

11.6.13 DRAFT

HAINES BOROUGH
FEDERAL AND STATE SINGLE AUDIT REPORTS
For the Year Ended June 30, 2013

11.6.13 DRAFT

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ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Borough Assembly and Borough Manager
Haines Borough
Haines, Alaska

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haines Borough (the Borough) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated [REDACTED], 2013. Our report includes a reference to other auditors who audited the financial statements of the Borough's School District, as described in our report on Haines Borough's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the Borough in a separate letter dated _____, 2013.

Purpose of this Report

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

_____, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Borough Assembly and Borough Manager
Haines Borough
Haines, Alaska

Report on Compliance for Each Major Federal Program

We have audited Haines Borough's (the Borough) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended June 30, 2013. The Borough's major federal programs are identified in the summary of auditor's 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 federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Borough 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 Borough's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon dated _____, 2013, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Borough's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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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.

_____, 2013

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HAINES BOROUGH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

Federal Assistance Description	CFDA Number	Award Number	Expenditures
Department of Agriculture			
Passed through the State of Alaska Department of Commerce, Community, and Economic Development			
National Forest Receipts Title I	10.665	n/a	\$ 205,595
National Forest Receipts Title III	10.665	n/a	60,986
			<u>266,581</u>
Police Department Dispatch Center Equipment	10.766	n/a	1,122
Total Department of Agriculture			<u>267,703</u>
Department of the Interior			
Payments in Lieu of Taxes	15.226	n/a	375,243
Passed through the Alaska Department of Fish and Game			
Recreational Boat Sewage Pumpout Station	15.616	COOP 10-125	10,963
Passed through the State of Alaska Department of Commerce, Community, and Economic Development			
Sawmill Creek Fish Passage Improvement	15.668	10-CIAP-044	1,490
Brown Parcel Acquisition	15.668	10-CIAP-026	10,434
			<u>11,924</u>
Total Department of the Interior			<u>398,130</u>
Institute of Museum and Library Services			
Native American and Native Hawaiian Library Services			
Passed through Chilkoot Indian Association			
Basic with Education/Assessment Option	45.311	n/a	12,434
Enhancement Grant	45.311	n/a	40,628
Total Institute of Museum and Library Services			<u>53,062</u>
Department of Commerce			
Passed through the State of Alaska Department of Education and Early Development			
Online with Libraries Grant	11.557	02-42-B10560	4,900
Department of Homeland Security			
Passed through the Marine Exchange of AK			
Port Security- FEMA/DHS pass-thru	97.056	n/a	224,287
Department of Transportation			
Federal Highway Administration			
Passed through the State of Alaska Department of Transportation and Public Facilities			
Safe Routes to Schools	20.205	LU-20-12-0005	1,850
Acquisition of Picture Point	20.205	SB-AK-11(02)	370,167
Total Department of Transportation			<u>372,017</u>
Environmental Protection Agency			
Passed through the State of Alaska Department of Environmental Conservation			
Barnett Drive Water Tank Replacement - Loan Principal Forgiveness	66.468	ADWF# 395151	51,210
Barnett Drive Water Tank Replacement - Loan Proceeds	66.468	ADWF# 395151	95,104
A/C Pipe Replacement - Muncaster - Loan Principal Forgiveness	66.468	ADWF#395161	1,686
A/C Pipe Replacement - Muncaster - Loan Proceeds	66.468	ADWF#395161	2,427
ARRA - A/C Pipe Replacement - 90% Loan Principal Forgiveness	66.468	ADWF#395071	925
			<u>151,352</u>
Loan Proceeds for Crystal Cathedrals Acquisition	66.458	ACWF#395131	18,315
Haines Borough Lily Lake Water Main Replacement	66.202	MMG#39539	97,998
Total Environmental Protection Agency			<u>267,665</u>
Department of Energy			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	n/a	14,438
Total Federal Expenditures			<u>\$ 1,602,202</u>

See Notes to Schedule of Expenditures of Federal Awards.

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HAINES BOROUGH NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2013

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Haines Borough. Haines Borough's reporting entity is defined in Note 1 to Haines Borough's basic financial statements. Federal awards received directly from federal agencies, as well as federal financial assistance passed through other government agencies are included in the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, which is described in Note 1 to Haines Borough's basic financial statements.

Loans Outstanding

At June 30, 2013, there was an outstanding balance of \$773,200 on loans obtained in the current or previous years. Of this balance, \$115,846 is included in the Schedule of Expenditures of Federal Awards as loan proceeds used in the current fiscal year.

Relationship to Basic Financial Statements

The following is a reconciliation of federal revenues reported in Haines Borough's basic financial statements to federal expenditures reported in the Schedule of Expenditures of Federal Awards:

As reported in the Statement of Revenues, Expenditures,
and Changes in Fund Balances – Governmental Funds:

Intergovernmental revenues – federal grants and contracts	\$ 684,362
Federal payments in lieu of taxes	375,243

Less:

Amounts reported as federal revenue in the basic financial statements, but not included as federal expenditures in the Schedule of Expenditures of Federal Awards:

State grant combined with federal revenue in the basic financial statements	(11,011)
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Plus:

Amounts reported as federal expenditures in the Schedule of Expenditures of Federal Awards, but not included as federal revenue in the basic financial statements:

Federal loan proceeds and principle forgiveness passed through the State of Alaska	169,666
Federal grants passed through the State of Alaska, shown as state revenues in the basic financial statements	<u>383,942</u>

Total federal expenditures as reported on the Schedule of Expenditures of Federal Awards	<u>\$ 1,602,202</u>
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HAINES BOROUGH
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 • Material weakness(es) identified? Yes x No
 • Significant deficiencies identified that are not
 considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:
 • Material weakness(es) identified? Yes x No
 • Significant deficiencies identified that are not
 considered to be material weakness(es)? None reported

Type of auditor's 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 x No

Major programs:

<u>CFDA #</u>	<u>NAME</u>
15.226	Federal Payment in Lieu of Taxes
20.205	Acquisition of Picture Point
20.205	Safe Routes to Schools

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

Auditee qualified as a low-risk auditee? x Yes No

HAINES BOROUGH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported for 2013.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported for 2013.

HAINES BOROUGH
SUMMARY SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
For the Year Ended June 30, 2013

FINANCIAL STATEMENT AUDIT

None reported for 2012.

MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported for 2012.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *STATE OF ALASKA AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS*

To the Borough Assembly and Borough Manager
Haines Borough
Haines, Alaska

Report on Compliance for Each Major State Program

We have audited the compliance of Haines Borough (the Borough) with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Borough's major state programs for the year ended June 30, 2013. The Borough's major state programs are identified in the accompanying schedule of state financial assistance.

The Borough's financial statements include the operations of the Borough's School District, which received \$4,561,565 in state financial assistance which is not included in the Borough's schedule of state financial assistance during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Borough's School District because the Haines Borough School District engaged other auditors to perform an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination on the Borough's compliance with those requirements.

Opinion on Each Major State Program

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

The management of the Borough 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, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

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 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, as defined above. However, material weaknesses may exist that have not been identified.

Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

We have audited the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon dated , 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Borough's financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has

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been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

_____, 2013

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HAINES BOROUGH
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2013

State Agency and Program Name	Award Number		Expenditures
Department of Commerce, Community, and Economic Development			
Harbor Breakwater Improvements	13-DC-580	* \$	788,235
Port Chilkoot Cruise Ship Dock Upgrade	11-DC-641	*	233,767
Road Grader Acquisition	13-DC-353	*	400,000
High School Gym Renovation	13-DC-299	*	237,993
Road Rehabilitation and Maintenance Phase III	12-DC-360	*	1,746,848
Lutak Port Development Plan	12-DC-359		46,057
High School Gym Floor Replacement	12-DC-358		19,105
Lentnikof Cove Harbor Improvements	13-DC-438		72,096
State Revenue Sharing	n/a	*	861,103
			<u>4,405,204</u>
Department of Environmental Conservation			
Barnett Tank Replacement	MMG# 39541	*	341,400
Lily Lake Water Line Replacement	MMG# 39539	*	165,873
Haines - A/C Pipeline Replacement	MMG# 39540		9,596
Travel Reimbursement - Bradford	n/a		1,995
Travel Reimbursement - Patterson	n/a		1,026
Travel Reimbursement - Durr	n/a		859
			<u>520,749</u>
Department of Education and Early Development			
Haines Schools Renovation Completion	GR-09-030		82,386
G.O. Bond School Debt Reimbursement	n/a	*	911,248
Public Library Assistance Grant	PLA-12-737-27		5,837
Public Library Technology Improvements	n/a		7,173
Library Travel Grant	n/a		3,000
Division of Libraries, Archives and Museums - FY12 Grant-In-Aid	n/a		1,229
Division of Libraries, Archives and Museums - FY13 Grant-In-Aid			2,939
			<u>1,013,812</u>
Department of Administration			
PERS On-Behalf Funding	n/a	*	<u>339,205</u>
Alaska Energy Authority			
Excursion Inlet Hydro Project Phases I & II	7040069		82,059
Haines Central Wood Heating Feasibility Study	2195372		11,011
			<u>93,070</u>
Department of Revenue			
Raw Fish Tax	n/a	*	326,813
Shared Taxes - Liquor Tax	n/a		10,600
Shared Taxes - Fisheries Business Tax	n/a		4,560
Shared Taxes - Marine Passenger Vessel Tax	n/a	*	151,636
Shared Taxes - Electric Cooperative Tax	n/a		561
			<u>494,170</u>
Total State Expenditures		\$	<u><u>6,866,210</u></u>

* Denotes major program

See Notes to Schedule of State Financial Assistance.

HAINES BOROUGH
 NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
 For the Year Ended June 30, 2013

General

The accompanying Schedule of State Financial Assistance presents the activity of all state financial assistance programs of Haines Borough. Haines Borough's reporting entity is defined in Note 1 of Haines Borough's financial statements. State financial assistance received directly from state agencies is included in the schedule.

Basis of Accounting

The accompanying Schedule of State Financial Assistance is presented using the modified-accrual basis of accounting, which is described in Note 1 of Haines Borough's financial statements.

Relationship to Financial Statements

The following is a reconciliation of state revenues reported in Haines Borough's financial statements to state expenditures reported in the Schedule of State Financial Assistance:

State revenues as reported in the basic financial statements, Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 5,525,315
Plus:	
Amounts reported as state expenditures in the Schedule of State Financial Assistance, but not included as state revenue in the basic financial statements:	
State grants reported as federal revenue in the basic financial statements	13,860
Component unit grants	<u>4,168</u>
Less:	
Amounts reported as state revenue in the basic financial statements, but not included as state expenditures in the Schedule of State Financial Assistance:	
Federal assistance passed through the State of Alaska	(437,762)
State and local contracts	<u>(353,293)</u>
State expenditures as reported on the Schedule of State Financial Assistance	<u>\$ 6,866,210</u>

HAINES BOROUGH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
• Material weakness(es) identified? Yes x No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? Yes x No

State Awards

Internal control over compliance:
• Material weakness(es) identified? Yes x No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

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

Dollar threshold used to distinguish a state major program: \$100,000

Any audit findings disclosed that are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*? Yes x No

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported for 2013.

FINDINGS AND QUESTIONED COSTS – MAJOR STATE AWARD PROGRAMS AUDIT

None reported for 2013.

HAINES BOROUGH

SUMMARY SCHEDULE OF PRIOR YEAR STATE FINDINGS

For the Year Ended June 30, 2013

FINANCIAL STATEMENTS

None reported for 2012.

MAJOR STATE AWARD PROGRAMS AUDIT

Finding 2012-01 Major Program Compliance and Significant Deficiency in Internal Control over Program Requirements – Reporting

Programs: State of Alaska, Department of Commerce, Community, and Economic Development

- Port Chilkoot Waterfront Improvements
- Port Chilkoot Cruise Ship Dock Upgrade
- Road Rehabilitation and Maintenance Phase III
- High School Gym Floor Replacement

State of Alaska, Department of Environmental Conservation

- Haines - A/C Pipeline Replacement

State of Alaska, Department of Education and Early Development

- Haines Schools Renovation Completion
- G.O. Bond School Debt Reimbursement

Condition: In prior year, the Borough did not submit required reports to certain state granting agencies on time.

Status: Finding resolved.