

Holley Bayne

From: Rosendale, Kyle <kyle.rosendale@sitkatribе-nsn.gov>
Sent: Monday, May 20, 2024 12:10 PM
To: Holley Bayne
Cc: Feldpausch, Jeff; Jessica Perkins
Subject: Fisheries Enhancement Fund Request
Attachments: CBS Letter re Suspension of Redoubt Weir Operations.pdf; STA Fisheries Enhancement Fund Request.pdf; PDF_Sitka Tribe_1222_TribeWide_FINAL.pdf

You don't often get email from kyle.rosendale@sitkatribе-nsn.gov. [Learn why this is important](#)

Hi Ms. Bayne,

Please find the Sitka Tribe of Alaska's proposal for part of the Fisheries Enhancement Fund attached. Please let me know if you have any questions.

Gunalchéesh!



Kyle Rosendale
Fisheries Biologist
Resource Protection Department
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20 May 2024

Holley Bayne, Administrator's Office
City and Borough of Sitka
100 Lincoln St.
Sitka, AK 99835
RE: Fisheries Enhancement Fund Request

Ms. Bayne:

Please consider the following proposal to help fund continued operation of the Redoubt Lake sockeye salmon weir and ensure the Redoubt Lake Sockeye Salmon Management Plan can be implemented so that subsistence and commercial harvest of sockeye salmon can be maximized.

Redoubt Lake is by far the largest source of subsistence sockeye salmon in Southeast Alaska (47% more harvest than the second-largest source over the last five years per Alaska Department of Fish and Game data). Subsistence and commercial harvest regulations of Redoubt Lake sockeye salmon are set forth by the Redoubt Lake Sockeye Salmon Management Plan, developed in 2003 with extensive collaboration between tribal, state, federal, subsistence, sport, commercial, and conservation stakeholders and facilitated by the Sitka Fish and Game Advisory Committee. The management plan requires accurate in-season escapement data to liberalize subsistence and commercial harvest regulations.

In recent years, escapement data have been obtained through the US Forest Service weir at Redoubt Lake. However, in February 2024, USFS announced it no longer had funds to operate the weir. Several stakeholders (Sitka Tribe of Alaska, City and Borough of Sitka, Sitka Fish and Game Advisory Committee, Sitka Conservation Society, and Northern Southeast Aquaculture Association) wrote letters to ADFG and USFS stressing the project's importance to the community and requesting funds be made available to continue weir operations (letters available upon request). Funds were secured for 2024 but have not been fully secured for 2025.



We propose using approximately half of the available fish box tax funds (\$24,000) for supply and personnel costs to operate the Redoubt Lake weir in 2025. Example costs include replacement parts for the weir (e.g., electrical conduit, lumber), testing new lower-cost monitoring methods, boat fuel for crew transportation, and personnel costs for weir staff. Without the weir in place, the Redoubt Lake Sockeye Salmon Management Plan cannot be implemented, subsistence harvest will be drastically reduced, and there will be no directed commercial fisheries for Redoubt sockeye.

Amount requested: \$24,000

The City's Request for Proposals requests a history of the organization. The foundational document of the Sitka Tribe of Alaska is the constitution of the Sitka Community Association, approved by the Secretary of the Interior in 1938. In 1991, elections approved modifying the constitution and changing the organization's name to Sitka Tribe of Alaska. A compact with the Department of the Interior took effect in 1992 to remove federal obstacles to effective self-governance; reorganize tribal government programs and services; allow the Tribe meaningful authority to plan, conduct, and administer programs and services to meet the needs of tribal citizens; and establish a government-to-government relationship with the federal government. Sitka Tribe of Alaska entered into its first annual funding agreement with the Bureau of Indian Affairs in 1997 to further enable STA to govern at a local level. For more information, please see STA's website: <https://sitkatribes.org/who-we-are/our-history/>.

I have also attached STA's most recent basic financial statements and independent auditor's report. Please contact Tamara Nedens, Director of Financial Reporting, at tamara.nedens@sitkatribes-nsn.gov if you need any additional financial information.

Thank you for your thoughtful consideration. Please contact Jeff Feldpausch, Resource Protection Department Director, at jeff.feldpausch@sitkatribes-nsn.gov with questions.



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

ADMINISTRATION

100 Lincoln Street | Sitka, Alaska 99835

www.cityofsitka.com

administrator@cityofsitka.org

907-747-1812

March 14, 2024

[VIA EMAIL ONLY]

Doug Vincent-Lang, Commissioner
Alaska Department of Fish and Game
PO Box 115526
Juneau, AK 99811-5526

Frank Sherman, Forest Supervisor
Tongass National Forest
648 Mission Street, Suite 110
Federal Building
Ketchikan, AK 99901-6591

Re: Suspension of Redoubt Lake Weir Operations

Dear Commissioner Vincent-Lang and Forest Supervisor Sherman,

I am writing to you on behalf of the City and Borough of Sitka to express our deep concern over the recent notification regarding the potential suspension of the Redoubt Lake weir operations due to budgetary constraints. This letter aims to underscore the critical importance of the Redoubt Lake sockeye salmon system to our community and to advocate for immediate action to ensure its continued management and sustainability.

The Redoubt Lake sockeye salmon system is a cornerstone of Sitka's cultural, nutritional, and economic well-being. Historical collaboration among the Alaska Department of Fish and Game, the U.S. Forest Service, the Northern Southeastern Regional Aquaculture Association, and local stakeholders has led to remarkable success in enhancing the sockeye population, with escapements increasing from 456 in 1982 to over 150,000 in 2023. These efforts have enabled significant subsistence and commercial harvests that directly support the food security and livelihoods of our community members.

The Sitka Tribe of Alaska's management plan, developed in cooperation with state and federal agencies, has been instrumental in achieving these outcomes. The plan's reliance on in-season escapement data collected via weir operations is critical for informed management decisions that balance conservation goals with the community's subsistence and commercial needs. The suspension of weir operations threatens to undermine this delicate balance, jeopardizing not only the sockeye population but also the economic stability and food security of Sitka's residents.

The potential discontinuation of weir operations due to a \$26,000 budget shortfall poses an unacceptable risk to our community. It would likely increase pressure on smaller, unmonitored fisheries, compel subsistence harvesters to seek fish in more distant and riskier waters, and significantly disrupt our local economy. Moreover, the collaborative management and enhancement efforts that have been a hallmark of the Redoubt Lake system serve as a model for resource stewardship and tribal co-management that should be preserved and expanded, not curtailed.

In light of these concerns, we urgently request that the Alaska Department of Fish and Game and the U.S. Forest Service work together to find the necessary funding to maintain the Redoubt Lake weir operations for the 2024 season and beyond. The City and Borough of Sitka stand ready to support these efforts and participate in discussions to secure a sustainable long-term funding solution.

We also echo the Sitka Tribe of Alaska's call for a continued commitment to meaningful engagement with Tribal Nations and local stakeholders through a co-stewardship management approach. The Redoubt Lake sockeye system is not only a resource but a shared heritage that requires our collective stewardship to ensure its health and abundance for future generations.

Thank you for your attention to this matter. We look forward to your prompt response and are hopeful for a resolution that supports the continued prosperity of the Redoubt Lake sockeye salmon system and the Sitka community.

Sincerely,



John M. Leach
Municipal Administrator

Cc: U.S. Senator Lisa Murkowski
U.S. Senator Dan Sullivan
U.S. Representative Mary Sattler Peltola
Alaska Senator Bert Stedman
Alaska Representative Rebecca Himschoot
Assembly of the City and Borough of Sitka
Southeast Regional Advisory Council

Sitka Tribe of Alaska
Notes to Financial Statements
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Income Taxes

The Sitka Tribe of Alaska, as a federally recognized sovereign government, is exempt from federal and state income taxes. As such, no income taxes have been provided for in the accompanying financial statements.

Compensated Absences

All full-time employees earn and accrue paid time off (PTO). Expenditures for PTO are recorded when used in governmental funds. PTO is accrued when incurred in the government-wide and proprietary fund financial statements. Unused PTO is paid out to the employee upon termination or retirement.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of the debt issued is reported as an other financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the government-wide financial statements, net position is divided into three components:

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

Fund Balance

In the fund financial statements, fund balance includes five classifications as follows:

- *Nonspendable Fund Balance* – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.
- *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.
- *Committed Fund Balance* – amounts that can be used only for the specific purposes determined by a formal action of the Council. Commitments may be changed or lifted by the Council taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – amounts intended to be used by the Tribe for specific purposes; intent can be expressed by the Council or designee. Such constraint is binding unless modified or eliminated by the Council or designee. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

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

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

The Tribe's Special Revenue Funds are used to account for services provided to tribal members and other programs that are restricted or committed.

New Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued several Statements which have not yet been implemented by the Tribe. The Tribe will implement these Statements no later than the latest fiscal year required. The Tribe does not anticipate that any of the recently issued Statements would have a significant impact on the Tribe's financial statements.

For the year ended December 31, 2022, the Tribe implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the Tribe's financial statements have been modified to reflect the recognition of certain right-to-use assets and a lease liability based on the contract payment provisions. The Tribe also recognizes a lease receivable and associated deferred inflow of resources as a lessor.

2) Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at fiscal year-end, with the exception of some Special Revenue funds which are budgeted on project length.

Budgetary control is exercised at the fund level. The Tribal General Manager is authorized to transfer budget amounts within a fund; however, any supplemental appropriations that amend the total expenditures of any fund require Council approval. Reported budgeted amounts are as originally adopted or as amended by Council approval.

Sitka Tribe of Alaska
Notes to Financial Statements
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3) Cash and Cash Equivalents

The Tribe maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as amounts "Due to other funds" or "Due from other funds." Additionally, cash accounts are maintained for proprietary funds, as well as a separate gaming account, as required by the State of Alaska.

The composition of cash and cash equivalents at December 31, 2022, is as follows:

Governmental activities	\$ 16,496,175
Business-type activities	94,984
	<u>\$ 16,591,159</u>
 Demand deposits	 \$ 16,584,721
Cash on hand	6,438
	<u>\$ 16,591,159</u>

On December 31, 2022, the carrying amount of the Tribe's total demand deposits were \$16,584,721 while the bank deposit balances were \$16,858,649.

Custodial Credit Risk – This is the risk that, in the event of a bank failure, the Tribe deposits will not be returned. The Tribe's bank accounts are provided with \$250,000 protection by the Federal Depositary Insurance Corporation (FDIC). Amounts in excess of \$250,000 are collateralized with securities held by the Tribe's agent in the Tribe's name. The Tribe does not have a policy limiting its custodial credit risk.

4) Investments

A summary of the Tribe's investments at December 31, 2022, and the investment class concentration percentage, are as follows:

	Fair Value	Concentration Percentage
Certificates of Deposit	\$ 40,000	0.5 %
U.S. Equity Securities (ETF)	1,320,921	15.3
International Equity Securities (ETF)	174,032	2.0
U.S. Fixed Income Securities (ETF)	868,260	10.1
U.S. Treasury Securities	<u>6,203,376</u>	<u>72.1</u>
Total investments	<u>\$ 8,606,589</u>	<u>100.0 %</u>

Interest Rate and Credit Risk

The Tribe's investments in the schedule above are not rated; weighted average maturity information for these funds is not available, except for the U.S. Treasury Securities and the Certificates of Deposit, which have a maturity of less than one year.

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Fair Value Measurement

The Tribe measures and records its investments within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure fair value of the assets. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

Exchange Trade Funds (ETF) – are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track the performance and dividend yield of a particular domestic or foreign market index. As the ETF's quoted prices are available in active markets for identical assets, this results in a level 1 fair value measurement.

	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
U.S. Equity Securities (ETF)	\$ 1,320,921	\$ 1,320,921	\$ -	\$ -
International Equity Securities (ETF)	174,032	174,032	-	-
U.S. Fixed Income Securities (ETF)	868,260	868,260	-	-
U.S. Treasury Securities	6,203,376	6,203,376	-	-
	8,566,589	<u>\$ 8,566,589</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	40,000			
Total investments	<u>\$ 8,606,589</u>			

The categorization of investments within the hierarchy is based on the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The following table classifies each of the Tribe's investment classes by hierarchy level:

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Tribe's deposits. As of December 31, 2022, the Tribe's investments were not exposed to foreign currency risk.

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5) Capital and Right-To-Use Lease Assets

Capital assets for the year ended December 31, 2022, were as follows:

	Beginning Balance January 1, 2022	Increases	Transfers/ Decreases	Balance December 31, 2022
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 588,858	\$ -	\$ -	\$ 588,858
Works of art	260,564	-	-	260,564
Buildings - work in progress	4,718,988	-	(4,718,988)	-
Equipment - work in progress	689,424	-	(178,454)	510,970
Total capital assets not being depreciated	6,257,834	-	(4,897,442)	1,360,392
Capital and right-to-use lease assets being depreciated				
Right-to-use lease - buildings	78,007	58,106	-	136,113
Buildings	4,325,550	-	4,718,988	9,044,538
Equipment	980,801	338,384	178,454	1,497,639
Total capital assets being depreciated	5,384,358	396,490	4,897,442	10,678,290
Less accumulated depreciation				
Right-to-use lease - buildings	-	31,943	-	31,943
Buildings	2,220,933	212,285	-	2,433,218
Equipment	696,487	130,230	-	826,717
Total capital assets net of depreciation	2,917,420	374,458	-	3,291,878
Net capital and right-to-use assets being depreciated	2,466,938	22,032	4,897,442	7,386,412
Governmental activities capital and right-to-use lease assets, net	\$ 8,724,772	\$ 22,032	\$ -	\$ 8,746,804

Beginning balances were restated for the implementation of GASB Statement No. 87 – *Leases*, which requires the recognition of certain right-to-use lease assets.

	Beginning Balance January 1, 2022	Increases	Transfers/ Decreases	Balance December 31, 2022
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 95,510	\$ -	\$ -	\$ 95,510
Total capital assets not being depreciated	95,510	-	-	95,510
Capital assets being depreciated				
Buildings	656,507	-	-	656,507
Equipment	1,158,044	-	-	1,158,044
Total capital assets being depreciated	1,814,551	-	-	1,814,551
Less accumulated depreciation				
Buildings	166,786	21,885	-	188,671
Equipment	715,361	78,761	-	794,122
Total accumulated depreciation	882,147	100,646	-	982,793
Net capital assets being depreciated	932,404	(100,646)	-	831,758
Business-type activities capital assets, net	\$ 1,027,914	\$ (100,646)	\$ -	\$ 927,268

Sitka Tribe of Alaska
Notes to Financial Statements
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6) Lease Receivable

The Tribe, as a lessor, leases office space to other governmental agencies. The anticipated future principal and interest in relation to these leases, is as follows:

	Principal	Interest	Total
2023	\$ 67,044	\$ 10,932	\$ 77,976
2024	71,534	8,355	79,889
2025	56,780	5,674	62,454
2026	20,203	4,004	24,207
2027	21,556	2,651	24,207
Thereafter	28,987	1,272	30,259
Total	<u>\$ 266,104</u>	<u>\$ 32,888</u>	<u>\$ 298,992</u>

7) Grant Receivables and Unearned Revenues

The following amounts represent balances due from or advanced from federal agencies associated with grants and other programs as of December 31, 2022:

	Grant Receivable	Unearned Revenue
U.S. Department of Treasury	\$ -	\$ 20,826,522
U.S. Department of Transportation	82,299	745,468
U.S. Department of Agriculture	78,834	-
U.S. Department of Commerce	161,727	23,219
U.S. Department of Defense	2,548	-
U.S. Department of Justice	132,103	1,600
U.S. Department of the Interior	53,252	3,136,271
U.S. Department of Transportation	306,120	-
U.S. Health and Human Services	284,945	125,277
Environmental Protection Agency	107,760	-
State, Private, and Local	29,474	89,174
Total	<u>\$ 1,239,062</u>	<u>\$ 24,947,531</u>

8) Paycheck Protection Program Loan

On May 7, 2021, The Tribe received loan proceeds in the amount of \$47,305 under the Paycheck Protection Program (PPP) for its Sitka Tribal Enterprises proprietary fund.

During the fiscal year ended December 31, 2022, the Tribe received notification from the Small Business Administration that its Paycheck Protection Program loan totaling \$47,305 had been forgiven in its entirety as authorized by Section 1106 of the CARES Act.

Sitka Tribe of Alaska
Notes to Financial Statements
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9) Long-Term Liabilities

Long-term obligations activity for the year ended December 31, 2022, was as follows

	Balance January 1, 2022 (As Restated)	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Notes payable	\$ 1,377,883	\$ 288,869	\$ (164,092)	\$ 1,502,660	\$ 130,461
Lease payable - Jun Tidelands	-	39,636	(3,850)	35,786	1,703
Lease payable - Oct Tidelands	-	18,470	(1,794)	16,676	794
Lease payable - CAC Rental	78,007	-	(28,077)	49,930	30,573
Compensated absences	361,090	17,298	(10,029)	368,359	-
Governmental activities long-term obligations	<u>\$ 1,816,980</u>	<u>\$ 364,273</u>	<u>\$ (207,842)</u>	<u>\$ 1,973,411</u>	<u>\$ 163,531</u>

Due to the implementation of GASB Statement No. 87, Leases, the Tribe's beginning long-term liability balances were restated from fiscal year 2021. There was no impact to beginning net position.

Notes payable at December 31, 2022, is compromised of the following individual notes:

Note payable to the First National Bank Alaska payable in monthly installments of \$3,692 including interest at 5.5% through August 2029.	\$ 245,896
Note payable to the First National Bank Alaska payable in monthly installments of \$12,312 including interest at 5.3% through September 2030.	1,256,764
Total notes payable	1,502,660
Less current portion	(130,461)
Total long-term notes payable	<u>\$ 1,372,199</u>

Annual debt service requirements to maturity for notes payable as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 130,461	\$ 61,596	\$ 192,057
2024	137,678	54,379	192,057
2025	145,294	46,762	192,056
2026	153,332	38,724	192,056
2027	161,815	30,242	192,057
2028-2030	<u>774,080</u>	<u>43,495</u>	<u>817,575</u>
	<u>\$ 1,502,660</u>	<u>\$ 275,198</u>	<u>\$ 1,777,858</u>

Sitka Tribe of Alaska
Notes to Financial Statements
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The Tribe has entered into several lease agreements, as a lessee, for buildings and land. The future lease payment obligations are outlined below:

	Principal Payment	Interest Payment	Total
2023	\$ 33,070	\$ 4,131	\$ 37,201
2024	22,001	1,841	23,842
2025	2,805	1,280	4,085
2026	2,973	1,204	4,177
2027	3,152	1,124	4,276
Thereafter	38,391	5,594	43,985
Total	<u>\$ 102,392</u>	<u>\$ 15,174</u>	<u>\$ 117,566</u>

10) Retirement Plans

The Tribe maintains a 401(k)-retirement plan. All employees who have attained 18 years of age and are either (1) full-time or (2) part-time and have performed one year of service are eligible to participate in the plan. Employees may make contributions up to the legal limit established by federal regulations. The Tribe matches 100% of the employee's contribution, not to exceed 5% of the employee's gross salary. The Tribe contributed \$129,731 to the plan during 2022.

11) Interfund Receivables, Payables and Transfers

Interfund receivables and payables are shown as "Due To" and "Due From" in each of the individual funds. Interfund balances represent cash collected or disbursed on behalf of another fund.

Individual fund interfund receivable and payable balances at December 31, 2022, are as follows:

	Due From Other Funds	Due To Other Funds
<i>Governmental Funds</i>		
General fund	\$ -	\$ 415,984
BIA Compact	-	28,699
ARPA	41,292	-
Other grants and contracts	-	589,296
<i>Proprietary Funds</i>		
Sitka Tribal Enterprises	1,862,405	-
Tribal Tannery	-	869,718
Total	<u>\$ 1,903,697</u>	<u>\$ 1,903,697</u>

Sitka Tribe of Alaska
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A summary of individual fund interfund transfers for the year ended December 31, 2022, are as follows:

	Transfers to Other Funds	Transfers From Other Funds
<i>Governmental Funds</i>		
General fund	\$ 288,910	\$ -
BIA compact	-	288,910
Other grants and contracts	35,000	-
Sitka Tribal Enterprises	-	35,000
	<u>\$ 323,910</u>	<u>\$ 323,910</u>

12) Deficit Fund Balance

The Tannery Proprietary Fund had a deficit fund balance of \$435,968 as of December 1, 2022. The deficits will be addressed as an operating activity during the next annual budgeting cycle.

13) Risk Management

The Tribe is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors, omissions, and natural disasters for which the Tribe carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

14) Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Tribe. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Tribe management expects such amounts, if any, to be immaterial.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2022

15) Restatement

As of January 1, 2022, the Tribe has reassigned the Gaming Fund, formerly a major governmental fund, under the umbrella of the Sitka Tribal Enterprises for financial statement reporting purposes. These changes are summarized below:

	Governmental Activities	Business-Type Activities	Gaming Fund	Sitka Enterprises Fund
Fund balance or net position at December 31, 2021, as previously reported	\$ 7,594,663	\$ 1,397,902	\$ (131,010)	\$ 1,822,555
Reclassification of gaming fund	<u>131,010</u>	<u>(131,010)</u>	<u>131,010</u>	<u>(131,010)</u>
Fund balances or net position, January 1, 2022, as restated	<u>\$ 7,725,673</u>	<u>\$ 1,266,892</u>	<u>\$ -</u>	<u>\$ 1,691,545</u>

16) Subsequent Events

Subsequent to fiscal year end, the Tribe was notified that it was awarded an employee retention tax credit, as authorized by section 2301 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This credit provides for a fully refundable tax credit against the employer share of Social Security tax paid by the Tribe for eligible employees. The Tribe applied for this benefit believing it meets all required criteria and as a result was awarded the tax credit totaling \$1,695,364.

Required Supplementary Information

*Schedule of Revenues, Expenditures, and Changes in
Fund Balance — Budget to Actual*

Sitka Tribe of Alaska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance — Budget to Actual
Major Fund — General Fund
For the Year Ended December 31, 2022

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources - other	\$ -	\$ -	\$ 269,219	\$ 269,219
Investment income (loss), net	-	-	(370,012)	(370,012)
Total revenues	-	-	(100,793)	(100,793)
Expenditures				
General government	-	-	680,965	(680,965)
Resource protection	33,606	33,606	269	33,337
Education	8,296	8,296	-	8,296
Legal and tribal courts	100,000	100,000	84,219	15,781
Capital outlay	-	-	58,106	(58,106)
Debt service				
Principal	95,800	95,800	169,735	(73,935)
Interest	-	-	82,320	(82,320)
Total expenditures	237,702	237,702	1,075,614	(837,912)
Revenues over (under) expenditures	<u>\$ (237,702)</u>	<u>\$ (237,702)</u>	<u>(1,176,407)</u>	<u>\$ (938,705)</u>
Other Financing Sources (Uses)				
Lease agreements			58,106	
Transfers (to) from other funds			(288,910)	
Proceeds from issuance of debt			288,869	
Total other financing sources (uses)			<u>58,065</u>	
Deficiency of revenues and other financing sources under expenditures			(1,118,342)	
Fund balance, beginning of year			<u>817,881</u>	
Fund deficit, end of year			<u>\$ (300,461)</u>	

See accompanying note to required supplementary information.

Sitka Tribe of Alaska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget to Actual
Major Fund – BIA Compact Special Revenue Fund
For the Year Ended December 31, 2022

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ -	\$ -	\$ 3,055	\$ 3,055
Intergovernmental				
Federal sources	4,087,354	3,561,833	2,558,931	(1,002,902)
Total revenues	4,087,354	3,561,833	2,561,986	(999,847)
Expenditures				
General government	1,363,044	837,523	417,779	419,744
Social and economic services	607,172	607,172	476,614	130,558
Resource protection	597,813	597,813	453,694	144,119
Economic development	373,430	373,430	617,105	(243,675)
Education	692,557	692,557	345,958	346,599
Legal and tribal courts	453,338	453,338	539,746	(86,408)
Total expenditures	4,087,354	3,561,833	2,850,896	710,937
Revenues over (under) expenditures	\$ -	\$ -	(288,910)	\$ (288,910)
Other Financing Sources (Uses)				
Transfers (to) from other funds			288,910	
Total other financing sources (uses)			288,910	
Net change in fund balances			-	
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

See accompanying note to required supplementary information.

Sitka Tribe of Alaska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget to Actual
Major Fund – ARPA Fund
For the Year Ended December 31, 2022

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Federal sources	\$ 5,893,412	\$ 5,893,412	\$ 2,738,418	\$ (3,154,994)
Total revenues	<u>5,893,412</u>	<u>5,893,412</u>	<u>2,738,418</u>	<u>(3,154,994)</u>
Expenditures				
General government	734,320	734,320	1,581,515	(847,195)
Social and economic services	750,000	750,000	359,312	390,688
Economic development	850,959	539,417	160,404	379,013
Education	3,558,133	3,558,133	325,645	3,232,488
Capital outlay	-	539,417	311,542	227,875
Total expenditures	<u>5,893,412</u>	<u>6,121,287</u>	<u>2,738,418</u>	<u>3,382,869</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (227,875)</u>	<u>-</u>	<u>\$ 227,875</u>
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

See accompanying note to required supplementary information.

Sitka Tribe of Alaska
Notes to Required Supplementary Information
December 31, 2022

1) Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 in the notes to the financial statements.

The budgeted amounts presented include any amendments made. Management of the Tribe may authorize transfers of budgeted amounts within departments. Changes to the overall budget must be approved by council action.

Schedule of Expenditures of Federal Awards

Sitka Tribe of Alaska
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Program Expenditures
U.S. Department of Agriculture				
King Lake Sockeye Salmon Stock Assessment	10.U01		\$ -	\$ 78,834
Total U.S. Department of Agriculture			-	78,834
U.S. Department of Commerce				
<i>Passed through Alaska Ocean Observing System</i>				
Integrated Ocean Observing System	11.012	H2406-02	-	3,955
<i>Passed through North Pacific Research Board</i>				
Unallied Science Program	11.472	1808	-	14,776
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		384	129,730
<i>Passed through WHOI</i>				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA20NOS4780195	65,000	161,727
Total Center for Sponsored Coastal Ocean Research Coastal Ocean Program			65,384	291,457
Total U.S. Department of Commerce			65,384	310,188
U.S. Department of Interior				
Aid to Tribal Government	15.020		-	(1,000)
COVID-19 - Aid to Tribal Government	15.020		-	147,505
Total Aid to Tribal Government			-	146,505
Tribal Self-Governance Program	15.022		-	2,210,971
COVID-19 Indian Social Services Welfare Assistance	15.113		-	12,429
Native American Business Development Institute	15.133		-	14,890
Tribal Climate Resilience	15.156		-	204,182
Tribal Wildlife Grants	15.639		-	127,757
Native American Graves Protection and Repatriation Act	15.922		-	6,787
Total U.S. Department of Interior			-	2,723,521
U.S. Department of Justice				
Legal Assistance for Victims	16.524		-	36,298
Treatment Court Discretionary Grant Program	16.585		-	187,724
Violence Against Women Discretionary Grants for Indian Tribal Governments	16.587		18,242	146,315
Justice System Infrastructure Program for Indian Tribes	16.596		-	25,006
Tribal Justice Systems	16.608		-	45,197
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736		8,788	91,319
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758		-	122,133
VOCA Tribal Victim Services Set-Aside Program	16.841		-	239,963
Total U.S. Department of Justice			27,030	893,955
U.S. Department of Transportation				
Highway Planning and Construction Cluster			-	157,276
Highway Planning and Construction	20.205		-	157,276
Total Highway Planning and Construction Cluster			-	157,276
ARP Transit 5311 TTP	20.U02		-	82,299
Formula Grants for Rural Areas and Tribal Transit Program	20.509		-	64,744
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509		-	176,622
Total Formula Grants for Rural Areas and Tribal Transit Program			-	241,366
Total U.S. Department of Transportation			-	480,941
U.S. Department of Treasury				
COVID-19 - Coronavirus Relief Fund	21.019		-	(8,000)
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	2,738,418
Total U.S. Department of Treasury			-	2,730,418
National Science Foundation				
<i>Passed through Rand Corp.</i>				
Biological Sciences	47.070	SCON-00000139	-	23,602
Total National Science Foundation			-	23,602

See accompanying notes to the schedule of expenditures of federal awards.

Sitka Tribe of Alaska
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Program Expenditures
U.S. Environmental Protection Agency				
State and Tribal Response Program Grants	66.817		\$ -	\$ 83,797
Indian Environmental General Assistance Program	66.926		-	153,292
Total U.S. Environmental Protection Agency			-	237,089
U.S. Department of Health and Human Services				
Special Program for the Aging, Title VI, Part A, Grants to Indian Tribes, Part B, Grants to Native Hawaiians	93.047		105,216	144,506
COVID-19 - Special Program for the Aging, Title VI, Part A, Grants to Indian Tribes, Part B, Grants to Native Hawaiians	93.047		71,879	71,879
Total Special Program for the Aging, Title VI, Part A, Grants to Indian Tribes, Part B, Grants to Native Hawaiians			177,095	216,385
Aging Cluster				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.053		1,387	1,387
Total Aging Cluster			1,387	1,387
National Family Caregiver Support, Title VI, Part C Grants to Indian Tribes and Native Hawaiians	93.054		41,369	69,419
COVID-19 - National Family Caregiver Support, Title VI, Part C Grants to Indian Tribes and Native Hawaiians	93.054		(5,341)	(5,341)
Total National Family Caregiver Support, Title VI, Part C Grants to Indian Tribes and Native Hawaiians			36,028	64,078
Environmental Health	93.113		-	194,848
Passed through EMORY University				
Environmental Health	93.113	A301966	-	(1,500)
Total Environmental Health			-	193,348
Passed through National Indian Health Board				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	NU38OT000302-01-02	-	21,048
MaryLee Allen Promoting Safe and Stable Families Program	93.556		1,510	7,262
Low-Income Home Energy Assistance Program	93.568		-	194,720
Community Services Block Grant	93.569		-	52,446
COVID-19 - Community Services Block Grant	93.569		-	18,533
Total Community Services Block Grant			-	70,979
CCDF Cluster				
Childcare and Development Block Grant	93.575		-	204,821
COVID-19 - Childcare and Development Block Grant	93.575		-	65,754
Total CCDF Cluster			-	270,575
Promote the Survival and Continuing Vitality of Native American Languages	93.587		-	10,628
Stephanie Tubbs Jones Child Welfare Services Program	93.645		-	13,487
Passed through University of Alaska Southeast				
Biomedical Research and Research Training	93.859	UAS 20-0041 (Sitka)	-	43,091
Total U.S. Department of Health and Human Services			216,020	1,106,988
Total federal expenditures			\$ 308,434	\$ 8,585,536

See accompanying notes to the schedule of expenditures of federal awards.

Sitka Tribe of Alaska
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Sitka Tribe of Alaska under programs of the federal government for the year ended December 31, 2022. The information in this schedule for federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2) Assistance Listing Numbers

The program titles and assistance listing numbers were obtained from the federal or pass-through grantor or the 2022 Federal Assistance Listings. When no assistance listing number had been assigned to a program, the federal identifier as applied and followed by a "U" and chronological two-digit numbers to represent unidentified assistance listing numbers.

3) 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

4) Indirect Cost Rate

The Sitka Tribe of Alaska has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5) Outstanding Federal Loans

The Tribe had no outstanding federal loan balances at December 31, 2022.

Sitka Tribe of Alaska
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

6) Reconciliation of Expenditures

The following is a reconciliation of the expenditures reported on the Tribe's schedule of expenditures of federal awards to expenditures reported in the Tribe's statement of revenues, expenditures, and changes in fund balance.

Expenditures on schedule of expenditures of federal awards	\$ 8,585,536
Funding from state and local grants	75,971
Expenditures funded from all other Tribal sources	<u>1,754,354</u>
Total expenditures according to financial statements	<u>\$ 10,415,861</u>

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Single Audit Section

**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***

Members of the Council
Sitka Tribe of 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, and each major fund of the Sitka Tribe of Alaska (the "Tribe") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements, and have issued our report thereon dated September 15, 2023.

Report on 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) as a basis for designing 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.

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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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 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.

REDW LLC

Phoenix, Arizona

September 15, 2023

Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance

Members of the Council
Sitka Tribe of Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sitka Tribe of Alaska's (the "Tribe") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Tribe's major federal programs for the year ended December 31, 2022. The Tribe's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Tribe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Tribe and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Tribe's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Tribe's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Tribe's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Tribe's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Tribe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Tribe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Tribe's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

REDW LLC

Phoenix, Arizona
September 15, 2023

Sitka Tribe of Alaska
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I — Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies reported?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies reported?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
15.022	Tribal Self-Governance
21.027	Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Sitka Tribe of Alaska
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II — Financial Statement Findings

None.

Section III — Federal Award Findings and Questioned Costs

None.

Sitka Tribe of Alaska
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Prior Audit Findings	Program	Current Status
2021-001: Reporting	COVID-19 Coronavirus Relief Fund (ALN #21.019)	Resolved.
2021-002: Reporting under the Federal Funding Accountability and Transparency Act (FFATA)	Public Safety Partnership and Community Policing Grants (ALN #16.710)	Resolved.
2021-003: Equipment and Real Property Management	Aid to Tribal Governments (ALN #15.020)	Resolved.



Sitka Tribe of Alaska

*Basic Financial Statements
and
Independent Auditor's Report
December 31, 2022*

redw
Advisors & CPAs

Sitka Tribe of Alaska

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Sitka Tribe of Alaska

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Independent Auditor's Report

Honorable Members of the Tribal Council
Sitka Tribe of Alaska

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Sitka Tribe of Alaska (the "Tribe"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Tribe's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tribe, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tribe and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Tribe's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tribe's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tribe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tribe's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic 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 basic financial statements. The 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, 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 solely 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 the effectiveness of 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.

REDW LLC

Phoenix, Arizona
September 15, 2023

Basic Financial Statements

Tribe-Wide Financial Statements

Sitka Tribe of Alaska

Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 16,496,175	\$ 94,984	\$ 16,591,159
Investments	8,606,589	-	8,606,589
Accounts receivable	26,456	126,540	152,996
Lease receivable, current	67,044	-	67,044
Due from federal agencies	1,239,062	-	1,239,062
Internal balances, net	(992,687)	992,687	-
Prepaid expenses	25,456	-	25,456
Inventory	-	28,510	28,510
Total current assets	<u>25,468,095</u>	<u>1,242,721</u>	<u>26,710,816</u>
Noncurrent assets			
Lease receivable, net of current	199,060	-	199,060
Capital assets			
Capital assets, not being depreciated	1,360,392	95,510	1,455,902
Capital and right-to-use lease assets, net	<u>7,386,412</u>	<u>831,758</u>	<u>8,218,170</u>
Total noncurrent assets	<u>8,945,864</u>	<u>927,268</u>	<u>9,873,132</u>
Total assets	<u>34,413,959</u>	<u>2,169,989</u>	<u>36,583,948</u>
Liabilities			
Current liabilities			
Accounts payable	520,041	1,380	521,421
Accrued payroll and liabilities	240,185	-	240,185
Accrued other liabilities	1,670	-	1,670
Unearned revenue	24,947,531	-	24,947,531
Lease payable, current portion	33,070	-	33,070
Current portion of notes payable	<u>130,461</u>	<u>-</u>	<u>130,461</u>
Total current liabilities	<u>25,872,958</u>	<u>1,380</u>	<u>25,874,338</u>
Noncurrent liabilities			
Compensated absences	368,359	-	368,359
Lease payable, net of current portion	69,322	-	69,322
Notes payable, net of current portion	<u>1,372,199</u>	<u>-</u>	<u>1,372,199</u>
Total noncurrent liabilities	<u>1,809,880</u>	<u>-</u>	<u>1,809,880</u>
Total liabilities	<u>27,682,838</u>	<u>1,380</u>	<u>27,684,218</u>
Deferred Inflow of Resources			
Deferred inflow - leases	<u>258,189</u>	<u>-</u>	<u>258,189</u>
Net Position			
Net investment in capital assets	7,443,204	927,268	8,370,472
Unrestricted	<u>(970,272)</u>	<u>1,241,341</u>	<u>271,069</u>
Total net position	<u>\$ 6,472,932</u>	<u>\$ 2,168,609</u>	<u>\$ 8,641,541</u>

The accompanying notes are an integral part of these financial statements.

Sitka Tribe of Alaska
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 2,777,396	\$ 272,274	\$ 2,432,302	\$ 84,948	\$ 12,128	\$ -	\$ 12,128
Social and economic services	1,958,503	-	1,650,490	311,542	3,529	-	3,529
Community services	62,954	-	-	-	(62,954)	-	(62,954)
Transportation	462,742	-	434,340	-	(28,402)	-	(28,402)
Resource protection	1,660,949	-	1,389,887	-	(271,062)	-	(271,062)
Economic development	807,466	-	694,943	-	(112,523)	-	(112,523)
Education	1,120,000	-	955,547	-	(164,453)	-	(164,453)
Legal and tribal courts	1,266,557	-	1,129,283	-	(137,274)	-	(137,274)
Interest on long-term debt	86,718	-	-	-	(86,718)	-	(86,718)
Total governmental activities	10,203,285	272,274	8,686,792	396,490	(847,729)	-	(847,729)
Business-type activities							
Sitka Tribal Enterprises	607,474	1,438,201	-	-	-	830,727	830,727
Tannery	17,899	6,584	-	-	-	(11,315)	(11,315)
Total business-type activities	625,373	1,444,785	-	-	-	819,412	819,412
Total primary government	\$ 10,828,658	\$ 1,717,059	\$ 8,686,792	\$ 396,490	(847,729)	819,412	(28,317)
General revenues, expenses, and transfers							
Investment loss, net					(370,012)	-	(370,012)
Gain on loan forgiveness					-	47,305	47,305
Transfers, net					(35,000)	35,000	-
Total general revenues, expenses, and transfers					(405,012)	82,305	(322,707)
Change in net position					(1,252,741)	901,717	(351,024)
Net position, beginning of year, as restated (Note 12)					7,725,673	1,266,892	8,992,565
Net position, end of year					\$ 6,472,932	\$ 2,168,609	\$ 8,641,541

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

Governmental Funds

Sitka Tribe of Alaska
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	BIA Compact	ARPA	Other Grants and Contracts	Total
Assets					
Cash and cash equivalents	\$ -	\$ 3,136,971	\$ 12,623,438	\$ 735,766	\$ 16,496,175
Accounts receivable	25,556	800	-	100	26,456
Due from federal agencies	-	32,399	-	1,206,663	1,239,062
Due from other funds	-	-	41,292	-	41,292
Prepaid expenses	4,187	16,568	-	4,701	25,456
Lease receivable	266,104	-	-	-	266,104
Investments	577,259	-	8,029,330	-	8,606,589
Total assets	<u>\$ 873,106</u>	<u>\$ 3,186,738</u>	<u>\$ 20,694,060</u>	<u>\$ 1,947,230</u>	<u>\$ 26,701,134</u>
Liabilities, Deferred Inflows and Fund Balances					
Accounts payable	\$ 257,539	\$ 21,068	\$ 41,292	\$ 200,142	\$ 520,041
Accrued payroll and liabilities	240,185	-	-	-	240,185
Accrued other liabilities	1,670	-	-	-	1,670
Due to other funds	415,984	28,699	-	589,296	1,033,979
Unearned revenue	-	3,136,971	20,652,768	1,157,792	24,947,531
Total liabilities	<u>915,378</u>	<u>3,186,738</u>	<u>20,694,060</u>	<u>1,947,230</u>	<u>26,743,406</u>
Deferred inflows of resources					
Deferred inflows - leases	258,189	-	-	-	258,189
Fund balances (deficits)					
Nonspendable					
Prepaid expenses	4,187	16,568	-	4,701	25,456
Unassigned	(304,648)	(16,568)	-	(4,701)	(325,917)
Total fund balances (deficit)	<u>(300,461)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,461)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 873,106</u>	<u>\$ 3,186,738</u>	<u>\$ 20,694,060</u>	<u>\$ 1,947,230</u>	<u>\$ 26,701,134</u>

Sitka Tribe of Alaska
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2022

		\$	(300,461)
Fund deficit — governmental funds			
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 governmental funds.			
Capital assets	\$ 12,038,682		
Accumulated depreciation	<u>(3,291,878)</u>	8,746,804	
Certain liabilities reported in the statement of net position are long-term in nature and not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	(368,359)		
Notes payable	(1,502,660)		
Long-term lease liabilities	<u>(102,392)</u>	<u>(1,973,411)</u>	
		<u>\$ 6,472,932</u>	
Net position of governmental activities			

Sitka Tribe of Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	BIA Compact	ARPA	Other Grants and Contracts	Total
Revenues					
Local sources	\$ 269,219	\$ 3,055	\$ -	\$ -	\$ 272,274
Investments loss	(370,012)	-	-	-	(370,012)
Intergovernmental					
Federal sources	-	2,558,931	2,738,418	3,286,883	8,584,232
State of Alaska	-	-	-	499,050	499,050
Total revenues	<u>(100,793)</u>	<u>2,561,986</u>	<u>2,738,418</u>	<u>3,785,933</u>	<u>8,985,544</u>
Expenditures					
General government	680,965	417,779	1,581,515	-	2,680,259
Social and economic services	-	476,614	359,312	1,047,685	1,883,611
Community services	-	-	-	59,209	59,209
Transportation	-	-	-	444,019	444,019
Resource protection	269	453,694	-	1,143,328	1,597,291
Economic development	-	617,105	160,404	-	777,509
Education	-	345,958	325,645	403,462	1,075,065
Legal and tribal courts	84,219	539,746	-	593,912	1,217,877
Capital outlay	58,106	-	311,542	26,842	396,490
Debt service					
Principal	169,735	-	-	28,078	197,813
Interest	82,320	-	-	4,398	86,718
Total expenditures	<u>1,075,614</u>	<u>2,850,896</u>	<u>2,738,418</u>	<u>3,750,933</u>	<u>10,415,861</u>
Revenues over (under) expenditures	<u>(1,176,407)</u>	<u>(288,910)</u>	<u>-</u>	<u>35,000</u>	<u>(1,430,317)</u>
Other Financing Sources (Uses)					
Lease agreements	58,106	-	-	-	58,106
Transfers (to) from other funds	(288,910)	288,910	-	(35,000)	(35,000)
Proceeds from issuance of debt	288,869	-	-	-	288,869
Total other financing sources (uses)	<u>58,065</u>	<u>288,910</u>	<u>-</u>	<u>(35,000)</u>	<u>311,975</u>
Net change in fund balances	(1,118,342)	-	-	-	(1,118,342)
Fund balances, beginning of year	817,881	-	-	-	817,881
Fund balances (deficit), end of year	<u>\$ (300,461)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (300,461)</u>

The accompanying notes are an integral part of these financial statements.

Sitka Tribe of Alaska
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances — governmental funds **\$ (1,118,342)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, costs of those assets are capitalized and are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	\$	396,490	
Depreciation expense		(374,458)	
			22,032

The issuance of long-term notes payable or entering into long-term lease agreements provides current financial resources to governmental funds, while the repayment of these obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes payable and related items:

Lease agreements	(58,106)		
Proceeds from debt issuance	(288,869)		
Principal repayment	197,813		
			(149,162)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Details of these items are as follows:

Change in accrued compensated absences		(7,269)	
--	--	---------	--

Change in net position of governmental activities **\$ (1,252,741)**

Proprietary Funds

Sitka Tribe of Alaska

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-Type Activities Enterprise Funds		
	Sitka Tribal Enterprises	Tribal Tannery	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 94,984	\$ -	\$ 94,984
Receivables	124,040	2,500	126,540
Due from other funds	1,862,405	-	1,862,405
Inventory	20,212	8,298	28,510
Total current assets	2,101,641	10,798	2,112,439
Noncurrent assets			
Capital assets	1,245,386	664,675	1,910,061
Accumulated depreciation	(741,089)	(241,704)	(982,793)
Net noncurrent assets	504,297	422,971	927,268
Total assets	2,605,938	433,769	3,039,707
Liabilities			
Current liabilities			
Accounts payable	1,361	19	1,380
Due to other funds	-	869,718	869,718
Total current liabilities	1,361	869,737	871,098
Net Position (Deficit)			
Net investment in capital assets	504,297	422,971	927,268
Unrestricted (deficit)	2,100,280	(858,939)	1,241,341
Total net position (deficit)	\$ 2,604,577	\$ (435,968)	\$ 2,168,609

The accompanying notes are an integral part of these financial statements.

Sitka Tribe of Alaska
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Sitka Tribal Enterprises	Tribal Tannery	Total
Operating Revenues			
Charges for goods and services	\$ 717,498	\$ 6,584	\$ 724,082
Other operating revenue	320,120	-	320,120
Local source - other	400,583	-	400,583
Total operating revenues	<u>1,438,201</u>	<u>6,584</u>	<u>1,444,785</u>
Operating Expenses			
Salaries and benefits	74,173	-	74,173
Indirect expense	61,802	-	61,802
Depreciation	82,747	17,899	100,646
Gaming payouts and related expenses	232,682	-	232,682
Tour expense	58,124	-	58,124
Supplies and equipment	41,800	-	41,800
Professional services	24,140	-	24,140
Other expenses	8,503	-	8,503
Repairs and maintenance	5,353	-	5,353
Banking and insurance	9,875	-	9,875
Rental expense	5,982	-	5,982
Advertising, dues and subscriptions	2,244	-	2,244
Utilities	49	-	49
Total operating expenses	<u>607,474</u>	<u>17,899</u>	<u>625,373</u>
Operating income (loss)	<u>830,727</u>	<u>(11,315)</u>	<u>819,412</u>
Nonoperating Revenues			
Forgiveness of Paycheck Protection Program (PPP) loan	47,305	-	47,305
Total nonoperating revenues	<u>47,305</u>	<u>-</u>	<u>47,305</u>
Income before transfers	878,032	(11,315)	866,717
Transfers from other funds	35,000	-	35,000
Change in net position	913,032	(11,315)	901,717
Net position (deficit), beginning of year, as restated (Note 12)	1,691,545	(424,653)	1,266,892
Net position (deficit), end of year	<u>\$ 2,604,577</u>	<u>\$ (435,968)</u>	<u>\$ 2,168,609</u>

The accompanying notes are an integral part of these financial statements.

Sitka Tribe of Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Sitka Tribal Enterprises	Tribal Tannery	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,613,647	\$ 8,475	\$ 1,622,122
Cash paid to employees	(458,569)	-	(458,569)
Cash paid to suppliers	(74,173)	10,650	(63,523)
Cash paid to other funds	(1,166,861)	(28,292)	(1,195,153)
Net cash used by operating activities	(85,956)	(9,167)	(95,123)
Cash flows from noncapital financing activities			
Net cash transfer to/from other funds	35,000	-	35,000
Net cash provided by noncapital financing activities	35,000	-	35,000
Net change in cash and cash equivalents	(50,956)	(9,167)	(60,123)
Cash and cash equivalents, beginning of year	145,940	9,167	155,107
Cash and cash equivalents, end of year	\$ 94,984	\$ -	\$ 94,984
Reconciliation of operating income (loss) to net cash used by operating activities			
Operating income (loss)	\$ 830,727	\$ (11,315)	\$ 819,412
Adjustments to reconcile operating income (loss) to net cash used by operating activities			
Depreciation	82,747	17,899	100,646
Changes in operating assets and liabilities			
Accounts receivable	175,446	1,891	177,337
Interfunds receivable	(1,166,861)	(28,292)	(1,195,153)
Inventory	(3,943)	12,773	8,830
Accounts payable	(4,072)	(2,123)	(6,195)
Net cash used by operating activities	\$ (85,956)	\$ (9,167)	\$ (95,123)

The accompanying notes are an integral part of these financial statements.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2022

1) Summary of Significant Accounting Policies

Reporting Entity

The Sitka Tribe of Alaska (the "Tribe") is a Federal Indian Tribe organized in July 1938 under the Indian Reorganization Act of 1934. Tribal citizenship is based on Lineal Descendancy or Native American ancestry and residency in the Sitka, Alaska area. As an organized Federal Indian Tribe, the Tribe is eligible to administer grants and contracts from various federal and other agencies. The majority of its continuing funding is through a compact with the U.S. Department of Interior, Office of Self Governance Bureau of Indian Affairs.

The Tribe provides a variety of services including general government, social and economic services, community services, transportation, resource protection, economic development, education, and legal and tribal courts. The Tribe is legally separate and fiscally independent of other state and local governments.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Tribe. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Tribe, and for each function of the Tribe's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

The Tribe reports the following major governmental funds:

- *General Fund* – The General Fund is the primary operating fund of the Tribe. It accounts for all financial resources of the Tribe, except those required to be accounted for in another fund.
- *BIA Compact Special Revenue Fund* – Accounts for funds received under a Self-Governance compact with the United States government pursuant to the authority granted by Title III of P.L. 100-472. Under the self-governance annual funding agreement, the Tribe provides education, economic development, resource protection, Indian child welfare and human services to tribal members.
- *ARPA Special Revenue Fund* – Accounts for funds received under the American Rescue Plan Act (ARPA) to provide relief for disruption caused by the Coronavirus (COVID-19) pandemic.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2022

- *Other Grants and Contracts Special Revenue Fund* – Accounts for remaining grants and contracts administered by the Tribe not reported in a separate fund.

The Tribe reports the following major proprietary funds:

- *Sitka Tribal Enterprises Fund* – Accounts for activities of the Tribe which includes tour and gift shop services for visitors to Sitka, gaming activity, a cottage kitchen where community members can process foods and classes can be held, an environmental research lab that processes samples from around the State of Alaska, and a public transit service that operates under a contract with a local not-for-profit. The fund also includes three wholly owned corporations: Sitka Tribal Sports, STE Environmental, and STE Government services. These corporations were formed through the State of Alaska but have not conducted any business.
- *Tribal Tannery Fund* – Accounts for the activities of the Sitka Tribal Tannery, which provides quality fur/skin tanning services for the community of Sitka, clients who reside throughout the State, and customers living outside of Alaska.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting policies of the Tribe conform to generally accepted accounting principles (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB statements and interpretations constitute GAAP for governments, including Indian tribes.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, unmatured interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments (if any), are recorded only when payment is due.

Intergovernmental revenue and local revenue are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and entering into long-term lease agreements are reported as other financing sources.

Proprietary (or enterprise) funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Tribe's enterprise funds are charges to customers for sales and services and gaming

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2022

related revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Indirect Cost Allocations

Indirect costs that benefit all programs are not directly charged to programs. Indirect costs are allocated to each program based upon an agreement negotiated with cognizant agency, unless limited by grant or contract agreement, which provides for allocation of indirect costs based upon total direct expenses of each contract or grant.

ASSETS, LIABILITIES, NET POSITION AND FUND BALANCE

Deposits and Investments

All cash deposits are in a single financial institution and are carried at cost. The Tribe considers all investments in money market funds and certificate of deposits purchased with a maturity of three months or less to be cash equivalents. The Tribe considers money market funds in the brokerage account to be investments. Investments are presented in order of liquidity in the financial statements and, if held for long-term purposes, are reflected as noncurrent assets. The Tribe pools most of its cash resources of its various funds to facilitate the management of cash.

Investments are stated at fair market values determined by established trading market prices and any gains and losses (realized and unrealized) are included in the Tribe's financial activities. Transactions are recorded on the trade date.

Receivables

Receivables are comprised primarily of amounts due from the federal government, the State of Alaska, and customers. The Tribe has determined that all accounts receivable are collectible and therefore has not established an allowance for uncollectible accounts.

Internal Balances and Due to and Due from Other Funds

Interfund receivables and payables arising from interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are current obligations. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventory

Inventory is valued at cost, which approximates fair value, on a first-in, first-out basis and is recorded as expenditures when consumed.

Sitka Tribe of Alaska
Notes to Financial Statements
December 31, 2022

Restricted Assets

Certain investments may be classified as restricted assets on the balance sheet due to external requirements to segregate the funds. These funds will not be available for the benefit of future residents of the Tribe until these external requirements have been met.

Capital Assets

Capital assets of the Tribe are recorded in the applicable governmental or business-type activities columns in the governmental-wide financial statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives or are not individually greater than \$5,000 are not capitalized in the government-wide financial statements but are instead expensed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Building structures and other improvements	10 – 40 years
Equipment	5 – 15 years

Leases

As a lessee, the Tribe leases certain assets and determines the classification of the lease at the commencement of the contract. Leases that have a maximum possible term of 12 months or less are expensed based on the provisions of the contract. For all leases in excess of 12 months and that do not have mutual termination provisions, do not transfer the asset to the Tribe at the term of the lease, and are an exchange or exchange-like transaction, the Tribe recognizes an intangible right-to-use lease asset and a corresponding lease liability.

The lease liability is measured at the commencement of the lease based on the present value of the payments expected to be made. The intangible right-to-use lease asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement.

The Tribe, as a lessor, reports a lease receivable and deferred inflow of resources for all leases meeting the requirements of GASB Statement No. 87, Leases. The lease receivable is recorded at the present value of the future lease payments. Over the lease term, the Tribe recognizes revenue from interest income and the amortization of the deferred inflow of resources. The Tribe considers these leases to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Unearned Revenue

Unearned revenue arises when resources are received before the Tribe has legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.