribe's primary government. The Tribe has two discretely presented component units: Willapa Bay Enterprises (WBE), a Section 17 corporation and South Puget Sound Inter-Tribal Housing Authority (SPSITHA).

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Reporting Entity (continued)

Component Units (continued)

Discrete Component Units (continued)

WBE is governed by a board comprised of five members appointed by Tribal Council. WBE was created to manage the Tribe's business activities. As of September 30, 2012, the WBE manages the Shoalwater Bay Casino, Georgetown Station (a gas station and convenience store) and The Tradewinds (a hotel). More detailed information regarding Willapa Bay Enterprises can be found in its separately issued audit report.

SPSITHA is governed by a board comprised of five members appointed by Tribal Council. SPSITHA is the designated housing authority for the Tribe. More detailed information regarding SPSITHA can be found in its separately issued audit report. During the year ended September 30, 2014, SPSITHA was absorbed by the Tribe and the Housing Authority is now a program of the Tribe.

Basis of Presentation

The basic financial statements of the Tribe include the Tribe-wide and the fund financial statements. In the GASB 34 reporting model the focus is on the Tribe as a whole in the Tribe-wide financial statements, while reporting additional and detailed information about the Tribe's major governmental and business-type activities in fund financial statements.

Tribe-Wide Financial Statements

The Tribe-wide statement of net position and statement of activities display information about the Tribe's primary government and its component units. These statements include the financial activities of the overall Tribe. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities of the Tribe.

The statement of activities presents a comparison between direct expenses and program revenues for the component units of the Tribe and for each function of the Tribe's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. *Indirect expenses* are general and administrative support expenses that are allocated and charged to individual funds and programs. *Program revenues* include both charges to users who directly benefit from the services or privileges provided by a given function or department and grants, contracts, and other awards that are restricted to meeting the operational or capital requirements of a particular function, or department.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Presentation (continued)

Fund Financial Statements

The fund financial statements provide information about the Tribe's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The Tribe reports the following major governmental funds:

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

Bureau of Indian Affairs Self Governance – Fund contributes to Government, Social Services, and Education for the Tribe.

Indian Health Services Self Governance – Fund contributes to Health Services for the Tribe.

Housing and Urban Development – Fund contributes to housing services for the Tribe.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Tribe does not currently operate any proprietary funds.

In addition, the Tribe reports the following fiduciary funds. The fiduciary funds are used to account for assets held by the Tribe in a trustee capacity or as an agent on behalf of others.

The *Employee Pension Trust Fund* is accounted for in essentially the same manner as the Proprietary Fund, using the same measurement focus and basis of accounting. The Pension Trust Fund accounts for the assets of the Tribe's employee retirement plans.

The *Expendable Trust Fund* is accounted for in essentially the same manner as the governmental fund types, using the same economic resources measurement focus and basis of accounting. The Expendable Trust Fund accounts for assets where both the principal and interest may be spent. The Expendable Trust Fund accounts for the investment income and administrative expenditures associated with funds received from a land claim settlement. The Tribe has placed these funds in a trust account with Bank of America.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting

The Tribe-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Tribe gives (or receives) value without directly receiving (or giving) equal value in exchange, include possessory interest in gasoline and fuel taxes, grants, entitlements, and donations. On an accrual basis, revenue from possessory interest taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been satisfied.

Program revenues consist of charges for services and operating grant income.

Proprietary fund *operating* revenues result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. *Operating* expenses of proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as *nonoperating* revenues and expenses.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Tribe considers all revenues reported in the governmental funds to be available if they are collected within one year after year end (the Tribe does not assess or collect *ad valorem* property taxes). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Reimbursement grants, contracts, and other awards are recognized as soon as all eligibility criteria have been met and related amounts become available.

The expenditures for indirect administrative costs are accounted for in the general fund, in an indirect cost pool. These costs are allocated to various contracts at a standard rate approved by the United States Department of the Interior. This rate is applied to all direct expenditures except capital equipment and any pass-through funds. For the period of October 1, 2013 through September 30, 2014, the Tribe had an approved indirect cost rate of 47.28% for all other programs. Reimbursements received from grants and contracts are included in the governmental activities revenues. Actual indirect cost reimbursement is subject to audit. Adjustments, if any, are not anticipated to be significant.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting (continued)

Any increase or decrease resulting from the difference between the proposed level of spending and recovery and the actual level of spending and recovery will be reflected in future rates.

It is the Tribe's policy to apply restricted funds first when an expense is incurred for purposes for which restricted and unrestricted net position are available.

Budgets – The Tribe is not legally required to adopt an annual budget for its general fund. However, the Tribe elected to, and therefore the required supplementary information does include a Budgetary Comparison Schedule for the General Fund. This schedule would be required under U.S. generally accepted accounting principles had the adoption of an annual budget been mandated by law.

The Budgetary Comparison Schedule for the Special Revenue Funds includes budget and actual information only for the Special Revenue Funds. The Tribe utilizes program budgets in the Special Revenue Funds. The budgets shown are established within grant or contract documents and are approved by the Tribal Council and the applicable grantor. Because award agreements frequently provide for budget amounts to be carried forward to future periods, or allow for extensions of budget periods, expenditures in any given fiscal period are generally less than the total amount available during that period.

Cash and Cash Equivalents – include amounts in demand deposits, as well as cash in time deposits and other investments with a maturity date within three months of the date acquired by the Tribe (see note 2).

Federal statutes require that advance payments received by the Tribe under the Indian Self Determination and Education Assistance Act be deposited in accounts insured by an agency or instrumentality of the United States or in accounts fully collateralized to ensure protection of the advanced funds in the event of a bank failure. Additionally, such funds may be invested as long as they are invested in:

- a. Obligations or securities guaranteed or insured by the United States,
- b. Mutual (or other funds) registered with the Securities and Exchange Commission which only invest in:
 - i. Obligations of the United States, or
 - ii. Securities that are guaranteed or insured by the United States.

Additionally, investment of funds under the custodianship of the U.S. Department of the Interior, Bureau of Indian Affairs is restricted by 25 USC §162a to any public-debt obligation of the United States, and any bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States. Investments are stated at fair value.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting (continued)

Receivables and payables – 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” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “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.”

Inventories – All inventories are valued at cost using the first-in, first-out (FIFO) method.

Investment risks – The Tribe has no investment risks such as credit quality, custodial, concentrations, interest rate or foreign currency as all governmental net position are held in interest bearing or noninterest- bearing checking accounts which are fully collateralized.

Support from Governmental Units – The Tribe receives its primary support from the federal government. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Tribe’s programs and operations.

Capital Assets and Depreciation – Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not known. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Reservation lands and related resources (such as timber stands and other natural resources) are not capitalized because there is not an historical cost associated with these assets.

Buildings, vehicles, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-40 Years
Building improvements	15-25 Years
Land improvements	15-20 Years
Equipment	3-7 Years
Vehicles	5 Years

The capitalization threshold for the Tribe is \$5,000 for all classes of assets with an estimated useful life of more than one year.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting (continued)

Capital Assets and Depreciation (continued) –

Depreciation expense, where applicable, has not been charged to individual departments of the primary government because its depreciable assets essentially serve all functions. The expense is reported as a separate line in the statement of activities in the column for governmental activities.

Enterprise Fund:

Capital assets, valued at cost, are capitalized and depreciated in the funds that acquired them. Capital assets of the Tribe's Proprietary Funds are reported net of accumulated depreciation.

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

Compensated Absences – It is the Tribe's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick leave is not a vesting benefit and no liability is reported for unused sick leave. Vacation pay is accrued when incurred in Proprietary Funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund financing it. Annual leave may be accrued to a maximum of 208 hours. At the end of each fiscal year, the Tribe will pay up to 80 hours unused vacation. Hours in excess of 80 are forfeited. Sick leave may accrue up to 240 hours per employee but is not payable upon the employee's termination.

Accrued and Unearned Revenue – Providers of resources such as grants, contracts, and other awards frequently establish eligibility requirements. Eligibility requirements for expenditures may specify time requirements, may require that recipients incur allowable costs, and may be contingent upon a specified action by the recipient (such as a matching requirement). Until those requirements are met, expenditures may be accrued until reimbursed and the recipient has a receivable from the federal or state agency. The revenues as resources transmitted in advance of meeting the expenditures criteria, should be deferred and reported as Unearned revenue (a liability). When all eligibility requirements have been met, the Tribe will recognize revenues and reduce unearned revenue.

Long-term Obligations – In the Tribe-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities.

The face amount of debt issued is reported as other financing sources.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting (continued)

Federal Income Tax – The Tribe is exempt from federal income tax because of its status as an Indian Tribal Government.

Fund Balance – The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance**—amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance**—amounts constrained to specific purposes by the Tribe itself, using its highest level of decision-making authority (i.e., Tribal Council). To be reported as committed, amounts cannot be used for any other purpose unless the Tribe takes the same highest level action to remove or change the constraint.
- **Assigned fund balance**—amounts the Tribe intends to use for a specific purpose. Intent can be expressed by the Tribal Council or by an official or body to which the Tribal Council delegates the authority.
- **Unassigned fund balance**—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting (continued)

Fund Balance (continued)

A schedule of restricted, committed, and assigned net position of the Tribe's general fund follows:

Restricted: (by outside parties)	
2% Mitigation Fund restricted by gaming compact	\$ 71,124
Grant Advances restricted by grantor	303,420
Total	<u>\$ 374,544</u>
Committed: (by General Council)	
Higher Education Scholarship Fund	\$ 950,719
Elder's Pension Fund	487,861
Total	<u>\$ 1,438,580</u>
Assigned: (by Tribal Council)	
Seniors Program	\$ 6,060
Robert Bojorcas Scholarship Program	36,316
Tribal Canoe Fund	50,000
Spirit House Fund	50,000
Ike Whitish Scholarship Fund	50,000
Land, Community and Economic Development	1,396,747
Total	<u>\$ 1,589,123</u>

Interfund Transactions

Quasi-external interfund transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Internal Balances

Amounts owed between governmental and business-type activities are presented as internal balances. However, those internal balances are ultimately eliminated in the "total primary government" column.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 2 — CASH:

Governmental Activities/Governmental Funds

At year end, the bank balance of the Tribe's deposits was \$10,016,081 and the carrying amount was \$9,834,362 (which includes \$81,857 of cash in the fiduciary fund). Of the bank balance, \$611,584 was covered by the Federal Deposit Insurance Corporation (FDIC), \$9,289,510 was collateralized by securities held by the bank in the Tribe's name, and the remaining \$114,987 was uncollateralized and uninsured.

Fiduciary Funds

At September 30, 2014, the Tribe's cash balance at two financial institutions was \$81,857. The carrying amount is as follows:

Dexter Trust Fund	\$ 45,458
Employee Retirement	<u>36,399</u>
Total	<u>\$ 81,857</u>

Component Units

At September 30, 2014, WBE's combined bank balances with seven financial institutions was \$1,500,849. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at seven financial institutions. The bank balance was covered by federal depository insurance for the entire amounts of WBE, WBC, and Georgetown. Additionally, of the Casino's balance, \$596,861 was covered by federal depository insurance and the remaining balance of \$903,988 was uninsured and uncollateralized.

Cash and cash equivalents are summarized as follows at September 30, 2014:

Carrying amount	\$ 1,466,628
Cash on hand	<u>461,291</u>
Total cash and cash equivalents	<u>\$ 1,927,919</u>

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 3 — INVESTMENTS:

Fiduciary Fund:

The Tribe's investment accounts were fully collateralized with an agent of the financial institution. The investment values at September 30, 2014, are as follows:

Treasury bills	\$ 1,533,959
Closed-end mutual funds	<u>3,016,625</u>
Total	<u>\$ 4,550,584</u>

The Treasury Bills represent government securities and the mutual funds are unrated.

NOTE 4 — INVENTORIES:

Inventory balances at fiscal year ended September 30, 2014, consisted of the following:

Willapa Bay Enterprises

Casino	\$ 72,052
Georgetown Station	<u>193,978</u>
Total	<u>\$ 266,030</u>

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 5 — CAPITAL ASSETS:

Governmental Activities:

The following is a summary of changes for the primary government in capital assets during the fiscal year:

	Balance October 1, 2013	Additions	Deletions	Transfers	Balance September 30, 2014
Capital assets being depreciated:					
Land improvements	\$ 318,414	\$ -	\$ -	\$ 1,049,598	\$ 1,368,012
Buildings	6,095,019	161,401	-	2,366,060	8,622,480
Building improvements	79,155	-	-	-	79,155
Equipment	2,711,870	28,698	(198,652)	-	2,541,916
Vehicles	471,754	-	(38,580)	8,000	441,174
Total capital assets being depreciated	9,676,212	190,099	(237,232)	3,423,658	13,052,737
Less accumulated depreciation	(3,451,946)	(575,248)	234,035	(571,395)	(4,364,554)
Net plant and equipment	6,224,266	(385,149)	(3,197)	2,852,263	8,688,183
Capital assets not being depreciated:					
Work in progress	69,111	-	-	-	69,111
Land	2,062,615	-	-	111,828	2,174,443
Total capital assets, net	\$ 8,355,992	\$ (385,149)	\$ (3,197)	\$ 2,964,091	\$ 10,931,737

Depreciation expense, which is unallocated, for the fiscal year September 30, 2014, for the primary government was \$575,248.

Willapa Bay Enterprises, Inc. Activities (Component Unit):

The following is a summary of changes in WBE capital assets during the fiscal year:

	Balance October 1, 2013	Prior Period Adjustment	Additions	Transfers	Balance September 30, 2014
Capital assets being depreciated:					
Furniture and fixtures	\$ 4,350,768	\$ -	\$ 177,444	\$ 337,676	\$ 4,865,888
Buildings and improvement	5,406,942	-	11,460	2,075,053	7,493,455
Total capital assets being depreciated	9,757,710	-	188,904	2,412,729	12,359,343
Less accumulated depreciation for:					
Furniture and fixtures	(3,806,216)	-	(235,861)	(460)	(4,042,537)
Buildings and improvement	(3,171,101)	255,735	(314,201)	460	(3,229,107)
Total accumulated depreciation	(6,977,317)	255,735	(550,062)	-	(7,271,644)
Capital assets not being depreciated:					
Construction in progress	2,487,188	(990,274)	915,815	(2,412,729)	-
Total capital assets not being depreciated	2,487,188	(990,274)	915,815	(2,412,729)	-
Total capital assets, net	\$ 5,267,581	\$ (734,539)	\$ 554,657	\$ -	\$ 5,087,699

Depreciation expense for the fiscal year September 30, 2014, for WBE was \$550,062.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 5 — CAPITAL ASSETS (continued):

Southern Puget Sound Inter-Tribal Housing Authority Activities (Component Unit):

The following is a summary of changes in SPSITHA capital assets during the fiscal year:

	Balance October 1, 2013	Transfers	Balance September 30, 2014
Capital assets being depreciated:			
Land improvements	\$ 1,045,698	\$ (1,045,698)	\$ -
Housing structures	2,366,063	(2,366,063)	-
Equipment	11,900	(11,900)	-
Total capital assets being depreciated	3,423,661	(3,423,661)	-
Less accumulated depreciation	(571,395)	571,395	-
Total capital assets being depreciated, net	2,852,266	(2,852,266)	-
Capital assets not being depreciated:			
Land	111,828	(111,828)	-
Total capital assets not being depreciated	111,828	(111,828)	-
Total capital assets, net	\$ 2,964,094	\$ (2,964,094)	\$ -

Fiduciary Fund Activities:

The following is a summary of changes in the fiduciary fund capital assets during the fiscal year:

	Balance October 1, 2013	Additions	Balance September 30, 2014
Capital assets being depreciated:			
Land improvements	\$ 89,661	\$ -	\$ 89,661
Less accumulated depreciation	(20,785)	(3,483)	(24,268)
Total capital assets being depreciated	68,876	(3,483)	65,393
Capital assets not being depreciated:			
Land	263,168	-	263,168
Total capital assets, net	\$332,044	\$ (3,483)	\$ 328,561

Depreciation expense for the fiscal year September 30, 2014, for the Dexter Fund was \$3,483.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 6 — LONG-TERM DEBT:

The Tribe's long-term debt consists of various interest-bearing notes, the proceeds from which have been used primarily to finance building construction and acquisition, land acquisitions, equipment acquisitions, and operating expenditures.

The changes in long-term debt consisted of the following:

<i>Tribe</i>	Balance October 1, 2013	Additions	Repayments	Balance September 30, 2014
Notes payable	<u>\$ 1,189,529</u>	<u>\$ -</u>	<u>\$ (441,470)</u>	<u>\$ 748,059</u>

<i>WBE</i>	Balance October 1, 2013	Additions	Repayments	Balance September 30, 2014
Notes payable	<u>\$ 397,591</u>	<u>\$ 850,343</u>	<u>\$ (62,687)</u>	<u>\$ 1,185,247</u>

WBE Admin executed an equipment loan agreement with the Bank of the Pacific in the amount of \$300,000 less loan origination fees of \$2,409. The loan requires monthly payments of \$5,611, including interest at 4.5%, the loan matures in August 2018 and is secured by interest in all personal property assets of WBE (excluding gaming equipment); the first payment to be made on October 10, 2013. As of September 30, 2014, the balance was \$242,294.

WBE Admin entered into a real estate loan agreement with the Bank of the Pacific in the amount of \$500,000. The loan requires monthly payments of \$3,809, including interest at 3.75%. The loan matures in 2029 and is secured by real property. As of September 30, 2014, the balance on this loan was \$492,610.

WBE Admin opened an operating line of credit with the Bank of the Pacific in the amount of \$200,000 less loan origination fees of \$2,409. The loan requires monthly payments of \$5,590, including interest at 4.5%. The loan matures in 2016 and is secured by a CD in the Casino's name in their bank. As of September 30, 2014, the balance on this loan was \$450,343.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 6 — LONG-TERM DEBT (continued):

Governmental Activities:

Long-term debt consisted of the following as of September 30, 2014:

	Current Portion	Balance September 30, 2014
The Bank of the Pacific – Original loan date 10/15/03, monthly principal and interest payments of \$7,541, collateral – land purchased with loan proceeds.	\$ 59,206	\$ 748,059
Total notes payable	<u>\$ 59,206</u>	<u>\$ 748,059</u>

The primary government debt service requirements for the succeeding years are as follows:

Years Ending September 30,	Principal	Interest	Total
2015	\$ 59,206	\$ 31,284	\$ 90,490
2016	61,849	28,642	90,491
2017	64,610	25,881	90,491
2018	67,494	22,997	90,491
2019	70,506	19,984	90,490
2020-2024	402,647	49,806	452,453
2025-2029	21,747	87	21,834
Total	<u>\$ 748,059</u>	<u>\$ 178,681</u>	<u>\$ 926,740</u>

WBE's debt service requirements for the succeeding years are as follows:

Years Ending September 30,	Principal	Interest	Total
2015	\$ 535,658	\$ 27,735	\$ 563,393
2016	89,018	24,031	113,049
2017	92,883	20,166	113,049
2018	92,438	16,131	108,569
2019	32,191	13,522	45,713
2020-2024	180,342	47,225	227,567
2025-2029	162,717	12,359	175,076
Total	<u>\$ 1,185,247</u>	<u>\$ 161,169</u>	<u>\$ 1,346,416</u>

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 7 — CAPITAL LEASES:

Neither the Tribe nor its component units currently have any capital leases.

NOTE 8 — RECEIVABLES FROM GOVERNMENTAL AGENCIES:

Governmental Activities:

Amounts due from grantors/other agencies, consisted of the following at September 30, 2014:

United States Government:		
Department of Health and Human Services	\$	110,686
Department of Justice		72,039
Department of Housing and Urban Development		285,175
Federal Emergency Management Administration		107,884
Environmental Protection Agency		19,080
State and Other Programs		<u>44,074</u>
Total	\$	<u><u>638,938</u></u>

NOTE 9 — UNEARNED REVENUE:

Governmental Activities:

Unearned revenue consisted of the following at September 30, 2014:

United States Government:		
Department of the Interior	\$	875,311
Department of Transportation		293,825
Department of Health and Human Services		940,627
State and Other Programs		<u>6,262</u>
Total	\$	<u><u>2,116,025</u></u>

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 10 — DUE FROM (TO) OTHER FUNDS:

At September 30, 2014, the Tribe had short-term receivables and payables with related funds in the following amounts:

		Due from			
		General Fund	I.H.S. Self-Governance	Nonmajor Funds	Total
Due to	General Fund	\$ -	\$ -	\$ 9,950	\$ 9,950
	BIA Self-Governance	105,250	-	-	105,250
	IHS Self-Governance	446,913	-	-	446,913
	HUD Indian Housing	244,648	-	-	244,648
	Nonmajor Funds	332,779	-	-	332,779
Total		<u>\$ 1,129,590</u>	<u>\$ -</u>	<u>\$ 9,950</u>	<u>\$ 1,139,540</u>

NOTE 11 — EMPLOYEE PENSION PLAN:

The Shoalwater Bay Indian Tribe established and is responsible for maintaining the Employee Pension Plan, which is a defined contribution plan. The Tribe contributes 5% of the employee's base salary. Employees may contribute to this plan. The employee pension plan covers employees who meet eligibility requirements as documented in the pension plan policy.

Contributions made by the Tribe vest as follows:

Completed Years of Service	Vested Percentage
Less than 1	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

For the year ended September 30, 2014, the employee and employer contributions to the plan were \$143,415 and \$194,036, respectively.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 12 — PREPAID EXPENSES:

At September 30, 2014, prepaid expenses consisted of the following:

	<u>Primary Government</u>	<u>WBE Component Unit</u>	<u>Totals</u>
Payroll and related	\$ 136,169	\$ -	\$ 136,169
Other	<u>-</u>	<u>152,283</u>	<u>152,283</u>
Total	<u>\$ 136,169</u>	<u>\$ 152,283</u>	<u>\$ 288,452</u>

NOTE 13 — ACCRUED LIABILITIES:

At September 30, 2014, accrued liabilities consisted of the following:

	<u>Primary Government</u>	<u>WBE Component Unit</u>	<u>Totals</u>
Credit Cards payable	\$ 21,064	\$ -	\$ 21,064
Payroll and related taxes	359,462	135,385	494,847
Casino related liabilities	-	262,405	262,405
Other	<u>-</u>	<u>470,700</u>	<u>470,700</u>
Total	<u>\$ 380,526</u>	<u>\$ 868,490</u>	<u>\$ 1,249,016</u>

NOTE 14 — RESERVED NET POSITION:

The Expendable Trust Fund balance is fully restricted. A balance of \$1,000,000 is restricted in accordance with Section 4 of May 14, 1984, Land Claims Settlement Act (the Act). The remaining balance of \$907,978 is restricted for use on activities approved by 51 percent of the Tribe's General Council. In accordance with Section 4(c) and 5(a) of the Act, the Shoalwater Bay Indian Tribe is authorized to utilize the funds paid to the Tribe for any purpose, excluding per capita distribution of principal to members, authorized by ordinance or resolution, including investment for economic development purposes.

Shoalwater Bay Indian Tribe

Notes to Basic Financial Statements

NOTE 15 — RISK MANAGEMENT:

The Tribe is exposed to various risks of loss related to property loss; theft of; damage to, and destruction of assets; errors and omissions; and employee injuries (workers' compensation); as well as medical benefits provided to employees for whom the Tribe carries commercial insurance with minimal deductibles. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 16 — RELATED PARTIES:

Transfer of \$350,000 to WBE as an equity investment.

NOTE 17 — PRIOR PERIOD ADJUSTMENT:

Casino

During the year the Shoalwater Bay Casino noted that construction in progress and capital asset disposals were not previously reflected which resulted in an overstatement of capital assets for the Casino and WBE overall. Correction of this error has resulted in a decrease of net position in the amount of \$734,539. The effect on net position to correct capital assets is shown below:

Ending net position, September 30, 2013	\$ 4,766,079
Capital asset disposals	<u>(734,539)</u>
Beginning net position, October 1, 2013	<u>\$ 4,031,540</u>

NOTE 18 — SUBSEQUENT EVENTS:

On July 2, 2014 the Shoalwater Bay Indian Tribe reached a verbal hand-shake settlement agreement with Indian Health Services in regards to a lawsuit launched by the Tribe for underpaid contract support cost for the fiscal years 2005 through 2012. The agreed to amount of the settlement was \$1,000,000 plus interest from when the suit was filed in 2011. A written agreement was executed on January 20, 2015 and the funds were received on March 31, 2015.

Required Supplemental Information

Shoalwater Bay Indian Tribe

Budgetary Comparison Schedule - General Fund

Year Ended September 30, 2014

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:					
Indirect cost recoveries:					
Grants and contracts	\$ 1,159,408	\$ 391,487	1,550,895	\$ 1,423,878	\$ (127,017)
Tribal sources	1,591,973	(216,420)	1,375,553	1,119,705	(255,848)
Intergovernmental grants and contracts	-	-	-	25,759	25,759
Machine leases	4,005,291	(547,500)	3,457,791	3,665,166	207,375
Casino taxes	1,298,980	-	1,298,980	1,296,666	(2,314)
Tax revenues	1,050,000	-	1,050,000	1,139,296	89,296
TERO income	-	-	-	1,332	1,332
License fees	13,000	-	13,000	20,545	7,545
Service fees	897,500	-	897,500	915,038	17,538
Distribution from component unit	-	-	-	228,153	228,153
Other revenue	148,251	113,666	261,917	207,335	(54,582)
Total revenues	<u>10,164,403</u>	<u>(258,767)</u>	<u>9,905,636</u>	<u>10,042,873</u>	<u>137,237</u>
EXPENDITURES:					
Current:					
General government	2,656,327	259,473	2,915,800	2,544,175	371,625
Public safety	608,708	4,558	613,266	540,871	72,395
Public works	936,095	43,276	979,371	857,327	122,044
Housing	-	66,750	66,750	101,081	(34,331)
Health	808,965	-	808,965	476,644	332,321
Social services	416,656	8,040	424,696	347,520	77,176
Education	266,805	-	266,805	160,696	106,109
Cultural	85,908	-	85,908	79,078	6,830
Environmental	609,500	7,268	616,768	51,127	565,641
Economic development	703,000	-	703,000	658,410	44,590
Total current direct expenditures	<u>7,091,964</u>	<u>389,365</u>	<u>7,481,329</u>	<u>5,816,929</u>	<u>1,664,400</u>
Indirect expenditures	1,591,973	(216,420)	1,375,553	1,119,705	255,848
Total current expenditures	<u>8,683,937</u>	<u>172,945</u>	<u>8,856,882</u>	<u>6,936,634</u>	<u>1,920,248</u>
Debt service:					
Principal	434,021	-	434,021	441,470	(7,449)
Interest	65,453	-	65,453	50,669	14,784
Distribution to component unit	100,000	150,000	250,000	350,000	(100,000)
Capital outlay	45,000	96,375	141,375	183,317	(41,942)
Total expenditures	<u>9,328,411</u>	<u>419,320</u>	<u>9,747,731</u>	<u>7,962,090</u>	<u>1,785,641</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	835,992	(678,087)	157,905	2,080,783	1,922,878
OTHER FINANCING SOURCES:					
Gain on sale	-	-	-	5,000	5,000
NET CHANGE IN FUND BALANCES	835,992	(678,087)	157,905	2,085,783	1,927,878
FUND BALANCE, BEGINNING OF YEAR	5,970,104	272,326	6,242,430	6,242,428	(2)
FUND BALANCE, END OF YEAR	\$ 6,806,096	\$ (405,761)	\$ 6,400,335	\$ 8,328,211	\$ 1,927,876

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Budgetary Comparison Schedule - BIA Self Governance Fund

Year Ended September 30, 2014

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<i>REVENUES:</i>					
Grants and contracts:					
Federal	\$ 1,234,105	\$ 93,717	\$ 1,327,822	\$ 1,040,071	\$ (287,751)
Total revenues	<u>1,234,105</u>	<u>93,717</u>	<u>1,327,822</u>	<u>1,040,071</u>	<u>(287,751)</u>
<i>EXPENDITURES:</i>					
Current:					
General government	325,517	(87,808)	237,709	243,841	(6,132)
Public safety	121,613	-	121,613	121,732	(119)
Public works	-	107,121	107,121	102,004	5,117
Social services	216,192	3,000	219,192	84,040	135,152
Education	150,478	-	150,478	107,500	42,978
Environmental	139,002	-	139,002	99,103	39,899
Total current direct expenditures	<u>952,802</u>	<u>22,313</u>	<u>975,115</u>	<u>758,220</u>	<u>216,895</u>
Indirect expenditures	<u>281,303</u>	<u>71,404</u>	<u>352,707</u>	<u>281,851</u>	<u>70,856</u>
Total current expenditures	<u>1,234,105</u>	<u>93,717</u>	<u>1,327,822</u>	<u>1,040,071</u>	<u>287,751</u>
Capital outlay	-	-	-	-	-
Total expenditures	<u>1,234,105</u>	<u>93,717</u>	<u>1,327,822</u>	<u>1,040,071</u>	<u>287,751</u>
<i>NET CHANGE IN FUND BALANCES</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Budgetary Comparison Schedule - IHS Self Governance Fund

Year Ended September 30, 2014

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<i>REVENUES:</i>					
Grants and contracts:					
Federal	\$ 2,704,345	\$ 223,312	\$ 2,927,657	\$ 2,752,748	\$ (174,909)
Total revenues	<u>2,704,345</u>	<u>223,312</u>	<u>2,927,657</u>	<u>2,752,748</u>	<u>(174,909)</u>
<i>EXPENDITURES:</i>					
Current:					
Health	2,036,436	25,365	2,061,801	1,941,825	119,976
Total current direct expenditures	<u>2,036,436</u>	<u>25,365</u>	<u>2,061,801</u>	<u>1,941,825</u>	<u>119,976</u>
Indirect expenditures	667,909	197,947	865,856	810,923	54,933
Total current expenditures	<u>2,704,345</u>	<u>223,312</u>	<u>2,927,657</u>	<u>2,752,748</u>	<u>174,909</u>
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,704,345</u>	<u>223,312</u>	<u>2,927,657</u>	<u>2,752,748</u>	<u>174,909</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Budgetary Comparison Schedule - HUD Housing

Year Ended September 30, 2014

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<i>REVENUES:</i>					
Grants and contracts					
Federal	\$ -	\$ 405,118	\$ 405,118	\$ 293,912	\$ (111,206)
Total revenues	<u>-</u>	<u>405,118</u>	<u>405,118</u>	<u>293,912</u>	<u>(111,206)</u>
<i>EXPENDITURES:</i>					
Current:					
Housing	-	338,033	338,033	228,342	109,691
Total current direct expenditures	<u>-</u>	<u>338,033</u>	<u>338,033</u>	<u>228,342</u>	<u>109,691</u>
Indirect expenditures	-	67,085	67,085	65,570	1,515
Total expenditures	<u>-</u>	<u>405,118</u>	<u>405,118</u>	<u>293,912</u>	<u>111,206</u>
<i>NET CHANGE IN FUND BALANCES</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Budgetary Comparison Schedule - Nonmajor Special Revenues Funds

Year Ended September 30, 2014

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<i>REVENUES:</i>					
Grants and contracts:					
Federal	\$ 1,082,426	\$ 616,178	\$ 1,698,604	\$ 904,714	\$ (793,890)
State	13,352	56,489	69,841	174,173	104,332
Other	252,901	19,945	272,846	300,717	27,871
Total revenues	<u>1,348,679</u>	<u>692,612</u>	<u>2,041,291</u>	<u>1,379,604</u>	<u>(661,687)</u>
<i>EXPENDITURES:</i>					
Current:					
General government	88,847	-	88,847	52,782	36,065
Public safety	42,591	119,200	161,791	190,502	(28,711)
Public works	-	30,300	30,300	13,429	16,871
Health	133,589	14,442	148,031	143,231	4,800
Social services	137,446	87,171	224,617	320,352	(95,735)
Education	7,000	-	7,000	6,249	751
Cultural	115,686	-	115,686	158,908	(43,222)
Environmental	280,774	11,980	292,754	221,835	70,919
Total current direct expenditures	<u>805,933</u>	<u>263,093</u>	<u>1,069,026</u>	<u>1,107,288</u>	<u>(38,262)</u>
Indirect expenditures	210,196	55,051	265,247	265,534	(287)
Total current expenditures	<u>1,016,129</u>	<u>318,144</u>	<u>1,334,273</u>	<u>1,372,822</u>	<u>(38,549)</u>
Capital outlay	332,550	374,468	707,018	6,782	700,236
Total expenditures	<u>1,348,679</u>	<u>692,612</u>	<u>2,041,291</u>	<u>1,379,604</u>	<u>661,687</u>
<i>NET CHANGE IN FUND BALANCES</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

Supplementary Information

Shoalwater Bay Indian Tribe

**Combining Balance Sheet -
General Fund Programs**

September 30, 2014

	Tribal Funds	Willapa Bay Enterprises Corp	Tribal Housing Fund	Ike Whitish Memorial School
Assets				
Cash and cash equivalents	\$ 2,988,180	\$ -	\$ -	\$ -
Accounts receivable	403,525	-	10,502	-
Due from other funds	5,519,533	-	-	50,000
Prepaid	133,919	-	2,250	-
Total assets	\$ 9,045,157	\$ -	\$ 12,752	\$ 50,000
Liabilities and Fund Balance				
<i>LIABILITIES:</i>				
Accounts payable	\$ 29,818	\$ -	\$ 1,820	\$ -
Accrued payroll and other liabilities	98,757	-	1,541	-
Due to other funds	-	354,463	39,700	-
Total liabilities	128,575	354,463	43,061	-
<i>FUND BALANCE :</i>				
Nonspendable	133,919	-	2,250	-
Restricted	374,544	-	-	-
Committed	950,719	-	-	-
Assigned	1,539,123	-	-	50,000
Unassigned	5,918,277	(354,463)	(32,559)	-
Total fund balances	8,916,582	(354,463)	(30,309)	50,000
Total liabilities and fund balance	\$ 9,045,157	\$ -	\$ 12,752	\$ 50,000

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Balance Sheet -
General Fund Programs (Continued)**

September 30, 2014

	<u>Third Party Billing</u>	<u>Joan Shipman Fund</u>	<u>Elder's Pension</u>	<u>Indirect Cost Pool</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 3,486,776	\$ 5,000	\$ 437,996	\$ -
Accounts receivable	41,084	-	-	-
Due from other funds	-	-	51,925	-
Prepaid	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,527,860</u>	<u>\$ 5,000</u>	<u>\$ 489,921</u>	<u>\$ -</u>
<i>Liabilities and Fund Balance</i>				
<i>LIABILITIES:</i>				
Accounts payable	\$ 9,471	\$ 2,887	\$ 2,060	\$ 44,080
Accrued payroll and other liabilities	14,026	-	-	96,201
Due to other funds	3,772,082	14,226	-	321,347
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,795,579</u>	<u>17,113</u>	<u>2,060</u>	<u>461,628</u>
<i>FUND BALANCE:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	487,861	-
Assigned	-	-	-	-
Unassigned	(267,719)	(12,113)	-	(461,628)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>(267,719)</u>	<u>(12,113)</u>	<u>487,861</u>	<u>(461,628)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 3,527,860</u>	<u>\$ 5,000</u>	<u>\$ 489,921</u>	<u>\$ -</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Combining Balance Sheet -
General Fund Programs (Continued)

September 30, 2014

	<u>Total</u>
<i>Assets</i>	
Cash and cash equivalents	\$ 6,917,952
Accounts receivable	455,111
Due from other funds	5,621,458
Prepaid	<u>136,169</u>
Total assets	<u>\$ 13,130,690</u>
<i>Liabilities and Fund Balance</i>	
<i>LIABILITIES:</i>	
Accounts payable	\$ 90,136
Accrued payroll and other liabilities	210,525
Due to other funds	<u>4,501,818</u>
Total liabilities	<u>4,802,479</u>
<i>FUND BALANCE :</i>	
Nonspendable	136,169
Restricted	374,544
Committed	1,438,580
Assigned	1,589,123
Unassigned	<u>4,789,795</u>
Total fund balances	<u>8,328,211</u>
Total liabilities and fund balance	<u>\$ 13,130,690</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
General Fund Programs**

Year Ended September 30, 2014

	Tribal Funds	Willapa Bay Enterprises Corp	Tribal Housing Fund	Ike Whitish Memorial School
<i>REVENUES:</i>				
Indirect cost recoveries:				
Grants and contracts	\$ -	\$ -	\$ -	\$ -
Tribal sources	-	-	-	-
Intergovernmental grants and contracts	-	-	-	-
Machine leases	3,665,166	-	-	-
Casino taxes	1,296,666	-	-	-
Tax revenues	1,139,296	-	-	-
TERO income	1,332	-	-	-
License fees	20,545	-	-	-
Service fees	68,017	-	-	-
Distribution from component unit	228,153	-	-	-
Other revenue	165,525	1	33,207	-
Total revenues	<u>6,584,700</u>	<u>1</u>	<u>33,207</u>	<u>-</u>
<i>EXPENDITURES</i>				
Current:				
Salaries and wages	919,591	-	21,580	-
Payroll taxes and fringe benefits	413,733	-	9,179	-
Utilities	13,499	-	5,649	-
Travel and training	35,738	-	91	-
Supplies	105,909	-	958	-
Repair and maintenance	8,679	-	4,695	-
Lease and rental	8,469	-	-	-
Professional services	191,937	-	-	-
Postage and printing	793	-	24	-
Insurance	17,315	-	-	-
Advertising and communications	15,900	(140)	-	-
Dues and fees	34,444	-	-	-
Contract services	155,134	-	1,400	-
Scholarships	103,884	-	-	-
Economic incentives	626,334	-	-	-
Client services	58,906	-	-	-
Patient services	-	-	-	-
Bad debts	-	-	-	-
Miscellaneous	114,019	(2)	-	-
Total current direct expenditures	<u>2,824,284</u>	<u>(142)</u>	<u>43,576</u>	<u>-</u>
Indirect expenditures	956,862	(66)	19,940	-
Total current expenditures	<u>3,781,146</u>	<u>(208)</u>	<u>63,516</u>	<u>-</u>
Debt service:				
Principal	383,743	-	-	-
Interest	15,303	-	-	-
Distribution to component unit	350,000	-	-	-
Capital outlay	161,404	-	-	-
Total expenditures	<u>4,691,596</u>	<u>(208)</u>	<u>63,516</u>	<u>-</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	<u>1,893,104</u>	<u>209</u>	<u>(30,309)</u>	<u>-</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Gain on sale of capital assets	5,000	-	-	-
Transfers in/(out)	(366,517)	-	-	5,000
Total other financing sources (uses)	<u>(361,517)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<i>NET CHANGE IN FUND BALANCES</i>	1,531,587	209	(30,309)	5,000
<i>FUND BALANCE, BEGINNING OF YEAR</i>	7,384,995	(354,672)	-	45,000
<i>FUND BALANCE, END OF YEAR</i>	<u>\$ 8,916,582</u>	<u>\$ (354,463)</u>	<u>\$ (30,309)</u>	<u>\$ 50,000</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
General Fund Programs (Continued)**

Year Ended September 30, 2014

	Third Party Billing	Joan Shipman Fund	Elder's Pension	Indirect Cost Pool
<i>REVENUES:</i>				
Indirect cost recoveries:				
Grants and contracts	\$ -	\$ -	\$ -	\$ 1,423,878
Tribal sources	-	-	-	1,119,705
Intergovernmental grants and contracts	25,759	-	-	-
Machine leases	-	-	-	-
Casino taxes	-	-	-	-
Tax revenues	-	-	-	-
TERO income	-	-	-	-
License fees	-	-	-	-
Service fees	847,021	-	-	-
Distribution from component unit	-	-	-	-
Other revenue	7,665	3	796	138
Total revenues	<u>880,445</u>	<u>3</u>	<u>796</u>	<u>2,543,721</u>
<i>EXPENDITURES</i>				
Current:				
Salaries and wages	181,736	-	-	1,132,183
Payroll taxes and fringe benefits	60,806	-	-	510,040
Utilities	848	-	-	95,767
Travel and training	-	-	-	18,559
Supplies	26,425	-	-	66,661
Repair and maintenance	132	-	-	116,175
Lease and rental	6,847	-	-	574
Professional services	-	-	-	125,312
Postage and printing	-	-	-	19,352
Insurance	-	-	-	115,992
Advertising and communications	1,089	-	-	73,151
Dues and fees	1,640	-	-	2,155
Contract services	164,369	-	-	34,083
Scholarships	-	-	-	-
Economic incentives	-	-	-	-
Client services	-	14,237	156,121	-
Patient services	5,437	-	-	-
Bad debts	3,825	-	-	-
Miscellaneous	9,255	-	-	6,440
Total current direct expenditures	<u>462,409</u>	<u>14,237</u>	<u>156,121</u>	<u>2,316,444</u>
Indirect expenditures	136,238	6,731	-	-
Total current expenditures	<u>598,647</u>	<u>20,968</u>	<u>156,121</u>	<u>2,316,444</u>
Debt service:				
Principal	49,361	-	-	8,366
Interest	35,065	-	-	301
Distribution to component unit	-	-	-	-
Capital outlay	-	-	-	21,913
Total expenditures	<u>683,073</u>	<u>20,968</u>	<u>156,121</u>	<u>2,347,024</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	<u>197,372</u>	<u>(20,965)</u>	<u>(155,325)</u>	<u>196,697</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Gain on sale of capital assets	-	-	-	-
Transfers in/(out)	(40,451)	35,451	366,517	-
Total other financing sources (uses)	<u>(40,451)</u>	<u>35,451</u>	<u>366,517</u>	<u>-</u>
<i>NET CHANGE IN FUND BALANCES</i>	156,921	14,486	211,192	196,697
<i>FUND BALANCE, BEGINNING OF YEAR</i>	(424,640)	(26,599)	276,669	(658,325)
<i>FUND BALANCE, END OF YEAR</i>	<u>\$ (267,719)</u>	<u>\$ (12,113)</u>	<u>\$ 487,861</u>	<u>\$ (461,628)</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
General Fund Programs (Continued)

Year Ended September 30, 2014

	<u>Total</u>
<i>REVENUES:</i>	
Indirect cost recoveries:	
Grants and contracts	\$ 1,423,878
Tribal sources	1,119,705
Intergovernmental grants and contracts	25,759
Machine leases	3,665,166
Casino taxes	1,296,666
Tax revenues	1,139,296
TERO income	1,332
License fees	20,545
Service fees	915,038
Distribution from component unit	228,153
Other revenue	207,335
Total revenues	<u>10,042,873</u>
<i>EXPENDITURES</i>	
Current:	
Salaries and wages	2,255,090
Payroll taxes and fringe benefits	993,758
Utilities	115,763
Travel and training	54,388
Supplies	199,953
Repair and maintenance	129,681
Lease and rental	15,890
Professional services	317,249
Postage and printing	20,169
Insurance	133,307
Advertising and communications	90,000
Dues and fees	38,239
Contract services	354,986
Scholarships	103,884
Economic incentives	626,334
Client services	229,264
Patient services	5,437
Bad debts	3,825
Miscellaneous	129,712
Total current direct expenditures	<u>5,816,929</u>
Indirect expenditures	1,119,705
Total current expenditures	<u>6,936,634</u>
Debt service:	
Principal	441,470
Interest	50,669
Distribution to component unit	350,000
Capital outlay	183,317
Total expenditures	<u>7,962,090</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	<u>2,080,783</u>
<i>OTHER FINANCING SOURCES (USES):</i>	
Gain on sale of capital assets	5,000
Transfers in/(out)	-
Total other financing sources (uses)	<u>5,000</u>
<i>NET CHANGE IN FUND BALANCES</i>	2,085,783
<i>FUND BALANCE, BEGINNING OF YEAR</i>	<u>6,242,428</u>
<i>FUND BALANCE, END OF YEAR</i>	<u>\$ 8,328,211</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Balance Sheet -
Special Revenue Funds**

September 30, 2014

	110 BIA Self- Governance	120 BIA Fisheries	150 BIA Transportation Planning	210 IHS Self- Governance
<i>Assets</i>				
Cash and cash equivalents	\$ 878,274	\$ 148,156	\$ 295,878	\$ 1,512,245
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Accued revenue	-	-	-	-
Total assets	<u>\$ 878,274</u>	<u>\$ 148,156</u>	<u>\$ 295,878</u>	<u>\$ 1,512,245</u>
<i>Liabilities</i>				
Accounts payable	\$ 2,057	\$ -	\$ -	\$ 41,884
Accrued payroll liabilities	35,118	1,917	74	86,080
Due to other funds	105,250	6,777	1,979	446,913
Unearned revenue - grants	<u>735,849</u>	<u>139,462</u>	<u>293,825</u>	<u>937,368</u>
Total liabilities	<u>\$ 878,274</u>	<u>\$ 148,156</u>	<u>\$ 295,878</u>	<u>\$ 1,512,245</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe**Combining Balance Sheet -
Special Revenue Funds****September 30, 2014**

	250 DHHS Diabetes	340 DOJ IASAP	371 DOJ TSOP	410 HUD IHBG
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	(5,103)
Due from other funds	-	-	-	-
Accued revenue	6,870	22,730	49,310	269,297
Total assets	<u>\$ 6,870</u>	<u>\$ 22,730</u>	<u>\$ 49,310</u>	<u>\$ 264,194</u>
Liabilities				
Accounts payable	\$ -	\$ 1,186	\$ -	\$ 8,928
Accrued payroll liabilities	762	1,024	8,469	10,618
Due to other funds	6,108	20,520	40,841	244,648
Unearned revenue - grants	-	-	-	-
Total liabilities	<u>\$ 6,870</u>	<u>\$ 22,730</u>	<u>\$ 49,310</u>	<u>\$ 264,194</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe**Combining Balance Sheet -
Special Revenue Funds****September 30, 2014**

	440 HUD ICDBG	480 DHS/FEMA THSGP	490 DHS/FEMA PDMG	510 EPA PPG
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Accrued revenue	15,877	3,600	95,574	19,080
Total assets	<u>\$ 15,877</u>	<u>\$ 3,600</u>	<u>\$ 95,574</u>	<u>\$ 19,080</u>
Liabilities				
Accounts payable	\$ 270	\$ -	\$ 135	\$ 1,707
Accrued payroll liabilities	-	-	150	8,298
Due to other funds	15,607	3,600	95,289	9,075
Unearned revenue - grants	-	-	-	-
Total liabilities	<u>\$ 15,877</u>	<u>\$ 3,600</u>	<u>\$ 95,574</u>	<u>\$ 19,080</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe**Combining Balance Sheet -
Special Revenue Funds****September 30, 2014**

	60X SPIPA	610 NHF	670 NACCHO	700 Chehalis Special Diabetes
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other funds	-	429	3,259	-
Accued revenue	28,331	-	-	5,301
	<u>28,331</u>	<u>-</u>	<u>-</u>	<u>5,301</u>
Total assets	<u>\$ 28,331</u>	<u>\$ 429</u>	<u>\$ 3,259</u>	<u>\$ 5,301</u>
Liabilities				
Accounts payable	\$ 1,575	\$ 429	\$ -	\$ -
Accrued payroll liabilities	7,685	-	-	1,914
Due to other funds	19,071	-	-	3,387
Unearned revenue - grants	-	-	3,259	-
	<u>-</u>	<u>-</u>	<u>3,259</u>	<u>-</u>
Total liabilities	<u>\$ 28,331</u>	<u>\$ 429</u>	<u>\$ 3,259</u>	<u>\$ 5,301</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe**Combining Balance Sheet -
Special Revenue Funds**

September 30, 2014

	750 WA Military	800 AIHC	830 DSHS DASA	890 CTED/DNR Forestry
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Accrued revenue	8,711	10,000	2,521	5,741
Total assets	<u>\$ 8,711</u>	<u>\$ 10,000</u>	<u>\$ 2,521</u>	<u>\$ 5,741</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	79	554
Due to other funds	8,711	10,000	2,442	5,187
Unearned revenue - grants	-	-	-	-
Total liabilities	<u>\$ 8,711</u>	<u>\$ 10,000</u>	<u>\$ 2,521</u>	<u>\$ 5,741</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe**Combining Balance Sheet -
Special Revenue Funds****September 30, 2014**

	910 IMLS Library Services	950 ANA Caring Apprentice	Total
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 2,834,553
Accounts receivable	-	-	(5,103)
Due from other funds	6,262	-	9,950
Accued revenue	-	95,995	638,938
Total assets	<u>\$ 6,262</u>	<u>\$ 95,995</u>	<u>\$ 3,478,338</u>
Liabilities			
Accounts payable	\$ -	\$ 4,551	\$ 62,722
Accrued payroll liabilities	-	7,259	170,001
Due to other funds	-	84,185	1,129,590
Unearned revenue - grants	6,262	-	2,116,025
Total liabilities	<u>\$ 6,262</u>	<u>\$ 95,995</u>	<u>\$ 3,478,338</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds**

Year Ended September 30, 2014

	110 BIA Self- Governance	120 BIA Fisheries	150 BIA Transportation Planning	210 IHS Self- Governance
<i>REVENUES:</i>				
Grants and contracts:				
Federal	\$ 1,040,071	\$ 39,153	\$ 14,322	\$ 2,752,748
State	-	-	-	-
Other	-	-	-	-
Total revenues	<u>\$ 1,040,071</u>	<u>\$ 39,153</u>	<u>\$ 14,322</u>	<u>\$ 2,752,748</u>
<i>EXPENDITURES:</i>				
Current:				
Direct expenditures:				
Salaries and wages	\$ 389,049	\$ 20,329	\$ -	\$ 986,349
Payroll taxes and fringe benefits	160,191	5,993	-	488,203
Utilities	-	-	-	848
Travel and training	869	262	91	16,564
Supplies	10,865	-	1,798	69,071
Repair and maintenance	731	-	-	26,031
Lease and rental	135	-	-	-
Professional services	49,208	-	11,540	53,866
Postage and printing	90	-	-	4,160
Insurance	-	-	-	4,277
Advertising and communications	4,105	-	-	9,617
Dues and fees	-	-	-	5,916
Contract services	112,881	-	-	172,807
Client services	30,096	-	-	-
Patient services	-	-	-	98,789
Miscellaneous	-	-	-	5,327
Total direct expenditures	<u>758,220</u>	<u>26,584</u>	<u>13,429</u>	<u>1,941,825</u>
Indirect expenditures	<u>281,851</u>	<u>12,569</u>	<u>893</u>	<u>810,923</u>
Total current expenditures	<u>1,040,071</u>	<u>39,153</u>	<u>14,322</u>	<u>2,752,748</u>
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 1,040,071</u>	<u>\$ 39,153</u>	<u>\$ 14,322</u>	<u>\$ 2,752,748</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds (Continued)**

Year Ended September 30, 2014

	250 DHHS Diabetes	321 DOJ COPS-Tribal	340 DOJ IASAP	371 DOJ TSOP
<i>REVENUES:</i>				
Grants and contracts:				
Federal	\$ 28,825	\$ 1,318	\$ 59,661	\$ 104,821
State	-	-	-	-
Other	-	-	-	-
Total revenues	<u>\$ 28,825</u>	<u>\$ 1,318</u>	<u>\$ 59,661</u>	<u>\$ 104,821</u>
<i>EXPENDITURES:</i>				
Current:				
Direct expenditures:				
Salaries and wages	\$ 11,786	\$ -	\$ 16,577	\$ 52,386
Payroll taxes and fringe benefits	7,628	-	2,026	18,785
Utilities	-	-	-	-
Travel and training	158	657	9,154	-
Supplies	-	-	2,750	-
Repair and maintenance	-	-	4,946	-
Lease and rental	-	-	-	-
Professional services	-	-	1,140	-
Postage and printing	-	-	-	-
Insurance	-	-	-	-
Advertising and communications	-	-	637	-
Dues and fees	-	-	-	-
Contract services	-	-	5,368	-
Client services	-	-	-	-
Patient services	-	-	-	-
Miscellaneous	-	661	-	-
Total direct expenditures	<u>19,572</u>	<u>1,318</u>	<u>42,598</u>	<u>71,171</u>
Indirect expenditures	<u>9,253</u>	<u>-</u>	<u>17,063</u>	<u>33,650</u>
Total current expenditures	<u>28,825</u>	<u>1,318</u>	<u>59,661</u>	<u>104,821</u>
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 28,825</u>	<u>\$ 1,318</u>	<u>\$ 59,661</u>	<u>\$ 104,821</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds (Continued)**

Year Ended September 30, 2014

	410 HUD IHBG	440 HUD ICDBG	480 DHS/FEMA THSGP	490 DHS/FEMA PDMG
<i>REVENUES:</i>				
Grants and contracts:				
Federal	\$ 293,912	\$ 26,253	\$ 11,405	\$ 134,630
State	-	-	-	-
Other	-	-	-	-
Total revenues	<u>\$ 293,912</u>	<u>\$ 26,253</u>	<u>\$ 11,405</u>	<u>\$ 134,630</u>
<i>EXPENDITURES:</i>				
Current:				
Direct expenditures:				
Salaries and wages	\$ 114,430	\$ -	\$ -	\$ 5,671
Payroll taxes and fringe benefits	55,099	-	-	3,644
Utilities	13,665	-	-	-
Travel and training	6,329	-	2,584	779
Supplies	8,904	-	-	268
Repair and maintenance	16,629	-	-	-
Lease and rental	-	-	-	-
Professional services	9,773	25,173	-	-
Postage and printing	6	-	-	-
Insurance	-	-	-	-
Advertising and communications	1,897	-	-	-
Dues and fees	1,316	-	-	-
Contract services	-	1,080	7,600	124,885
Client services	831	-	-	-
Patient services	-	-	-	-
Miscellaneous	(537)	-	-	-
Total direct expenditures	<u>228,342</u>	<u>26,253</u>	<u>10,184</u>	<u>135,247</u>
Indirect expenditures	<u>65,570</u>	<u>-</u>	<u>1,221</u>	<u>(617)</u>
Total current expenditures	<u>293,912</u>	<u>26,253</u>	<u>11,405</u>	<u>134,630</u>
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 293,912</u>	<u>\$ 26,253</u>	<u>\$ 11,405</u>	<u>\$ 134,630</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds (Continued)**

Year Ended September 30, 2014

	510 EPA PPG	60X SIPA	610 NHF	670 NACCHO
<i>REVENUES:</i>				
Grants and contracts:				
Federal	\$ 244,601	\$ -	\$ -	\$ -
State	-	-	-	-
Other	-	236,890	9,338	5,747
Total revenues	<u>\$ 244,601</u>	<u>\$ 236,890</u>	<u>\$ 9,338</u>	<u>\$ 5,747</u>
<i>EXPENDITURES:</i>				
Current:				
Direct expenditures:				
Salaries and wages	\$ 99,596	\$ 105,587	\$ -	\$ -
Payroll taxes and fringe benefits	27,172	65,912	-	-
Utilities	-	-	-	-
Travel and training	5,735	2,807	-	2,019
Supplies	4,738	58,525	4,439	3,728
Repair and maintenance	-	-	-	-
Lease and rental	450	-	-	-
Professional services	-	-	-	-
Postage and printing	348	-	-	-
Insurance	-	-	-	-
Advertising and communications	-	-	-	-
Dues and fees	-	-	-	-
Contract services	34,515	4,059	4,455	-
Client services	-	-	-	-
Patient services	-	-	-	-
Miscellaneous	-	-	-	-
Total direct expenditures	<u>172,554</u>	<u>236,890</u>	<u>8,894</u>	<u>5,747</u>
Indirect expenditures	<u>65,265</u>	<u>-</u>	<u>444</u>	<u>-</u>
Total current expenditures	<u>237,819</u>	<u>236,890</u>	<u>9,338</u>	<u>5,747</u>
Capital outlay	<u>6,782</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 244,601</u>	<u>\$ 236,890</u>	<u>\$ 9,338</u>	<u>\$ 5,747</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds (Continued)**

Year Ended September 30, 2014

	700 Chehalis Special Diabetes	750 WA Military	800 AIHC	830 DSHS DASA
<i>REVENUES:</i>				
Grants and contracts:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	32,769
Other	38,742	32,310	10,000	-
Total revenues	<u>\$ 38,742</u>	<u>\$ 32,310</u>	<u>\$ 10,000</u>	<u>\$ 32,769</u>
<i>EXPENDITURES:</i>				
Current:				
Direct expenditures:				
Salaries and wages	\$ 16,477	\$ -	\$ 2,372	\$ 9,790
Payroll taxes and fringe benefits	8,545	-	506	4,299
Utilities	-	-	-	-
Travel and training	997	16,188	-	7,022
Supplies	286	4,551	5,922	5,671
Repair and maintenance	-	-	-	-
Lease and rental	-	-	-	-
Professional services	-	-	-	-
Postage and printing	-	-	-	-
insurance	-	-	-	-
Advertising and communications	-	1,199	-	-
Dues and fees	-	-	-	-
Contract services	-	-	1,200	3,844
Client services	-	-	-	-
Patient services	-	-	-	-
Miscellaneous	-	-	-	-
Total direct expenditures	<u>26,305</u>	<u>21,938</u>	<u>10,000</u>	<u>30,626</u>
Indirect expenditures	<u>12,437</u>	<u>10,372</u>	<u>-</u>	<u>2,143</u>
Total current expenditures	<u>38,742</u>	<u>32,310</u>	<u>10,000</u>	<u>32,769</u>
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 38,742</u>	<u>\$ 32,310</u>	<u>\$ 10,000</u>	<u>\$ 32,769</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds (Continued)**

Year Ended September 30, 2014

	870 DSHS ICW	890 CTED/DNR Forestry	910 IMLS Library Services	950 ANA Carving Apprentice
<i>REVENUES:</i>				
Grants and contracts:				
Federal	\$ -	\$ -	\$ 6,249	\$ 233,476
State	75,667	33,427	-	-
Other	-	-	-	-
Total revenues	<u>\$ 75,667</u>	<u>\$ 33,427</u>	<u>\$ 6,249</u>	<u>\$ 233,476</u>
<i>EXPENDITURES:</i>				
Current:				
Direct expenditures:				
Salaries and wages	\$ 15,006	\$ 15,967	\$ -	\$ 64,027
Payroll taxes and fringe benefits	3,893	5,399	-	25,045
Utilities	-	-	-	-
Travel and training	184	1,330	1,262	5,951
Supplies	1,292	-	2,507	62,690
Repair and maintenance	-	-	1,078	-
Lease and rental	-	-	-	-
Professional services	-	-	1,000	-
Postage and printing	-	-	-	-
Insurance	-	-	-	-
Advertising and communications	-	-	-	-
Dues and fees	-	-	-	-
Contract services	27,250	-	402	1,196
Client services	12,469	-	-	-
Patient services	-	-	-	-
Miscellaneous	30	-	-	-
Total direct expenditures	<u>60,124</u>	<u>22,696</u>	<u>6,249</u>	<u>158,909</u>
Indirect expenditures	<u>15,543</u>	<u>10,731</u>	<u>-</u>	<u>74,567</u>
Total current expenditures	<u>75,667</u>	<u>33,427</u>	<u>6,249</u>	<u>233,476</u>
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 75,667</u>	<u>\$ 33,427</u>	<u>\$ 6,249</u>	<u>\$ 233,476</u>

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Special Revenue Funds (Continued)**

Year Ended September 30, 2014

	<u>Total</u>
<i>REVENUES:</i>	
Grants and contracts:	
Federal	\$ 4,991,445
State	141,863
Other	333,027
Total revenues	<u>\$ 5,466,335</u>
 <i>EXPENDITURES:</i>	
Current:	
Direct expenditures:	
Salaries and wages	\$ 1,925,399
Payroll taxes and fringe benefits	882,340
Utilities	14,513
Travel and training	80,942
Supplies	248,005
Repair and maintenance	49,415
Lease and rental	585
Professional services	151,700
Postage and printing	4,604
Insurance	4,277
Advertising and communications	17,455
Dues and fees	7,232
Contract services	501,542
Client services	43,396
Patient services	98,789
Miscellaneous	5,481
Total direct expenditures	<u>4,035,675</u>
Indirect expenditures	<u>1,423,878</u>
Total current expenditures	<u>5,459,553</u>
Capital outlay	<u>6,782</u>
Total expenditures	<u>\$ 5,466,335</u>

See accompanying independent auditors' report.

Single Audit

Auditors' Section

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

Tribal Council
Shoalwater Bay Indian Tribe
Tokeland, Washington

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shoalwater Bay Indian Tribe (the Tribe) as of and for the year ended September 30, 2014, which collectively comprise the Tribe's basic financial statements and have issued our report thereon dated June 18, 2015. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Willapa Bay Enterprises, Inc., and Southern Puget Sound Inter-Tribal Housing Authority were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with either entity.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tribe'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*.

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

Stauffer & Associates, PLLC

Liberty Lake, Washington
June 18, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Tribal Council
Shoalwater Bay Indian Tribe
Tokeland, Washington

Report on Compliance for Each Major Federal Program

We have audited Shoalwater Bay Indian Tribe's (the Tribe) 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 its major federal program for the year ended September 30, 2014. The Tribe's major federal program is identified in the summary of auditors' results section of the accompanying 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 major federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Tribe's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tribe's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the Tribe's major federal program. However, our audit does not provide a legal determination of the Tribe's compliance.

Opinion on the Tribe's Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Tribe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Tribe'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 the Tribe'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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Stangor & Associates, PLLC

Liberty Lake, Washington

June 18, 2015

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS:

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes

No

Significant deficiency(ies) identified?

Yes

None Reported

Noncompliance material to financial statements noted?

Yes

No

FEDERAL AWARDS:

Internal control over major programs:

Material weakness(es) identified?

Yes

No

Significant deficiency(ies) identified?

Yes

None Reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

Yes

No

Shoalwater Bay Indian Tribe

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2014

Section I – Summary of Auditors’ Results (continued)

FEDERAL AWARDS (continued):

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.210	IHS Self Governance

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

Auditee qualified as low-risk auditee? yes no

Section II — Financial Statement Findings

No matters to report.

Section III — Federal Awards Findings and Questioned Costs

No matters to report.

Auditee's Section

Shoalwater Bay Indian Tribe

Schedule of Expenditures of Federal and Nonfederal Awards

Year Ended September 30, 2014

Internal Fund #	Description	C.F.D.A. Number	Award Number	Period of Award From	To	Total Award	Award Available During Audit Period	Accrued or (Unearned) Revenue 10/1/2013	Cash Received During Period	Allowable Expenditures During Period	Accrued or (Unearned) Revenue 9/30/2014
U.S. DEPARTMENT OF THE INTERIOR:											
Bureau of Indian Affairs:											
110	Self Governance Compact	15.022	OSGTT18	10/01/12	09/30/13	\$ 1,117,939	\$ 591,024	\$ (570,768)	\$ 20,256	\$ 591,024	\$ (735,849)
110	Self Governance Compact	15.022	OSGTT18	10/01/13	09/30/14	1,254,993	1,254,993	-	1,184,896	449,047	(37,665)
120	Fisheries	15.022	OSGTT18	10/01/11	09/30/12	76,819	76,819	(76,818)	-	39,153	(76,820)
120	Fisheries	15.022	OSGTT18	10/01/12	09/30/13	76,820	76,820	(76,820)	-	-	(76,820)
120	Fisheries	15.022	OSGTT18	10/01/13	09/30/14	24,977	24,977	-	24,977	-	(24,977)
	Total Department of the Interior					\$ 2,551,548	\$ 2,024,632	\$ (724,406)	\$ 1,230,129	\$ 1,079,224	\$ (875,311)
U.S. DEPARTMENT OF TRANSPORTATION:											
Funded through the Bureau of Indian Affairs:											
150	Transportation Planning & Construction	20.205	A13AP00035	10/01/12	09/30/13	\$ 178,144	\$ 178,144	(178,144)	\$ -	\$ 14,322	\$ (163,822)
150	Transportation Planning & Construction	20.205	A13AP00035	10/01/13	09/30/14	130,003	130,003	-	130,003	-	(130,003)
						308,147	308,147	(178,144)	130,003	14,322	(293,825)
	Total Department of Transportation					\$ 308,147	\$ 308,147	(178,144)	\$ 130,003	\$ 14,322	(293,825)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:											
Indian Health Services:											
210	Self Governance Compact	93.210	64G990056	10/01/12	09/30/13	\$ 2,707,622	\$ 867,810	\$ (867,810)	\$ -	\$ 867,810	\$ (937,368)
210	Self Governance Compact	93.210	64G990056	10/01/13	09/30/14	2,323,460	2,823,460	-	2,822,305	1,884,937	(130,003)
						5,531,082	3,691,270	(867,810)	2,822,305	2,752,747	(917,368)
250	Diabetes Program	93.237	HID4HS0020-16-00	06/01/13	05/31/14	31,364	22,139	9,225	31,180	22,139	184
250	Diabetes Program	93.237	HID4HS0020-17-00	06/01/14	05/31/15	31,364	31,364	-	-	6,686	6,686
						62,728	53,503	9,225	31,180	28,825	6,870
Passed-through from the State of Washington											
720	Public Health Emergency Preparedness	93.069	N20672	07/01/14	06/30/15	7,840	7,840	-	-	-	-
830	DASA	93.959	1360-65616	07/01/13	06/30/14	34,706	30,248	(27,906)	2,342	30,248	2,521
830	DASA	93.959	1360-65616	07/01/14	06/30/15	36,885	36,885	-	2,342	2,521	2,521
						71,591	67,133	(27,906)	2,342	32,769	2,521
Passed-through from the South Puget Inter-Tribal Planning Agency											
600-2520	CDC Cancer Early Detection	93.283	1US8DP003944	06/30/13	06/29/14	48,097	38,732	-	38,732	38,732	-
600-2520	CDC Cancer Early Detection	93.283	5US8DP003944-03	06/30/14	06/29/15	45,835	45,835	-	10,352	10,352	-
						93,932	84,567	-	49,084	49,084	-
600-2562	CDC Colorectal Cancer	93.135	1UD58P002069-05	07/01/13	06/30/14	26,102	20,593	-	20,593	20,593	-
600-2562	CDC Colorectal Cancer	93.135	5UD58P002069-06	07/01/14	06/30/15	20,514	20,514	-	3,704	3,704	-
						46,616	41,107	-	24,297	24,297	-
600-3005	Healthy Families	93.508	90 TH 0012-03-00	09/30/13	09/29/14	41,653	34,758	-	34,758	34,758	-
600-3070	Elders Lunch Program	93.047	1120WAT6NS	04/01/13	03/31/14	75,933	32,840	-	32,840	32,840	-
600-3070	Elders Lunch Program	93.047	1420WAT6NS	04/01/14	03/31/15	70,791	70,791	-	46,461	46,461	-
						146,724	103,631	-	79,301	79,301	-
600-3071	Nutrition Services Incentive Program	93.053	1120WANSIP	04/01/13	03/31/14	6,482	6,482	-	6,482	6,482	-
600-3071	Nutrition Services Incentive Program	93.053	1420WANSIT	04/01/14	03/31/15	7,949	7,949	-	7,878	7,878	-
						14,431	14,431	-	14,360	14,360	-
600-3090	Seniors/Caregivers	93.054	1120WAT6CG	04/01/13	03/31/14	21,797	9,400	-	9,400	9,400	-
600-3053	Community Services Block Grant Cluster Youth Family/Summer CSBG	93.569	G-14DWACOSR	10/01/12	09/30/13	7,642	4,435	-	4,435	4,435	-
600-3010	Child Care Development Fund Cluster Child Care Development	93.575	G-1100WACCDF	10/01/12	09/30/13	67,957	367	-	367	367	-
600-3010	Child Care Development Child Care Development	93.575	G-1500WACCDF	10/01/13	09/30/16	22,290	22,290	-	22,290	22,290	-
						90,247	22,657	-	22,657	22,657	-

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Year Ended September 30, 2014

Schedule of Expenditures of Federal and Nonfederal Awards (Continued)

Internal Fund #	Description	C.F.D.A. Number	Award Number	Period of Award From	To	Total Award	Award Available During Audit Period	Accrued or (Unearned) Revenue 10/1/2013	Cash Received During Period	Allowable Expenditures During Period	Accrued or (Unearned) Revenue 9/30/2014
950	Administration for Native Americans	93.612	90NA8224-02-00	09/30/13	09/29/14	228,120	228,120	102,467	239,948	228,120	90,639
950	Carving Apprentices Program	93.612	90NA8224-03-00	09/30/14	09/29/15	212,693	212,693	-	-	5,355	5,355
	Carving Apprentices Program					440,813	440,813	102,467	239,948	233,475	95,994
670	Passed-through from the National Association of County & City Health Officials	93.008	MRC 10 1960	01/05/11	07/31/11	7,000	4,006	(4,006)	-	4,006	-
670	Medical Reserve Corp	93.008	MRC 11 1960	01/05/12	07/31/12	5,000	5,000	(5,000)	-	1,241	(3,259)
	Medical Reserve Corp					12,000	9,006	(9,006)	-	5,747	(3,259)
700	Passed-through from the Confederated Tribes of the Chehalis	93.442	HID2HS0007-09-00	10/01/13	09/30/14	38,742	38,742	8,724	42,165	38,742	5,301
	Special Diabetes Program for Indians					\$ 6,648,392	\$ 4,642,918	\$ (784,306)	\$ 3,369,750	\$ 3,324,115	\$ (829,941)
	Total Department of Health and Human Services										
320	U.S. DEPARTMENT OF JUSTICE:	16.710	2014HEWX0016	09/01/14	08/30/17	82,201	82,201	-	-	-	-
321	COPS-Tribal Resources	16.710	2010HEWX0024	10/01/10	10/31/13	335,450	1,318	76,716	78,034	1,318	-
340	COPS-Tribal Resources	16.710	2010ACBX0023	10/01/10	12/31/14	349,298	104,299	27,226	64,158	59,661	22,729
	Indian Alcohol & Substance Abuse					685,248	105,617	103,942	142,192	60,979	22,729
371	Adam Walsh Phase II	16.750	2012-AW-BX-0036	10/01/12	09/30/14	186,351	104,821	17,962	73,473	104,821	49,310
	Total Department of Justice					\$ 871,599	\$ 210,438	\$ 121,904	\$ 215,665	\$ 165,800	\$ 72,039
410	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:	14.867	55T5314180	10/01/12	09/30/13	24,770	24,770	-	24,615	24,770	155
410	HBG - Housing	14.867	55T5314180	10/01/13	09/30/14	238,658	258,658	-	-	269,142	269,142
	HBG - Housing					283,428	283,428	-	24,615	293,912	269,297
440	ICDBG - Multi-Purpose Building	14.862	B-09-SR-53-1418	01/11/10	08/31/15	283,428	395,686	18,659	29,034	26,253	15,878
	Total Department of Housing and Urban Development					\$ 566,856	\$ 677,114	\$ 18,659	\$ 53,649	\$ 320,165	\$ 285,175
470	FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION:	97.067	210-SS-T0-0056	08/01/10	07/31/13	310,360	-	18,012	18,012	-	-
480	Homeland Security	97.067	EMW-2011-SS-00042-800	09/01/11	09/30/15	399,000	362,085	4,000	11,805	11,405	3,600
490	Homeland Security	97.047	EM05-2012-PC-0005	10/01/12	09/30/14	177,413	134,630	30,056	69,113	134,630	95,572
	Pre-Disaster Mitigation					886,773	496,715	52,068	98,930	146,035	99,173
	Passed-through from the State of Washington										
750	Emergency Management Performance	97.042	E14-123	06/01/13	08/31/14	31,024	29,142	21,855	45,454	29,143	5,544
750	Emergency Management Performance	97.042	E15-157	06/01/14	08/31/15	33,026	33,026	-	-	3,167	3,167
	Emergency Management Performance					64,050	62,168	21,855	45,454	32,310	8,711
	Total Federal Emergency Management Administration					\$ 950,823	\$ 558,883	\$ 73,923	\$ 144,384	\$ 178,345	\$ 107,884
510	U.S. ENVIRONMENTAL PROTECTION AGENCY:	66.605	BG98057304	10/01/13	09/30/15	472,000	472,000	72,781	298,302	244,601	19,080
	PFG					472,000	472,000	72,781	298,302	244,601	19,080
	Total Environmental Protection Agency										
910	NATIONAL FOUNDATION OF ARTS AND THE HUMANITIES:	45.311	NG-05-12-0121-12	07/01/13	06/30/14	7,000	5,510	(5,510)	-	5,510	-
910	Institute of Museum and Library Services:	45.311	NG-05-12-0121-12	07/01/14	06/30/15	7,000	7,000	-	7,000	738	(6,262)
	Library Services					14,000	12,510	(5,510)	7,000	6,248	(6,262)
	Total National Foundation of Arts and the Humanities					\$ 12,383,365	\$ 8,906,642	\$ (1,405,099)	\$ 5,448,882	\$ 5,332,820	\$ (1,521,161)
	Total Expenditure of Federal Awards										

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Schedule of Expenditures of Federal and Nonfederal Awards (Continued)

Year Ended September 30, 2014

Internal Fund #	Description	C.F.D.A. Number	Award Number	Period of Award From	Period of Award To	Total Award	Award Available During Audit Period	Accrued or (Unearned) Revenue 10/1/2013	Cash Received During Period	Allowable Expenditures During Period	Accrued or (Unearned) Revenue 9/30/2014
STATE OF WASHINGTON:											
870	Indian Child Welfare Services	N/A	1360-65616	07/01/13	06/30/14	\$ 80,394	\$ 75,667	\$ (75,667)	\$ -	\$ -	\$ -
890	Forestry	N/A	13-158	10/01/12	12/31/13	71,351	8,507	8,410	16,918	8,508	8,508
890	Forestry	N/A	14-298	01/01/14	06/30/15	128,240	128,240	-	19,179	24,921	5,742
Total State of Washington						\$ 279,985	\$ 212,415	\$ (67,257)	\$ 36,097	\$ 109,096	\$ 5,742
OTHER FINANCIAL ASSISTANCE:											
610	Northwest Health Foundation	N/A	16405	10/01/12	03/31/14	\$ 9,302	\$ 9,338	\$ (9,338)	\$ -	\$ -	\$ -
800	American Indian Health Commission	N/A	N19452-5	03/24/14	06/29/14	10,000	10,000	-	-	10,000	10,000
60X	South Puget Inter-Tribal Planning Agency	N/A	Various	Various	Various	6,140	5,080	47,592	24,341	5,081	28,332
Total Other Financial Assistance						\$ 25,942	\$ 24,418	\$ 38,254	\$ 24,341	\$ 24,419	\$ 38,332
Total State and Other Financial Assistance						\$ 305,927	\$ 236,833	\$ (29,003)	\$ 60,438	\$ 133,515	\$ 44,074
Total Assistance						\$ 12,689,292	\$ 9,143,475	\$ (1,434,102)	\$ 5,509,320	\$ 5,466,335	\$ (1,477,087)

See accompanying independent auditors' report.

Shoalwater Bay Indian Tribe

Notes to Schedule of Expenditures of Federal and Nonfederal Awards

Year Ended September 30, 2014

NOTE 1 — BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and nonfederal awards (the Schedule) includes the federal and nonfederal grant activity of the Shoalwater Bay Indian Tribe (Tribe) under programs of federal government, state governments, and other grantors for the year ended September 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Tribe, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Tribe.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 — CFDA NUMBERS:

Every attempt has been made to determine the correct Catalog of Domestic Federal Assistance (CFDA) catalog number for the federal award programs reported on this Schedule. When the federal agency making the award has not provided the CFDA # and when the appropriate number has not been determined, the number presented in the CFDA # column represents the two-digit federal department number as the prefix of the CFDA # and the suffix has been listed as three dashes.

NOTE 4 — LOW RISK TYPE A PROGRAMS:

The following federal assistance programs were identified by the auditors as Type A programs with expenditures in excess of the Type A program threshold (\$300,000):

15.022	BIA Self Governance
93.210	IHS Self Governance

They were analyzed by the auditors and determined to be low-risk programs. IHS Self Governance was selected as a major program to satisfy the *percentage of coverage rule* of OMB Circular A-133 § __.520(f).

Shoalwater Bay Indian Tribe

Notes to Schedule of Expenditures of Federal and Nonfederal Awards

Year Ended September 30, 2014

NOTE 5 — HIGH RISK TYPE B PROGRAMS:

The following federal assistance programs were identified by the auditors as Type B programs with expenditures in excess of the Small Program Floor (\$100,000). They were analyzed by the auditors and determined to *not* be high-risk within the meaning of OMB Circular A-133 §_.520.

The current year Schedule of Audit Findings reported no matters in Section II – Financial Statement Findings nor in Section III – Federal Award Findings and Questioned Costs. Therefore, no corrective action plan is necessary nor has one been prepared.

Shoalwater Bay Indian Tribe

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2014

Findings from the year ended September 30, 2013

Finding #2013-001 Payroll

Condition:

During our testing of the Housing Authority component unit payroll we noted 2 out of 3 walkthroughs did not have proper approval/review and did not have approved payrates per personnel files.

Status:

Resolved

Fiscal year 2012 and prior.

No matters reported