

+

X

-

٪

Communication with Those
Charged with Governance and
Communications of Internal Control Related Matters

**Central Council of the Tlingit and Haida
Indian Tribes of Alaska**

December 31, 2024





To the Members of the Council
Central Council of the Tlingit and Haida Indian Tribes of Alaska

We have audited the basic and Grants Fund financial statements of the Central Council of the Tlingit and Haida Indian Tribes of Alaska (the Central Council) as of and for the year ended December 31, 2024, and have issued our reports thereon dated April 11, 2025. Professional standards require that we provide you with the following information related to our audits.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America, *Government Auditing Standards*, Uniform Guidance, and State of Alaska Audit Guide and Compliance Supplement for State Single Audits

As stated in our engagement letter dated August 23, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Council's internal control over financial reporting. Accordingly, we considered the Central Council's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

As part of obtaining reasonable assurance about whether the Central Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Additionally, our responsibility is to express an opinion on compliance for each of the Central Council's major federal programs and major state programs based on our audit of the types of compliance requirements described in the *OMB Compliance Supplement and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (the Alaska Audit Guide) that could have a direct and material effect on each of the Central Council's major federal programs and major state programs. The standards referred to previously and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Alaska Audit Guide 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 or major state program occurred. An audit includes examining, on a test basis, evidence about the Central Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. While our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program, it does not provide a legal determination on the Central Council's compliance.

We also considered the Central Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Alaska Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Central Council are described in Note 1 to the financial statements. No new accounting policies were adopted that resulted in significant changes to the Central Council's financial statements, and there were no significant changes in the application of existing policies during the year, except with respect to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. We noted no transactions entered into by the Central Council during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Basic and Grants Fund financial statements

1. **Allowance for doubtful accounts** – Management reviews accounts receivables and estimates the allowances for uncollectible accounts based upon historic trends and the periodic aging of accounts receivables. Management believes the net receivables to be fully collectible.

Basic financial statements

2. **Useful lives of depreciable assets** – It is the Central Council's policy to depreciate the capital assets on a straight-line basis over the estimated useful lives of the respective assets. Such estimates are intended to reflect the period of time that the assets will be in use and functioning and are principally based on management's past experience with similar assets. The estimated useful lives of the capital assets are disclosed in Note 1 of the financial statements.

We evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements related to the items discussed in significant accounting estimates section are above, and Notes 3, 5, 6, 18, 19, and 20 of the basic financial statements regarding equity in central treasury, capital assets, long-term debt, contingent liabilities, risk management, and economic dependence, respectively. The most sensitive disclosures affecting the financial statements related to the items discussed in the significant accounting estimates section are above, and Notes 2, 7, and 8 of the Grants Fund financial statements regarding equity in central treasury, contingent liabilities, and risk management, respectively.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. A detailed list of recorded journal entries was previously reported to management. There were no uncorrected misstatements identified.

We identified one uncorrected misstatement during the course of our audit. The following schedule summarizes uncorrected misstatement of the audited financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the year ended December 31, 2024, could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

Proposed Journal Entry # 1	Account Description	Debit	Credit
To properly accrue payroll-related liabilities			
Direct Labor	\$ 78,619	\$ -	
Federal Income Tax Payable	-	22,327	
Social Security Tax Payable	-	49,346	
Medicare Tax Payable	-	6,946	
Total	\$ 78,619	\$ 78,619	

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with auditing standards generally accepted in the United States of America, as well as *Government Auditing Standards*. In the report to the Grants Fund financial statements, we have included an 'emphasis-of-matter' paragraph that emphasizes the fact the financial statements present the financial results of only the Grants Fund of Central Council and do not purport to and do not present fairly the financial position of the Central Council's reporting entity. There were no other circumstances that affected the form and content of the auditor's report.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 11, 2025.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the Central Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Central Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Best Practices and Other Matters

During the course of the audit, we also observed certain other matters involving the internal control structure, operations, and financial reporting, which we would like to bring to your attention. None of the matters presented below are considered material weaknesses. Our recommendations are intended as best practices to improve the Central Council's internal control structure or improve other operating efficiency and effectiveness. Our comments are as follows:

Information Technology – Our audit procedures included a limited review of the Central Council's Information Technology (IT) systems and processes, and we noted that users within the Central Council's Finance Department are given an administrative privilege that allows the user to have full access to the Sage system. Users with administrative privilege have the ability to prepare and post entries to the general ledger without obtaining approval from an authorized reviewer.

Recommendation – We recommend as a best practice to have the user access reviewed for the Sage system by someone who does not have "full" admin access and further mitigate the super user distinction to someone who does not post journal entries, i.e., IT Department. We understand that the Central Council has mitigating controls over the significant processes, including multiple levels of review and approval.

Other Audit Considerations for Future Years

New accounting standards – The following requirements have been enacted that will have an impact on how information in the Central Council's financial statements will be presented in future years:

GASB Statement No. 102 – Certain Risk Disclosures – This Statement, effective in fiscal year 2025, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact.

GASB Statement No. 103 – Financial Reporting Model Improvements – This Statement, effective in fiscal year 2026, updates key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Recommendation – We recommend the Central Council's management familiarize themselves with the new requirements and guidance, concentrations and/or potential constraints, and the reporting requirements to ensure the Central Council's future financial statements are prepared in accordance with the new requirements.



This communication is intended solely for the use of the Executive Council, Audit Committee, and management of the Central Council and is not intended to be, and should not be, used by anyone other than these specified parties.

We truly appreciate the courtesy and cooperation extended to us by all of the Central Council personnel during the audit process. We very much enjoy our professional affiliation with the Central Council. On behalf of my associates at Moss Adams, thank you for the opportunity to be of service to you and the members of your management.

Moss Adams LLP

Bellingham, Washington

April 11, 2025

