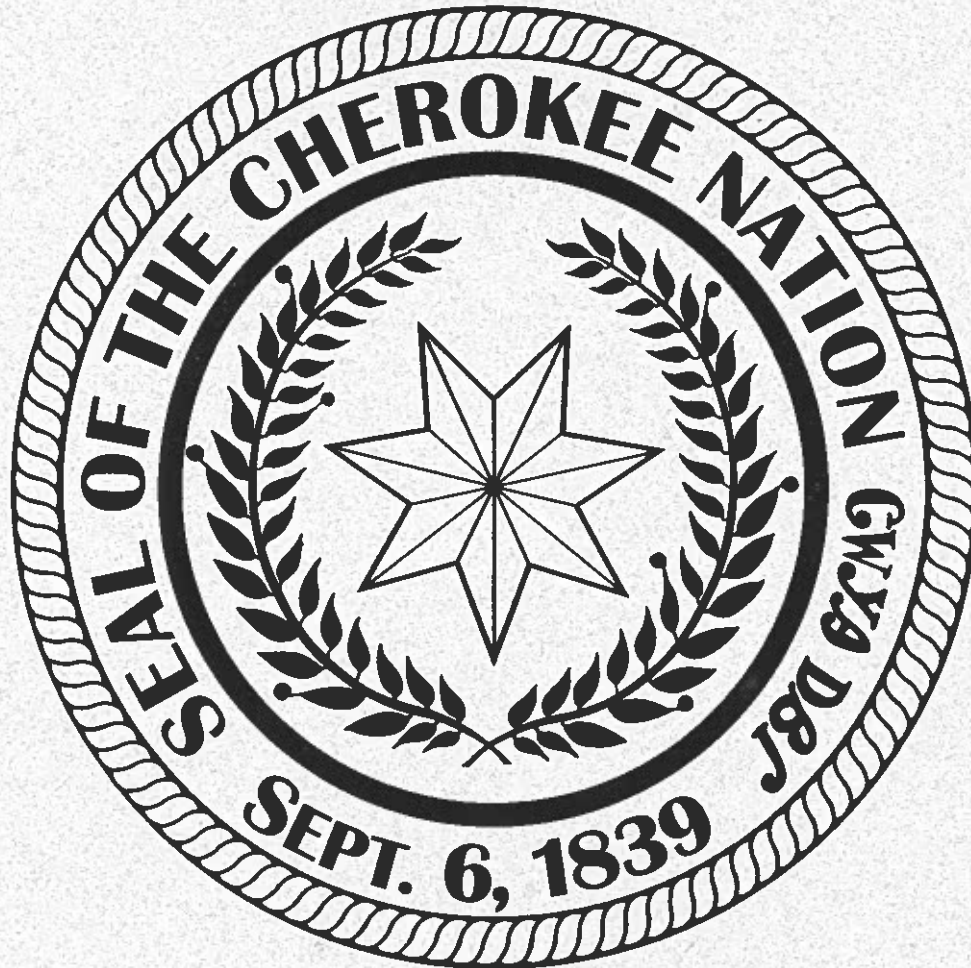


# CHEROKEE NATION®

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**TAHLEQUAH, OKLAHOMA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**

# 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT



## Seven Decades of Cherokee Fellowship

*“As we join friends and family to commemorate this year’s celebration, we will focus not only on the legacy that the Cherokee people have forged throughout our history, but we will look ahead to the opportunities that are before us as Cherokee people...”*

Fiscal Year Ended September 30, 2022  
Prepared by Cherokee Nation Financial Resources Department  
Tahlequah, Oklahoma

DSW KS4oDJ  
We Watch Over the Money

—TOGETHER—  
COMMUNITY · FAMILY · CULTURE

CHEROKEE NATION  
Annual Comprehensive Financial Report  
For the Year Ended September 30, 2022

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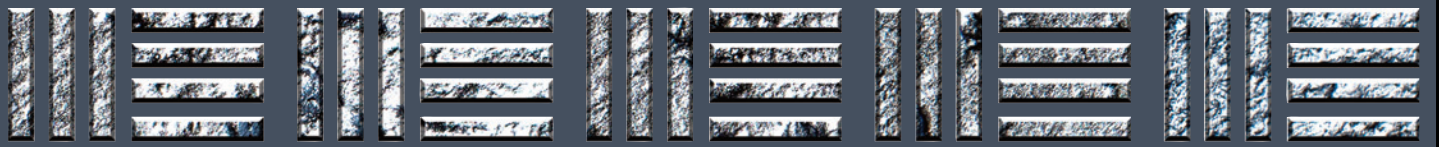
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# INTRODUCTION

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT



GWYD DBF  
**CHEROKEE NATION®**

P.O. Box 948 • Tahlequah, OK 74465-0948  
918-453-5000 • www.cherokee.org

**Chuck Hoskin Jr.**

*Principal Chief*  
Gf FOF \$N\$  
O-EOGJ

**Bryan Warner**

*Deputy Principal Chief*  
\$ZJFVJ  
WFL DLJL O-EOGJ

March 31, 2023

Principal Chief, Deputy Principal Chief, Tribal Council and Citizens of the Cherokee Nation:

We, the Cherokee Nation Office of Financial Resources (Financial Resources), are pleased to submit the Annual Comprehensive Financial Report of the Cherokee Nation (the Nation) for the fiscal year ended September 30, 2022. Accountability for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of Financial Resources. We believe the data presented is accurate in all material aspects, and fairly presents the financial position and activities for the year ended September 30, 2022.

A comprehensive analysis of the Nation's financial position and activities for the year is contained in this report. It has been prepared by the Office of Financial Resources and conforms to the "pyramid" approach to governmental financial reporting as prescribed in National Council on Governmental Accounting (NCGA) Statement 1, "Governmental Accounting and Financial Reporting Principles."

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A should be read in conjunction with this transmittal letter.

The Cherokee Nation's basic financial statements were audited by FORVIS, LLP whose role serves to provide reasonable assurance that the financial statements are fairly stated in all material respects. See "Independent Auditor's Report" included with the comprehensive report.

***Organization of the Government***

The Cherokee Nation is the largest federally recognized tribal government in the United States. The Nation has sovereign reservation status, granted by treaty and law, located within the 14 counties of northeastern Oklahoma with the boundary running northerly and southeasterly from Tulsa, Oklahoma to the Kansas and Arkansas state borders. The Cherokee Nation reservation—which consists of 6,950 square miles and includes all of six counties and portions of eight other counties—was established with the historical boundaries of the Cherokee Nation after the Treaty of 1866.

The Cherokee Constitution was amended by the Constitutional Convention in 1999 and ratified by a vote of the Cherokee citizens in 2003. This Constitution defines the distribution and separation of powers among the three branches of government. The three branches and their respective powers include the following:

#### *Executive Branch*

The executive power of the Cherokee Nation is vested in the Principal Chief, currently Chuck Hoskin Jr. The Deputy Principal Chief, currently Bryan Warner, aids and advises the Principal Chief in the administration of the government. The Principal Chief is responsible for the execution of the laws of the Cherokee Nation, establishment of tribal policy and delegation of authority, as is necessary for the administrative functions of the Cherokee Nation. The Principal Chief maintains an office at the W. W. Keeler Tribal Complex in Tahlequah (Cherokee County), Oklahoma. The Deputy Principal Chief is empowered to act as directed by the Principal Chief.

The Executive Branch of the Nation is organized with the Principal Chief and the Deputy Principal Chief serving as the final authorities of the administrative operations of the Nation. Within the Executive Branch is a four member Cabinet: the Treasurer, the Secretary of State, the Secretary of Natural Resources and the Secretary of Veteran's Affairs. The Treasurer, currently Janees M. Taylor, provides oversight and direction for the Nation on all financial matters, including annual budgets, investment of funds, and financial reporting in conformance with Generally Accepted Accounting Principles (GAAP). The Treasurer is also responsible for the selection of the independent Certified Public Accounting firm, and ensuring that an annual comprehensive financial statement audit is performed and presented to Tribal Council within six (6) months of the fiscal year end. The Secretary of State, currently Tina Glory Jordan, is responsible for a variety of governmental functions including but not limited to the certification of petitions, referring amendments of the constitution to the people, and receipt of petitions, orders for initiatives, and oaths of office. The Secretary of Natural Resources, currently Chad Harsha, advises the Chief on natural resource issues and works to advance the Nation's top environmental strategic priorities. The Secretary of Veteran's Affairs, currently S. Joe Crittenden, acts as primary advisor to the Chief on all veteran-related issues affecting the Nation and its tribal veterans.

The Constitution also created an office of Attorney General and an office of Marshal. The Attorney General and Marshal are appointed by the Principal Chief and confirmed by the Tribal Council for a term of five (5) years. The terms of the Attorney General and Marshal shall not be concurrent. The Attorney General, currently Sara Hill, represents the Cherokee Nation in all criminal cases in the courts of the Nation, and in all civil actions wherein the Cherokee Nation is named as a party and shall have such other duties as prescribed by law. The Marshal, currently Shannon Buhl, provides law enforcement within the jurisdiction of the Cherokee Nation. The Marshal's duties and authority are prescribed by law.

The staff of the Principal Chief includes the Executive Directors of the respective departments who provide oversight and general direction. The major service departments of the Nation are the following: Career Services, Commerce Services, Education Services, Health Services, Human Services, Language, Public Health and Transportation & Infrastructure. Resource departments provide support for the Nation's service departments, as follows: Financial Resources, Human Resources, Information Technology and Management Resources.

#### *Legislative Branch*

The Legislature consists of seventeen (17) Tribal Council members, who are citizens of the Cherokee Nation. The Tribal Council is elected to four-year terms from the fifteen districts of the Cherokee Nation and two at-large members who represent citizens living outside the reservation. The Council elects a Speaker, currently Mike Shambaugh, and a Deputy Speaker, currently Victoria Vazquez. The role of the Tribal Council is to adopt legislation in the best interest of the Cherokee people.

### *Judicial Branch*

The Judicial Branch consists of the Supreme Court and the Cherokee Nation District Court. Supreme Court Justices are appointed by the Principal Chief and confirmed by the Tribal Council. The Chief Justice currently is John C. Garrett. The primary responsibility of the Justices is to hear and resolve any disagreements arising under the provisions of the Constitution or any enactment of the Tribal Council.

The District Court system hears all cases brought before it under jurisdiction of the Cherokee Nation Code Annotated, Title 20, Courts and Procedure.

### *Reporting Entity*

The Nation determines its financial reporting entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity”, GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No.14”, GASB Statement No. 61, “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34”, GASB Statement No. 80, “Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14”, and GASB Statement No. 90, “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”, as applicable, and, based on that criterion, has included the following entities as component units within the Nation’s basic financial statements:

Cherokee Nation Businesses, LLC (CNB) and its blended component units  
Housing Authority of the Cherokee Nation of Oklahoma (HACN) and its blended component unit  
Cherokee Nation Comprehensive Care Agency (CNCCA)  
Cherokee Nation Home Health Services, Inc. (CNHHS) Cherokee Health Partners, LLC (CHP)  
Cherokee Nation Foundation (CNF)  
Cherokee National Historical Society, Inc. (CNHS)  
Cherokee Nation Economic Development Trust Authority (EDTA)

The nature of the activities of these organizations and the specific basis for inclusion as a component unit of the Nation are discussed in the notes to basic financial statements.

### *Internal Controls*

The management of the Nation is responsible for ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Management of the Nation is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Nation are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. The Nation did not change any financial policies that had a significant impact on the fiscal year’s financial statements.

### *Single Audit*

Since the Nation is a recipient of federal and state financial assistance, the Office of Financial Resources is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the Nation.

As a part of the Nation's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the Nation has complied with applicable laws and regulations. The results of the Nation's single audit process for the fiscal year ended September 30, 2022 will be included in a separately issued Single Audit Report.

### ***Budgetary Process***

Title 62, §31-32 provides the legal level of budgetary control for the Cherokee Nation and states that the Executive and Finance Committee of the Tribal Council, upon direction of the Treasurer and with advisement from the Controller, shall formulate an annual appropriations bill. The bill shall contain the legal budgeted annual revenues and expenditures/expenses for the general fund and enterprise funds for the executive, legislative and judicial branches of government. The sources of revenue may be based upon estimates. The budgeted expenditures for these funds shall not exceed total estimated revenues and beginning fund balance and net position. Cherokee Nation limits uses of funds to the availability of the sources of revenues.

Should the need arise for management to transfer funds or propose additional appropriations, the Executive and Finance Committee of the Tribal Council, upon direction of the Treasurer and with advisement from the Controller, shall be responsible for proposing amendments to the annual appropriations law based upon material changes in real or estimated revenues and expenditures that affect the total amounts budgeted. Any amendments to the annual appropriations bill shall be presented to the Tribal Council for consideration and passage. Any funds received by the Cherokee Nation, the use of which is determined by the granting or contracting agency (special revenue funds) shall be used only for those purposes and under those conditions for which the funds are made available, and such funds are not subject to legal appropriation by the Tribal Council.

The basic financial statements contain a budget and actual comparative statement for the General Fund, a legally budgeted fund. A budgetary statement for enterprise funds, which are also legally budgeted, is included in the budgetary information section of Other Supplementary Information. Budgets for the Nation are prepared on the same basis of accounting as the financial statements.

### ***Long-Term Financial Planning***

Since fiscal year 2013, the Cherokee Nation primary government has increased its total assets by approximately \$4.0 billion or 341.32%. The Nation's long-term financial planning process involves a dedicated budgeting process that ensures discretionary resources are used to support the vision of the Nation: "Together: Community-Family-Culture." This planning process encompasses the annual financial budget process as well as long-term forecasting for use of the Nation's resources. Additionally, new ideas and efficiencies are continually being incorporated to further advance the Nation's initiatives which include greater emphasis on housing, healthcare, careers and education.

In December 2017, the Nation created the Cherokee Nation Sovereign Wealth Fund (CNSWF). The two largest funds within the CNSWF are the Education Reserve and the Emergency Reserve. Intended to provide financial security in the event of unforeseen future issues, these reserve funds will be invested for growth purposes under the direction of the Treasurer.

Through expansion of its component units, the Nation works to establish a productive, sustainable economy for the citizens of the Nation. In addition to creating greater opportunities through its component units, the Nation has been successful in partnering with outside entities to attract new industries and create jobs within the Nation's reservation.

### ***Use of the Report***

This report will be submitted to the Federal Audit Clearinghouse in compliance with the requirements of the Office of Management and Budget (OMB) 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” Copies of the reports will also be submitted to elected officials of the Nation and various other agencies which require copies as a condition of funding provided to the Nation under grants and contracts. Use of this report by the departments of the Nation is encouraged.

Readers of this report should refer to Management’s Discussion and Analysis for better understanding of the financial activities of the Nation. The MD&A provides the reader with an easily readable discussion of the basic financial statements, significant differences, comparative analyses, fund financial analysis, significant budget variations, and facts, decisions or conditions which have or are expected to have a significant effect on the Nation’s financial position or activities.

### ***Certificate of Achievement***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Cherokee Nation for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the twenty first consecutive year that the Nation has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The members of the Office of Financial Resources believe that the current ACFR continues to meet the Certificate of Achievement Program’s requirements. We will be submitting the ACFR to the GFOA to determine its eligibility for another certificate.

### ***Acknowledgements***

The preparation of the 2022 Annual Comprehensive Financial Report was a tremendously involved task requiring the professional skills of the entire Financial Resources Department. Despite the challenges that COVID-19 brought, the Office of Financial Resources remained committed to serving the Cherokee people. I would like to express my deepest gratitude to the Financial Resources staff for their dedication and continuous hard work. I would also like to thank FORVIS, LLP, independent auditors for the Cherokee Nation, for their guidance and technical assistance in completing this Annual Comprehensive Financial Report.

Respectfully submitted,



Janees M. Taylor  
Treasurer  
Cherokee Nation

**Cherokee Nation  
Tribal Officials  
as of March 31, 2023**

**EXECUTIVE BRANCH**

**Chuck Hoskin Jr.  
Principal Chief**

**Bryan Warner  
Deputy Principal Chief**

---

**LEGISLATIVE BRANCH**

**Mike Shambaugh  
Speaker  
District 9**

**Victoria Vazquez  
Deputy Speaker  
District 11**

**Rex Jordan  
District 1**

**Candessa Tehee  
District 2**

**Wes Nofire  
District 3**

**Mike Dobbins  
District 4**

**E.O. "Junior" Smith  
District 5**

**Daryl Legg  
District 6**

**Joshua Sam  
District 7**

**Shawn Crittenden  
District 8**

**Melvina Shotpouch  
District 10**

**Dora Patzkowski  
District 12**

**Joe Deere  
District 13**

**Keith Austin  
District 14**

**Danny Callison  
District 15**

**Julia Coates  
At Large**

**Johnny Kidwell  
At Large**

---

**JUDICIAL BRANCH**

**Supreme Court**

**John C. Garrett  
Chief Justice**

**Lee W. Paden  
Justice**

**Mark L. Dobbins  
Justice**

**Shawna S. Baker  
Justice**

**Rex Earl Starr  
Justice**

**District Court**

**T. Luke Barteaux  
Presiding Judge**

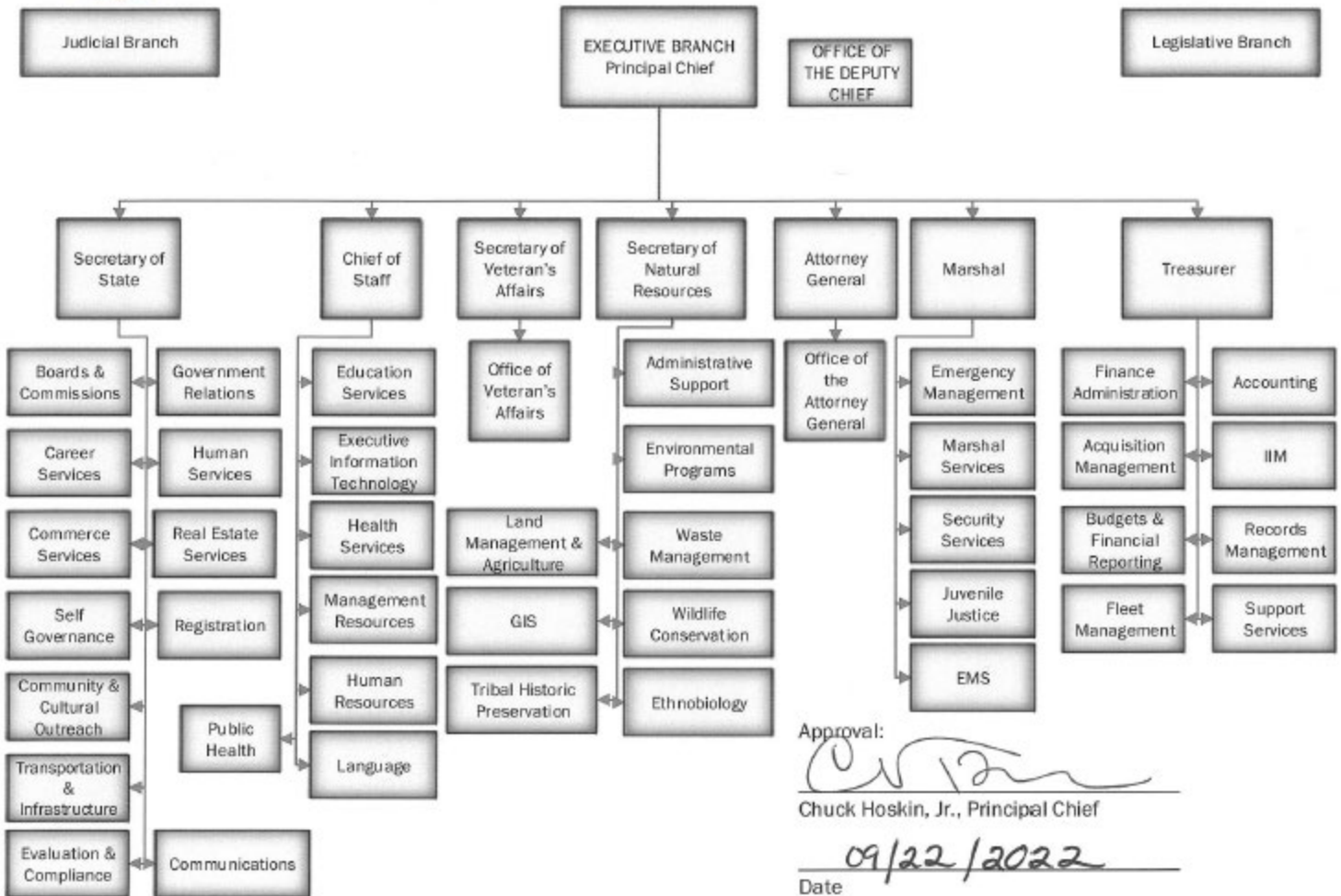
**Amy Page  
Judge**

**Nathan Barnard  
Judge**



# CHEROKEE NATION ORGANIZATIONAL CHART

GWJW DUP  
CHEROKEE NATION®





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

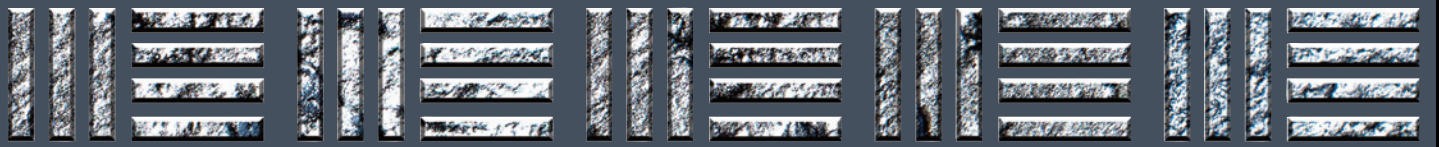
**Cherokee Nation  
Oklahoma**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO



## FINANCIAL SECTION

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

## Independent Auditor's Report

Principal Chief and Tribal Council  
Cherokee Nation  
Tahlequah, Oklahoma

### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Cherokee Nation (the Nation), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Nation's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nation, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing Authority of Cherokee Nation (HACN), the Cherokee Nation Comprehensive Care Agency (CNCCA), Cherokee Health Partners, LLC (CHP), or the Cherokee Nation Foundation (CNF), which are discretely presented component units of the Nation, which collectively represent 8.2%, 5.7%, and 2.8%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of September 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for HACN, CNCCA, CHP, and CNF, are based solely on the report of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Nation 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***

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 Nation's ability to continue as a going concern for 12 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 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, 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 Nation'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 Nation'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 management's discussion and analysis 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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

Principal Chief and Tribal Council  
Cherokee Nation

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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nation's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis 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 GAAS. In our opinion, the other accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**FORVIS, LLP**

Tulsa, Oklahoma  
March 31, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Nation's management provides Management's Discussion and Analysis (MD&A) of the Annual Comprehensive Financial Report as a tool for readers of the Nation's financial statements for the fiscal year ended September 30, 2022. Readers of the Nation's financial statements are encouraged to utilize this information in conjunction with the information provided in the letter of transmittal, which precedes this section, and the accompanying basic financial statements and disclosures following this section.

### ***Financial Highlights***

The Nation's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2022 by \$3.2 billion (net position). Of this total amount, \$585.0 million is unrestricted net position that may be used to meet the government's ongoing obligations.

The Nation's overall liabilities and deferred inflows of resources at the end of fiscal year 2022 decreased by approximately \$699.7 million to \$1.9 billion.

The overall net position increased by \$924.3 million, which is largely attributable to the advanced funding received in the Self Governance Department of Health and Human Services (DHHS) fund, dividends received from component units, and litigation settlements in the General Fund.

The Nation's governmental funds reported total ending fund balance of \$1.1 billion at the end of fiscal year 2022. This compares to the prior year ending fund balance of \$768.8 million showing an increase of \$348.3 million during the current year. Unassigned fund balance is \$163.5 million for fiscal year 2022.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$163.5 million or 90.7% of total General Fund expenditures including transfers out and 64.8% of total General Fund revenues including insurance recoveries and transfers in.

### ***Overview of the Financial Statements***

#### ***Basic Financial Statements***

This discussion and analysis serves as an introduction to the Nation's basic financial statements. The Nation's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the basic financial statements. The Annual Comprehensive Financial Report also contains other information to supplement the basic financial statements.

#### ***Government-wide Financial Statements***

The *Government-wide Financial Statements* provide a broad overview of the Nation's finances and operations in a manner similar to private-sector business. The statements provide information about the Nation's financial position on both a short-term and long-term basis. The statements are prepared using the accrual basis of accounting and an economic resources measurement focus. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources for the entire Nation, with the difference between the assets and deferred outflows of resources less liabilities and deferred inflows of resources reported as "net position." Increases or

decreases in net position over time can serve as an indicator of the improvement or decline in the Nation's financial position.

The *Statement of Activities* presents information about how the Nation's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of when the related cash flows occur. Utilizing this method, revenues and expenses are reported when earned and incurred, rather than when cash is received or expended.

The financial statements include separate sections for three different types of activities. The three types are as follows:

*Governmental Activities* present information about activities supported by dividends from component units, taxes, intergovernmental revenues (state and federal grants), and private grants. The services provided by the Nation's government generally fall into this category, including tribal government, health services, education services, human services, and community services.

*Business-type Activities* are intended to recover all or a substantial portion of their costs through user fees and charges to external users of the goods and services. The active business-type activities of the Nation include the Tsa-La-Gi Apartments, CN Sanitary Landfill, and Economic Development Trust Authority (EDTA).

*Discretely Presented Component Units* are the operations for which the Nation has financial accountability, but have certain independent qualities, such as an independent Board of Directors. For the most part, these units operate similar to private-sector business. The Nation's discretely presented component units are:

Cherokee Nation Businesses, LLC (CNB) and its blended component units  
Housing Authority of the Cherokee Nation of Oklahoma (HACN) and its blended component unit  
Cherokee Nation Comprehensive Care Agency (CNCCA)  
Cherokee Nation Home Health Services, Inc. (CNHHS)  
Cherokee Health Partners, LLC (CHP)  
Cherokee Nation Foundation (CNF)  
Cherokee National Historical Society, Inc. (CNHS)

The government-wide financial statements can be found immediately following this discussion and analysis.

#### *Fund Financial Statements*

A fund is a group of related accounts that is used to maintain control over resources that have been separated for specific activities or objectives. The Nation, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual activities of the Nation's government, providing more detail than the government-wide financial statements. The funds of the Nation are divided into three types, which use different accounting approaches and should be interpreted differently. The three types of funds are:

*Governmental Funds* are used to account for the same governmental functions as reported in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of expendable resources. These fund statements also focus on the balances of expendable resources available at the end of the fiscal year. This approach to financial reporting is known as using the current financial

resources measurement focus and the modified accrual basis of accounting. This method may be useful in evaluating the government's near-term financing requirements. These statements provide a short-term view of the Nation's finances that assist in determining if there will be sufficient financial resources to meet the current needs of the Nation. Most of the services provided by the Nation are financed and reported through the governmental funds.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on pages 27 and 29 of the financial statements.

The Nation maintains five major governmental funds, each presented in a separate column in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The Nation's five major governmental funds are the General, PL 102-477, Self Governance DOT Tribal Transportation Self Governance Program (TTS GP), Self Governance DHHS, and Fiscal Recovery Fund. In addition, the Nation maintains fifteen nonmajor governmental funds, shown aggregated, including two permanent funds to account for other governmental activity. The governmental funds statements can be found on pages 27 and 28 of this report.

*Proprietary Funds* are used to show activities which operate similar to private-sector enterprises. These funds charge fees for goods and services provided to customers. Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, except in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no separate reconciliation needed between the proprietary fund financial statements and the government-wide financial statements for business-type activities.

The proprietary funds financial statements can be found on pages 31 - 33 following the governmental fund financial statements. The Nation's proprietary funds include Enterprise and Internal Service Funds, which are described below.

*Enterprise Funds* — The Nation has no major enterprise funds and three nonmajor enterprise funds for presentation purposes. The nonmajor funds are the Nation's Tsa-La-Gi Apartments, CN Sanitary Landfill and Economic Development Trust Authority (EDTA). During fiscal year 2022, the Nation transferred operation of the Tsa-La-Gi Apartments to the HACN. This is further discussed in Notes to the Financial Statements. The nonmajor enterprise combining financial statements can be found on pages 91 - 93 of this report.

*Internal Service Funds* are used to account for activities related to goods and services provided by one department to other departments of the Nation and to other governmental units, on a cost reimbursement basis. The internal service funds are:

*Internal Leases* which are used to account for the cost to maintain buildings for use by other funds of the Nation.

*Fringe Pool* which is used to account for the cost of fringe benefits, including the Nation's self-insured healthcare and worker's compensation benefits, used by other funds of the Nation.

*Indirect Cost Pool* which is used to account for the cost of providing certain services, such as accounting, human resources, information technology and acquisition management, to other funds of the Nation.

The internal service funds combining financial statements can be found on pages 94 - 96 of this report.

*Fiduciary Funds* are used to account for assets held by the Nation in a fiduciary capacity. The Nation has one fiduciary fund, the Child Support Custodial fund. The fiduciary funds financial statements can be found on pages 34 - 35 following the governmental fund financial statements.

*Cherokee Nation Component Unit Financial Statements – component units*, as previously mentioned, are operations over which the Nation has financial accountability, but that have independent qualities as well, similar to private-sector business. The government-wide financial statements present information for the discretely presented component units in a single column. The Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Changes in Net Position present detail for each of the seven discretely presented component units.

The financial statements for component units can be found on pages 36 - 38 of this report.

#### *Notes to Basic Financial Statements*

The notes to basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements. The notes to basic financial statements can be found on pages 39 - 88 of this report.

#### *Supplementary Information*

The basic financial statements are followed by a section of supplementary information. This section of the report includes combining schedules for nonmajor governmental and enterprise funds, internal service funds and a budgetary comparison schedule for the Nation's enterprise funds. The supplementary information section begins on page 89.

#### *Statistical Information*

The statistical section provides financial statement users with additional detailed information as a context for understanding the information in the financial statements, notes to the basic financial statements, and other supplementary information as it relates to the government's overall financial health. Included in the statistical section are schedules related to financial trends, revenue capacity, debt capacity, demographic and economic indicators, and operating information. The statistical information section begins on page 98.

#### *Comparative Analysis for Major Funds*

The following is a comparative analysis for the Nation's major funds on the next page (dollars in thousands):

Major Fund	2022	2021	Increase/ (Decrease)	Percent Increase/ (Decrease)
<b>General Fund</b>				
Revenues, insurance recoveries & transfers in	\$ 305,310	\$ 258,645	\$ 46,665	18.0 %
Expenditures & transfers out	180,345	100,068	80,277	80.2 %
Fund Balance	438,490	313,525	124,965	39.9 %
<b>PL 102-477</b>				
Revenues, insurance recoveries & transfers in	47,009	38,753	8,256	21.3 %
Expenditures & transfers out	45,278	38,843	6,435	16.6 %
Fund Balance	3,767	2,036	1,731	85.0 %
<b>Self Governance DOT TTSGP</b>				
Revenues, insurance recoveries & transfers in	17,182	11,474	5,708	49.7 %
Expenditures & transfers out	17,182	11,474	5,708	49.7 %
Fund Balance	-	-	-	0.0 %
<b>Self Governance DHHS</b>				
Revenues, insurance recoveries & transfers in	877,397	636,450	240,947	37.9 %
Expenditures & transfers out	837,728	442,629	395,099	89.3 %
Fund Balance	438,517	398,848	39,669	9.9 %
<b>Fiscal Recovery Fund</b>				
Revenues, insurance recoveries & transfers in	423,331	622,598	(199,267)	(32.0)%
Expenditures & transfers out	423,331	622,598	(199,267)	(32.0)%
Fund Balance	-	-	-	0.0 %

The General Fund represents the operating activities of the tribal government. The fund balance of the General Fund increased \$125.0 million during fiscal year 2022. Revenues increased due to litigation settlements, increased tax and licensing revenues, and increased interest on eligible funds for programs such as General Fund Operations. General Fund received more transfers in of interest than in previous years from the Self Governance DHHS, Fiscal Recovery Fund and Self Governance DOT TTSGP programs as well as transfers in from Tsa-La-Gi Apartments. Expenditures increased due to programs such as Housing, Jobs, and Sustainable Communities Act (HJSCA) Housing Rehabilitation, Contract Health Service Dividend, Marshal Service Gen Fund, Detention Agreements Gen Fund and HJSCA Cherokee Community Buildings. Transfers out increased due to transfers made to capital projects such as Durbin Feeling Language Center, Catoosa Tax Commission Building, and a Storm Shelter/Vault for the Realty Department.

The PL 102-477 fund reported an increase in fund balance of \$1.7 million. PL 102-477 revenues increased due to the programs receiving additional funding during fiscal year 2022 as well as additional interest earned on those funds. Expenditures increased primarily for the Child Care program. Transfers out increased due to transfers to help fund capital expansion and construction of child development centers.

The Self Governance DOT TTSGP fund did not maintain fund balance at the end of fiscal year 2022. Self Governance DOT TTSGP saw both the revenues and transfers in and expenditures and transfers out increase primarily due to the number of road projects currently under construction.

In fiscal year 2022, the Self Governance DHHS fund reported an increase in fund balance of \$39.7 million. Self Governance DHHS revenues increased in fiscal year 2022 primarily due to the receipt of additional funding. Self Governance DHHS expenditures and transfers out increased in fiscal year 2022 as a result of expenditures for programs such as Health Clinic Construction Debt Service, American Rescue Plan Act of 2021 (ARPA) programs, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) as well as operations of the Cherokee Nation Outpatient Health Center and W.W. Hastings Hospital.

The Fiscal Recovery Fund did not maintain fund balance at the end of fiscal year 2022. This fund saw both revenues and expenditures decrease due to the spend down of funds received due to the pandemic that hit the United States during fiscal year 2020 through the American Rescue Plan Act of 2021.

### ***Government-Wide Financial Analysis***

#### ***Net Position***

Net position, over time, may serve as a useful indicator of a government's financial position. In the case of the Nation, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.2 billion at the close of the most recent fiscal year. The following table presents the Nation's net position as of September 30, 2022 and 2021, for the primary government (dollars in thousands):

	Cherokee Nation's Net Position						
	Governmental		Business-Type		Total		Increase/ (Decrease)
	Activities		Activities				
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 4,562,262	\$ 4,388,324	\$ 18,059	\$ 18,288	\$ 4,580,321	\$ 4,406,612	\$ 173,709
Capital assets	555,669	500,963	2,368	2,931	558,037	503,894	54,143
Total assets	5,117,931	4,889,287	20,427	21,219	5,138,358	4,910,506	227,852
Deferred outflows of resources	-	3,180	-	-	-	3,180	(3,180)
Long-term debt outstanding	1,283	145,444	1,519	1,960	2,802	147,404	(144,602)
Other liabilities	1,876,539	2,445,306	7,090	6,873	1,883,629	2,452,179	(568,550)
Total liabilities	1,877,822	2,590,750	8,609	8,833	1,886,431	2,599,583	(713,152)
Deferred inflows of resources	13,496	-	-	-	13,496	-	13,496
Net investment in capital assets	552,717	349,283	1,519	1,708	554,236	350,991	203,245
Restricted	2,099,228	1,684,546	-	-	2,099,228	1,684,546	414,682
Unrestricted	574,668	267,888	10,299	10,678	584,967	278,566	306,401
Total net position	\$ 3,226,613	\$ 2,301,717	\$ 11,818	\$ 12,386	\$ 3,238,431	\$ 2,314,103	\$ 924,328

The largest portion of the Nation's net position (64.8%) represents resources that are subject to external restrictions on how they may be used. An additional portion of the Nation's net position (17.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and vehicles), less any related outstanding debt that was used to acquire those assets. The Nation uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Nation's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$585.0 million is unrestricted and may be used to meet the government's ongoing obligations to its creditors and provide services to the citizens.

At September 30, 2022, the Nation reported positive net position for the government as a whole, as well as for its separate governmental and business-type activities. The Nation's overall net position increased \$924.3 million from the prior fiscal year. The reasons for this increase are discussed in the following section for governmental and business-type activities.

#### *Changes in Net Position*

The Nation's net position increased \$924.3 million, approximately 34.5% more than the prior year increase of \$687.2 million, for an ending balance of \$3.2 billion. The governmental activities had an increase of \$924.9 million and business-type activities had a decrease of \$.6 million, respectively.

The Nation's total revenues decreased 2.5% to \$2.1 billion in fiscal year 2022. Program revenue generated \$1.9 billion, consisting of charges for services, federal and state grants, and other contributions, consistent from the prior fiscal year. Operating grants and contributions decreased \$214.6 million from last year as compared to this year due to the remaining availability of federal awards from prior years' awards for one-time COVID related funding. Capital grants and contributions revenue decreased \$17.3 million related primarily to a reduction of projects under construction by CNB as compared to the prior fiscal year.

Unrestricted investment earnings increased \$9.2 million due to higher interest rates paid on accounts eligible to collect earnings.

Litigation settlements increased \$53.1 million due to recent settlements.

Dividends from component units, the largest decrease of the general revenues, decreased \$24.9 million due to the reduction in change of net position for the component units, which is not inclusive of the ARP Act relief funds received by the component units in fiscal year 2022, as compared to the previous fiscal year.

Expenses for the primary government decreased 16.0% or \$237.7 million to \$1.2 billion. The Nation's expenses cover a range of services, including programs classified as tribal government, health services, education services, human services and community services functions. Significant changes include:

Tribal government expenses increased \$172.4 million (144.2%). This increase is largely due to expenses related to the litigation settlements.

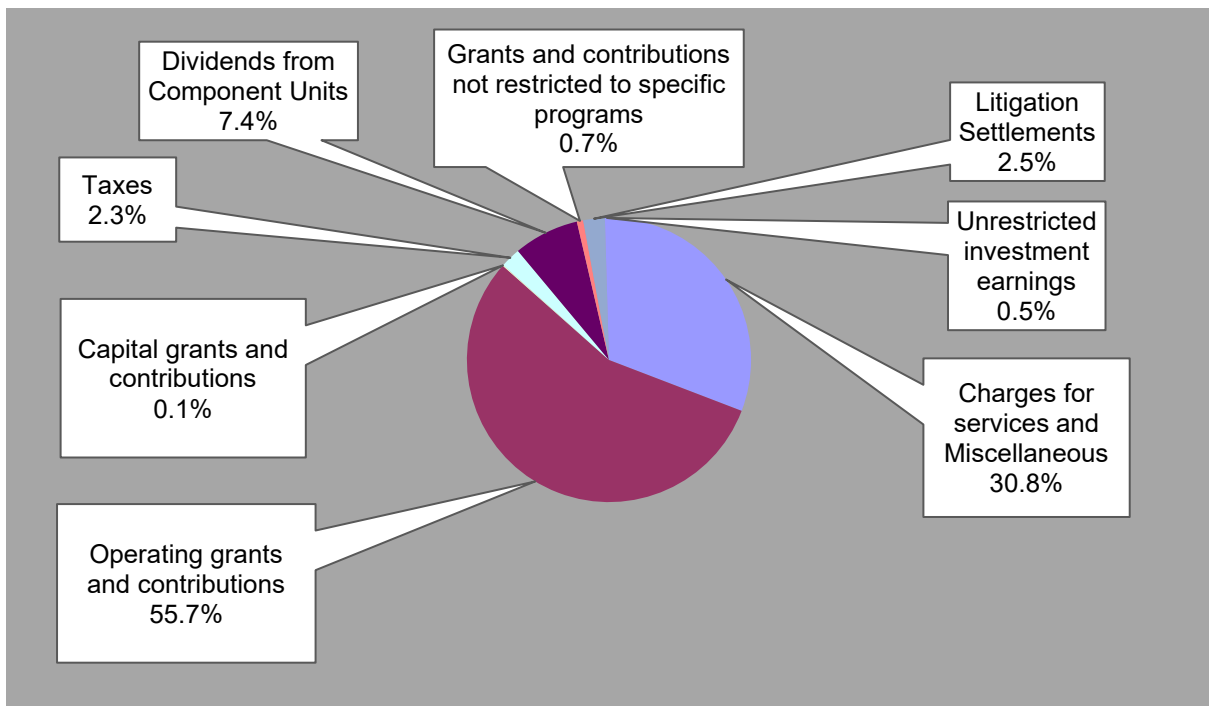
Human services expenses decreased \$464.5 million (69.8%). This decrease is attributed to decreases for programs funded under the Fiscal Recovery Fund which funded programs for all citizens, especially the elderly, food and utility needs during the pandemic, as well as PL 102 477 Child Care and CARES Act Welfare Assistance.

The changes in net position during 2022 and 2021 are as follows (dollars in thousands):

Cherokee Nation's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 664,064	\$ 473,343	\$ 1,805	\$ 1,955	\$ 665,869	\$ 475,298
Operating grants/contributions	1,208,488	1,423,092	-	-	1,208,488	1,423,092
Capital grants/contributions	1,986	19,298	-	-	1,986	19,298
General revenues:						
Motor fuel tax	10,947	10,455	-	-	10,947	10,455
Motor vehicle tax	21,043	20,677	-	-	21,043	20,677
Tobacco tax and fees	14,262	14,681	-	-	14,262	14,681
Sales tax	3,356	2,303	-	-	3,356	2,303
Grants and contributions not restricted to specific programs	15,665	13,742	-	-	15,665	13,742
Unrestricted investment earnings	10,045	877	-	-	10,045	877
Litigation settlement	53,158	-	-	-	53,158	-
Dividends from component units	161,294	186,182	-	-	161,294	186,182
Miscellaneous	4,541	5,040	-	-	4,541	5,040
Total revenues	<u>2,168,849</u>	<u>2,169,690</u>	<u>1,805</u>	<u>1,955</u>	<u>2,170,654</u>	<u>2,171,645</u>
<b>Expenses:</b>						
Tribal government	291,868	119,501	-	-	291,868	119,501
Health services	488,523	464,384	-	-	488,523	464,384
Education services	115,266	106,330	-	-	115,266	106,330
Human services	201,108	665,648	-	-	201,108	665,648
Community services	143,663	121,106	-	-	143,663	121,106
Interest on long-term debt	3,322	4,456	-	-	3,322	4,456
Change in equity in component units	-	-	-	-	-	-
Total governmental expenses	<u>1,243,750</u>	<u>1,481,425</u>	<u>-</u>	<u>-</u>	<u>1,243,750</u>	<u>1,481,425</u>
Tsa-La-Gi Apartments	-	-	322	731	322	731
CN Sanitary Landfill	-	-	2,039	1,999	2,039	1,999
EDTA	-	-	215	261	215	261
Total business-type expenses	<u>-</u>	<u>-</u>	<u>2,576</u>	<u>2,991</u>	<u>2,576</u>	<u>2,991</u>
Increase (decrease) in net position before transfers	925,099	688,265	(771)	(1,036)	924,328	687,229
Transfers	(203)	(1,474)	203	1,474	-	-
Change in net position	924,896	686,791	(568)	438	924,328	687,229
Net position—Beginning of year	<u>2,301,717</u>	<u>1,614,926</u>	<u>12,386</u>	<u>11,948</u>	<u>2,314,103</u>	<u>1,626,874</u>
Net position—End of year	<u>\$ 3,226,613</u>	<u>\$ 2,301,717</u>	<u>\$ 11,818</u>	<u>\$ 12,386</u>	<u>\$ 3,238,431</u>	<u>\$ 2,314,103</u>

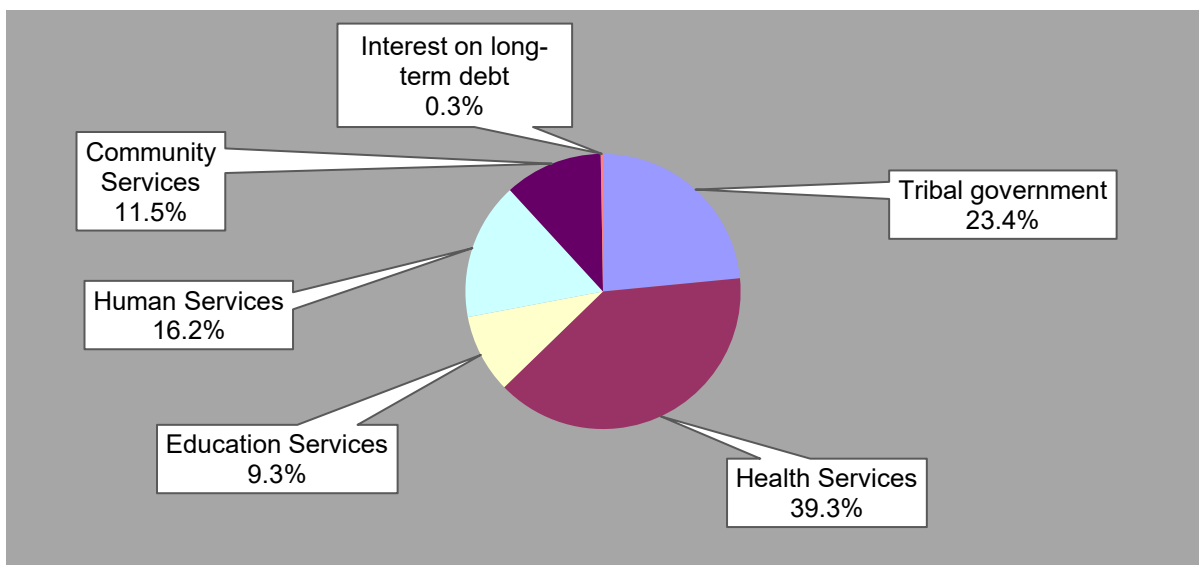
Graph 1 depicts revenues by source for the Governmental Activities of the Nation.

Graph 1 – Revenues by Source - Governmental Activities



Graph 2 depicts expenses by function for the Governmental Activities of the Nation.

Graph 2 - Expenses - Governmental Activities



For more detailed information on the charts presented above, refer to the Statement of Activities on page 26.

### *Significant Budget Variations*

The Nation's significant General Fund budget variations in 2022 were as follows (dollars in thousands):

	Original vs. Final					Budget vs. Actual	
	Original Budget	Final Budget	Percentage		Actual	Variance	Percentage
			Increase/ (Decrease)	Increase/ (Decrease)		Increase/ (Decrease)	Increase/ (Decrease)
<b>Revenues:</b>							
Property Rentals	\$ 949	\$ 949	-	- %	\$ 842	\$ (107)	(11%)
Motor fuel tax	9,500	9,500	-	- %	10,947	1,447	15%
Taxes, licenses and fees	39,250	39,250	-	- %	42,288	3,038	8%
Interest	209	209	-	- %	1,745	1,536	735%
Litigation settlements	-	-	-	- %	53,158	53,158	100%
Dividends from							
component units	80,161	83,744	3,583	4 %	161,294	77,550	93%
Other	8,042	14,458	6,416	80%	4,023	(10,435)	(72%)
<b>Expenditures:</b>							
Tribal government	115,128	225,044	109,916	95%	89,091	(135,953)	(60%)
Health services	7,846	7,846	-	- %	8,848	1,002	13%
Education services	36,446	44,044	7,598	21%	32,435	(11,609)	(26%)
Human services	5,202	5,202	-	- %	4,174	(1,028)	(20%)
Community services	52,502	53,667	1,165	2%	31,404	(22,263)	(41%)
Capital outlay	4,968	8,629	3,661	74%	3,850	(4,779)	(55%)

The Nation's Tribal Council approved a comprehensive annual budget prior to the beginning of the fiscal year. During the year, budget modifications were submitted to Council based upon anticipated changes in levels of actual revenues and expenditures/expenses. Variances between actual and final General Fund budget were as follows:

Interest — The actual revenue earned was more than budgeted due to higher interest rates on funds kept in interest bearing accounts such as General Fund Operations and Motor Fuels Tax (MFT) Education Reserve.

Dividends from component units — Actual revenue was greater than budget due to a higher Net Income for Component Units.

Other — The actual revenue was less than budget largely as a result of funding provided by CNB for the Cherokee Nation Marshal Service budgeted as other revenue but received in the form of special dividends.

Tribal government — The actual expenditures were less than budget due to reserves established for cash match grants and contingencies which were not utilized during 2022 as well as other program expenditures not fully expended at the level budgeted for programs such as Marshal Service Gen Fund, Detention Agreements Gen Fund, Housing, Jobs, and Sustainable Communities Act of 2019 (HJSCA) Housing Rehabilitation, HJSCA Cherokee Community Building, Gaming Commission and Public Health and Wellness.

Education services — Actual expenditures were less than budget as a result of programs spending at a lesser than budget rate including Economic Development, MFT Education Reserve, MFT Higher Ed Scholarships, Motor Vehicle Tax (MVT) Public School Coop, Tribal Summer Youth, Vocational Assistance, Tribal Training Services, Sequoyah Activity Fund, Career Tech, MVT SHS, College Outreach Services, MVT Immersion, and Institutional Aid Scholarship.

Human services — Actual expenditures were lower than budget because of programs such as Elders In Need, Clothing for Kids, and One Fire Helping Victims not expending at the level budgeted.

Community services — The actual expenditures were less than budget as a result of reserves of Motor Vehicle Taxes allocated for education, roads, and law enforcement programs not utilized in 2022 and timing of projects including roads and bridge construction in the Motor Fuel Tax and Motor Vehicle Tax programs. Programs such as the Tax Commission, Wildlife Management, Community Technical Assistance, Community Water and Sewer, Water Planning, Cultural Community Outreach Administration, Cherokee Livestock Auctions, History Preservation, Cherokee Sports Teams, Kenwood Lagoon, CNE Inspections, CN Cemeteries Preservation, Community Cultural Outreach, Jurisdictional Outreach, Cherokee National Holiday, and Community Tourism expended funds at a lower than budget amount.

Capital outlay — The Nation’s budget included approximately \$2.6 million for strategic land purchases from the proceeds of the Arkansas Riverbed settlement funds of which \$0.7 million was utilized during 2022. Other capital expenditures were less than budget for the Marshal Service Gen Fund and HJSCA Cherokee Community Buildings programs.

#### *Capital Assets and Debt Administration*

The Nation’s capital assets, net of depreciation, at the end of fiscal year 2022 were \$558.0 million. The Nation has no public domain (infrastructure) capital assets. The following table presents details of the Nation’s capital assets, net of depreciation (dollars in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land and improvements	\$ 42,790	\$ 1,589	\$ 44,379
Construction in progress	27,941	-	27,941
Buildings and improvements	427,016	-	427,016
Equipment	57,922	779	58,701
Total capital assets	<u>\$ 555,669</u>	<u>\$ 2,368</u>	<u>\$ 558,037</u>

Additional information on the Nation’s capital assets can be found in Note 7 on pages 67 - 69 of this report.

The Nation’s long-term debt at the end of fiscal year 2022 was approximately \$2.8 million, primarily related to the construction project for the new hospital to be located in Tahlequah, Oklahoma. The following is a summary of long-term debt at September 30, 2022 (dollars in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Notes payable	\$ 1,283	\$ 670	\$ 1,953
Direct financing obligation	-	849	849
Total long-term debt	<u>\$ 1,283</u>	<u>\$ 1,519</u>	<u>\$ 2,802</u>

The Nation, as a tribal government, has the ability to incur debt, similar to a state or local government. The Nation entered into a construction loan for a new outpatient health facility in Tahlequah, Oklahoma during fiscal year 2016. This loan was paid off during 2022. The Nation subsequently entered into a new construction loan for a hospital to be built in Tahlequah, Oklahoma.

Additional information on the Nation's long-term debt can be found in Note 9 on pages 70 - 75 of this report.

#### *Economic Factors and Next Year's Budget*

The Nation continues to provide vital services to the citizens. The outlook for 2023 revenue is projected to be slightly increased for the General Fund. Budgeted expenditures and transfers for the Nation's General Fund for fiscal year 2023 total \$375.1 million, approximately \$120.8 million more than the final amounts budgeted for fiscal year 2022 due to the increased needs of citizens as the Nation tries to recover from the pandemic of 2020 and to the receipt of litigation settlements.

The Nation's federally funded programs are expected to receive stable levels of funding in the fiscal year 2023 federal budget. In late 2019, the Nation opened the newly constructed Cherokee Nation Outpatient Health Clinic. This Indian Health Service Joint Venture Project was the largest project ever undertaken by the IHS and a Tribe. It is expected that annual federal appropriations for this facility will be approximately \$100 million annually. For fiscal year 2022, the Nation received a full year's funding to operate this facility.

During March 2020, the COVID-19 pandemic hit the United States and the Nation. Congress passed the CARES Act to provide fast and direct economic assistance for American workers, families, and small businesses, and to preserve jobs for American industries. Funds were issued to the Nation from the Department of Treasury with a limited scope and time to expend. These one-time funded funds were exhausted during fiscal year 2022.

During March 2021, Congress passed the American Rescue Plan Act of 2021 (Public Law 117-2) to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. Funds were issued to the Nation from the Department of the Treasury. These funds are expected to be fully encumbered by December 31, 2024 and fully expended by December 31, 2026.

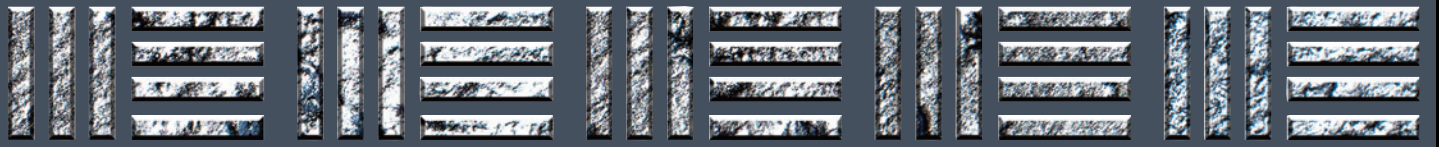
Oklahoma is expected to continue to have steady economic certainty in gaming, despite the efforts by all tribes to expand their market share. The expansions by other tribes in the Tulsa market provide direct competition for the Nation's Catoosa casino operated by Cherokee Nation Entertainment, LLC (CNE); however, the overall effect has been mitigated to a large degree through strategic growth and marketing strategies. To address the competitive factors, CNB and CNE have begun an aggressive growth and development strategy for its flagship properties including branding the Catoosa facility as a Hard Rock Hotel and Casino. CNE also continues its innovative approach to offering the newest gaming options

available and to improving loyalty within its existing customer base including targeted marketing and rewards programs.

*Requests for Information*

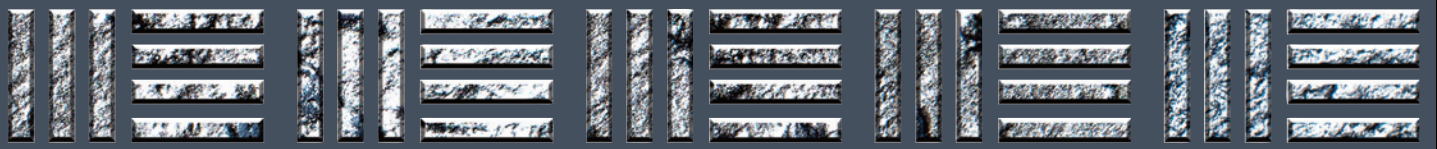
This financial report is designed to provide a general overview of the Nation's finances to its citizens, customers, creditors, and other interested parties. For additional information related to the Nation or its component units, please access the Cherokee Nation website at [www.cherokee.org](http://www.cherokee.org).

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# BASIC FINANCIAL STATEMENTS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT



# GOVERNMENT-WIDE FINANCIAL STATEMENTS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

# CHEROKEE NATION

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

(Dollars in Thousands)

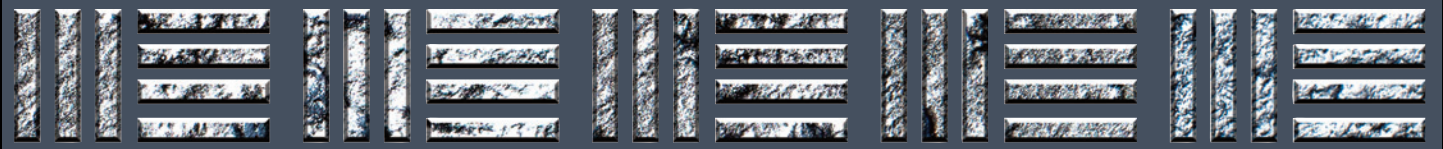
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 2,116,222	\$ 5,470	\$ 2,121,692	\$ 872,961
Investments	762,649	-	762,649	8,117
Receivables, net	87,667	292	87,959	177,084
Internal Balances	4,328	(4,328)	-	-
Due from primary government	-	-	-	8,593
Due from component units	18,368	-	18,368	-
Inventories	8,221	-	8,221	14,683
Notes receivable	-	1,729	1,729	494
Other current assets	15,722	-	15,722	23,643
Restricted cash, cash equivalents and investments	541	3,887	4,428	35,925
Long-term notes receivable	1,379	11,009	12,388	10,388
Long-term receivables	38,928	-	38,928	-
Lease receivable	-	-	-	9,513
Other assets	17	-	17	328
Investment in joint ventures/partnerships	-	-	-	905
Derivative instrument - rate swap	13,496	-	13,496	-
Equity interests in component units	1,494,724	-	1,494,724	-
Lease assets, net	-	-	-	17,708
Capital assets, non depreciable	67,570	155	67,725	126,037
Capital assets, depreciable, net	488,099	2,213	490,312	634,426
Total assets	5,117,931	20,427	5,138,358	1,940,805
<b>Deferred Outflows of Resources</b>				
Goodwill attributed to prior year business acquisitions	-	-	-	31,530
Total deferred outflows of resources	-	-	-	31,530
<b>Liabilities</b>				
Accounts payable	20,918	-	20,918	269,799
Accrued liabilities	73,082	1	73,083	-
Due to primary government	-	-	-	18,368
Due to component units	8,562	31	8,593	-
Other current liabilities	8,143	33	8,176	-
Unearned revenue	1,753,654	-	1,753,654	858
Notes payable and long-term debt				
Due within one year	-	67	67	2,735
Due in more than one year	1,283	603	1,886	56,886
Direct financing obligation				
Due within one year	-	385	385	-
Due in more than one year	-	464	464	-
Lease liabilities				
Due within one year	-	-	-	5,425
Due in more than one year	-	-	-	12,778
Compensated absences				
Due within one year	12,180	-	12,180	-
Trust liabilities	-	-	-	2,166
Other noncurrent liabilities	-	7,025	7,025	9,150
Total liabilities	1,877,822	8,609	1,886,431	378,165
<b>Deferred Inflows of Resources</b>				
Accumulated increase in fair value of hedging derivatives	13,496	-	13,496	-
Recognition of lease receivables	-	-	-	9,712
Total deferred inflows of resources	13,496	-	13,496	9,712
<b>Net Position</b>				
Net investment in capital assets	552,717	1,519	554,236	694,925
Restricted for:				
Education, Health, Roads and Safety (MFT)	73,497	-	73,497	-
Education, Roads and Safety (MVT)	22,300	-	22,300	-
Permanent Funds - expendable	101	-	101	-
Permanent Funds - nonexpendable	425	-	425	-
Litigation Settlements	38,928	-	38,928	-
Construction	-	-	-	24,524
Equity interests in component units	1,494,724	-	1,494,724	-
Equity interest of minority entity, nonexpendable	-	-	-	2,083
Program services	469,253	-	469,253	38,418
Unrestricted	574,668	10,299	584,967	824,508
Total net position	\$ 3,226,613	\$ 11,818	\$ 3,238,431	\$ 1,584,458

See notes to basic financial statements

**CHEROKEE NATION**
**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(Dollars in Thousands)**

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			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
Tribal government	\$ 291,868	\$ 4,453	\$ 245,162	\$ 1,986	\$ (40,267)	\$ -	\$ (40,267)	\$ -
Health services	488,523	330,934	565,987	-	408,398	-	408,398	-
Education services	115,266	-	80,142	-	(35,124)	-	(35,124)	-
Human services	201,108	-	206,641	-	5,533	-	5,533	-
Community services	143,663	56	110,556	-	(33,051)	-	(33,051)	-
Interest on long-term debt	3,322	-	-	-	(3,322)	-	(3,322)	-
Change in equity in component units	-	328,621	-	-	328,621	-	328,621	-
Total governmental activities	1,243,750	664,064	1,208,488	1,986	630,788	-	630,788	-
Business-type activities:								
Tsa-La-Gi Apartments	322	547	-	-	-	225	225	-
CN Sanitary Landfill	2,039	627	-	-	-	(1,412)	(1,412)	-
EDTA	215	631	-	-	-	416	416	-
Total business-type activities	2,576	1,805	-	-	-	(771)	(771)	-
Total primary government	\$ 1,246,326	\$ 665,869	\$ 1,208,488	\$ 1,986	630,788	(771)	630,017	-
Component Units	\$ 1,807,873	\$ 1,901,595	\$ 230,081	\$ 54				323,857
General Revenues:								
Motor fuel tax					10,947	-	10,947	-
Motor vehicle tax					21,043	-	21,043	-
Tobacco tax					14,262	-	14,262	-
Sales tax					3,356	-	3,356	-
Grants and contributions not restricted to specific programs					15,665	-	15,665	-
Unrestricted investment earnings					10,045	-	10,045	4,640
Dividends from component units					161,294	-	161,294	-
Litigation settlement					53,158	-	53,158	-
Miscellaneous revenue					4,541	-	4,541	-
(Loss) on investment in joint ventures					-	-	-	(440)
Transfers					(203)	203	-	-
Total general revenues and transfers					294,108	203	294,311	4,200
Change in net position					924,896	(568)	924,328	328,057
Net position - beginning, as previously reported					2,301,717	12,386	2,314,103	1,256,394
Change in reporting entity					-	-	-	7
Net position - beginning, as restated					2,301,717	12,386	2,314,103	1,256,401
Net position - ending					\$ 3,226,613	\$ 11,818	\$ 3,238,431	\$ 1,584,458

See notes to basic financial statements



# FUND FINANCIAL STATEMENTS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

# CHEROKEE NATION

## BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

(Dollars in Thousands)

	General	PL 102-477	Self Governance DOT TTSGP	Self Governance DHHS	Fiscal Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 275,537	\$ 357,372	\$ 28,941	\$ 629,948	\$ 685,926	\$ 137,225	\$ 2,114,949
Investments	83,120	-	64,999	300,000	300,000	14,530	762,649
Receivables, net	36,225	85	114	34,190	607	14,291	85,512
Due from other funds	117,538	-	-	-	-	246,595	364,133
Due from component units	18,357	-	-	-	-	-	18,357
Inventories	3	-	-	7,010	-	905	7,918
Other current assets	1	-	-	10,590	1	1,177	11,769
Restricted cash, cash equivalents and investments	12	-	-	-	-	529	541
Long-term notes receivable	-	-	-	-	-	1,379	1,379
Long-term receivable	38,928	-	-	-	-	-	38,928
Total assets	<u>\$ 569,721</u>	<u>\$ 357,457</u>	<u>\$ 94,054</u>	<u>\$ 981,738</u>	<u>\$ 986,534</u>	<u>\$ 416,631</u>	<u>\$ 3,406,135</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 20,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,918
Accrued liabilities	34,699	-	-	10,715	-	2,354	47,768
Due to other funds	31,246	42,209	2,699	300,416	29,419	11,939	417,928
Due to component units	1,645	-	-	-	790	5,950	8,385
Other liabilities	64	-	-	-	-	-	64
Unearned revenue	3,731	311,481	91,355	232,090	956,325	158,672	1,753,654
Total liabilities	<u>92,303</u>	<u>353,690</u>	<u>94,054</u>	<u>543,221</u>	<u>986,534</u>	<u>178,915</u>	<u>2,248,717</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - notes receivables	-	-	-	-	-	1,379	1,379
Unavailable revenue - long-term receivables	38,928	-	-	-	-	-	38,928
Total deferred inflows of resources	<u>38,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,379</u>	<u>40,307</u>
<b>FUND BALANCES</b>							
Nonspendable	3	-	-	17,600	-	425	18,028
Restricted	134,725	3,767	-	420,917	-	27,070	586,479
Committed	69,716	-	-	-	-	-	69,716
Assigned	70,557	-	-	-	-	208,842	279,399
Unassigned	163,489	-	-	-	-	-	163,489
Total fund balances	<u>438,490</u>	<u>3,767</u>	<u>-</u>	<u>438,517</u>	<u>-</u>	<u>236,337</u>	<u>1,117,111</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 569,721</u>	<u>\$ 357,457</u>	<u>\$ 94,054</u>	<u>\$ 981,738</u>	<u>\$ 986,534</u>	<u>\$ 416,631</u>	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	533,145
The equity interests in component units is not an available resource and, therefore, is not reported in the funds.	1,494,724
Assets recorded in government-wide financial statements that are not available to pay for current period expenditures, therefore, are unavailable and not recorded in the funds.	40,307
Derivative instruments:	
Rate swaps not reported in governmental funds	13,496
Deferred inflows of resources used to accumulate increases in fair value of hedging derivative also not reported in governmental funds	(13,496)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	42,609
Liabilities that are not due and payable in the current period and, therefore, not reported in the funds.	(1,283)
Net position of governmental activities	<u>\$ 3,226,613</u>

# CHEROKEE NATION

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	General	PL 102-477	Self Governance DOT TTSGP	Self Governance DHHS	Fiscal Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Intergovernmental	\$ -	\$ 44,149	\$ 16,694	\$ 540,252	\$ 417,247	\$ 186,632	\$ 1,204,974
Property rentals	842	-	-	-	-	41	883
Motor fuel tax	10,947	-	-	-	-	-	10,947
Taxes, licenses and fees	42,288	-	-	-	-	-	42,288
Interest	1,745	2,047	488	5,312	6,080	1,250	16,922
Litigation settlement	53,158	-	-	-	-	-	53,158
Dividends from component units	161,294	-	-	-	-	-	161,294
Third party revenues	-	-	-	330,934	-	5,121	336,055
Other	4,023	813	-	859	4	6,022	11,721
Total revenues	<u>274,297</u>	<u>47,009</u>	<u>17,182</u>	<u>877,357</u>	<u>423,331</u>	<u>199,066</u>	<u>1,838,242</u>
Expenditures:							
Current operating:							
Tribal Government	89,091	-	-	135	215,635	18,685	323,546
Health Services	8,848	-	-	439,655	495	33,493	482,491
Education Services	32,435	5,471	-	-	40,194	37,383	115,483
Human Services	4,174	25,523	-	-	134,782	36,735	201,214
Community Services	31,404	-	16,653	8,461	12,191	73,145	141,854
Debt service:							
Principal	-	-	-	145,444	-	-	145,444
Interest	-	-	-	3,316	-	6	3,322
Capital outlay	3,850	335	41	17,285	14,072	40,871	76,454
Total expenditures	<u>169,802</u>	<u>31,329</u>	<u>16,694</u>	<u>614,296</u>	<u>417,369</u>	<u>240,318</u>	<u>1,489,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>104,495</u>	<u>15,680</u>	<u>488</u>	<u>263,061</u>	<u>5,962</u>	<u>(41,252)</u>	<u>348,434</u>
Other financing sources (uses):							
Insurance recoveries, net	29	-	-	40	-	32	101
Transfers in	30,984	-	-	-	-	223,555	254,539
Transfers out	(10,543)	(13,949)	(488)	(223,432)	(5,962)	(379)	(254,753)
Total other financing sources (uses)	<u>20,470</u>	<u>(13,949)</u>	<u>(488)</u>	<u>(223,392)</u>	<u>(5,962)</u>	<u>223,208</u>	<u>(113)</u>
Net change in fund balances	124,965	1,731	-	39,669	-	181,956	348,321
Fund balances, October 1, 2021	<u>313,525</u>	<u>2,036</u>	<u>-</u>	<u>398,848</u>	<u>-</u>	<u>54,381</u>	<u>768,790</u>
Fund balances, September 30, 2022	<u><b>\$ 438,490</b></u>	<u><b>\$ 3,767</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 438,517</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 236,337</b></u>	<u><b>\$ 1,117,111</b></u>

See notes to basic financial statements

## CHEROKEE NATION

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

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Net change in fund balances - total governmental funds	\$ 348,321
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	49,375
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	38,928
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	145,444
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The increase in equity in component units, in the statement of activities, does not provide current financial resources and is not reported as revenues in the funds.	328,621
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Some expenses are reported in the statement of activities when incurred and presented in the governmental funds when paid.	2,754
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Contributions of capital assets recorded as revenue in the government-wide financial statements but not recorded at the governmental fund level.	1,986
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The internal service funds are used to account for those activities which provide services to other functions within the government. The majority of the costs are allocated to the governmental funds in the government- wide financial statements. This amount is the net effect of the allocations.	<u>9,467</u>
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Change in net position of governmental activities	<u><u>\$ 924,896</u></u>
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See notes to basic financial statements

# CHEROKEE NATION

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property rentals	\$ 949	\$ 949	\$ 842	\$ (107)
Motor fuel tax	9,500	9,500	10,947	1,447
Taxes, licenses and fees	39,250	39,250	42,288	3,038
Interest	209	209	1,745	1,536
Litigation settlement	-	-	53,158	53,158
Dividends from component units	80,161	83,744	161,294	77,550
Other	8,042	14,458	4,023	(10,435)
Total revenues	138,111	148,110	274,297	126,187
Expenditures:				
Tribal government	115,128	225,044	89,091	(135,953)
Health services	7,846	7,846	8,848	1,002
Education services	36,446	44,044	32,435	(11,609)
Human services	5,202	5,202	4,174	(1,028)
Community services	52,502	53,667	31,404	(22,263)
Capital outlay	4,968	8,629	3,850	(4,779)
Total expenditures	222,092	344,432	169,802	(174,630)
Excess (deficiency) of revenues over (under) expenditures	(83,981)	(196,322)	104,495	300,817
Other financing sources (uses):				
Insurance recoveries	-	-	29	29
Transfers in	25,873	34,389	30,984	(3,405)
Transfers out	(30,134)	(33,692)	(10,543)	23,149
Total other financing sources (uses)	(4,261)	697	20,470	19,773
Net change in fund balance	(88,242)	(195,625)	124,965	320,590
Fund balance, October 1, 2021	313,525	313,525	313,525	-
Fund balance, September 30, 2022	<b>\$225,283</b>	<b>\$117,900</b>	<b>\$ 438,490</b>	<b>\$ 320,590</b>

See notes to basic financial statements

# CHEROKEE NATION

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2022

(Dollars in Thousands)

	Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,470	\$ 5,470	\$ 1,273
Receivables, net	292	292	2,155
Due from other funds	-	-	61,140
Due from component units	-	-	11
Inventories	-	-	303
Notes receivable, current	1,729	1,729	-
Other current assets	-	-	3,953
Total current assets	7,491	7,491	68,835
Noncurrent assets:			
Restricted cash, cash equivalents and investments	3,887	3,887	-
Long-term notes receivable	11,009	11,009	-
Capital assets, net	2,368	2,368	22,524
Total noncurrent assets	17,264	17,264	22,524
Total assets	24,755	24,755	91,359
<b>LIABILITIES</b>			
Current liabilities:			
Accrued liabilities	1	1	25,314
Current portion of long-term debt	67	67	-
Current portion of direct financing obligation	385	385	-
Due to other funds	1,623	1,623	3,017
Due to component unit	31	31	177
Compensated absences	-	-	12,180
Other current liabilities	33	33	8,079
Total current liabilities	2,140	2,140	48,767
Noncurrent liabilities:			
Long-term due to other funds	2,705	2,705	-
Long-term debt	603	603	-
Direct financing obligation	464	464	-
Other liabilities	7,008	7,008	-
Total noncurrent liabilities	10,780	10,780	-
Total liabilities	12,920	12,920	48,767
<b>NET POSITION</b>			
Net investment in capital assets	1,519	1,519	22,524
Unrestricted	10,316	10,316	20,068
Total net position	\$ 11,835	11,835	\$ 42,592
Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds		(17)	
Net position of business-type activities		\$ 11,818	

See notes to basic financial statements

# CHEROKEE NATION

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
Operating revenues:			
Property rentals	\$ 540	\$ 540	\$ -
Charges for services and goods	599	599	189,529
Interest income, loans	491	491	-
Other	142	142	167
Total operating revenues	1,772	1,772	189,696
Operating expenses:			
Salaries and wages	565	565	152,139
Other services and charges	1,387	1,387	25,392
Materials and supplies	39	39	1,251
Depreciation	560	560	1,471
Total operating expenses	2,551	2,551	180,253
Operating income (loss)	(779)	(779)	9,443
Nonoperating revenues (expenses):			
Interest income	30	30	-
Interest expense	(38)	(38)	-
Gain/(loss) on sale of capital assets	3	3	29
Net nonoperating revenues (expenses)	(5)	(5)	29
Income (loss) before capital contribution and transfers	(784)	(784)	9,472
Capital contribution	(3)	(3)	-
Transfers in	1,497	1,497	11
Transfers out	(1,294)	(1,294)	-
Change in net position	(584)	(584)	9,483
Total net position - beginning	12,419		33,109
Total net position - ending	\$ 11,835		\$ 42,592
Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds		16	
Change in net position of business-type activities		\$ (568)	

See notes to basic financial statements

# CHEROKEE NATION

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 1,132	\$ 1,132	\$ 180,878
Payments to suppliers	(1,019)	(1,019)	(27,773)
Payments to employees	(565)	(565)	(151,709)
Internal activity - payments to/(from) other funds	1,702	1,702	(314)
Internal activity - payments to component units	31	31	177
Internal activity - payments from component units	-	-	268
Issuance of loans	(5,086)	(5,086)	-
Principal received on loans	2,764	2,764	-
Interest received on loans	491	491	-
Other receipts	142	142	167
Net cash provided by (used for) operating activities	(408)	(408)	1,694
<b>Cash flows from noncapital financing activities:</b>			
Transfer from other funds	1,497	1,497	11
Transfer to other funds	(1,294)	(1,294)	-
Principal paid on notes payable	(67)	(67)	-
Interest paid on notes payable	(7)	(7)	-
Net cash provided by noncapital financing activities	129	129	11
<b>Cash flows from capital and related financing activities:</b>			
Purchases of capital assets	3	3	(660)
Principal paid on capital debt and leases	(374)	(374)	-
Interest paid on capital debt	(31)	(31)	-
Net cash (used for) capital and related financing activities	(402)	(402)	(660)
<b>Cash flows from investing activities:</b>			
Interest received	30	30	-
Net cash provided by investing activities	30	30	-
Net increase (decrease) in cash and cash equivalents	(651)	(651)	1,045
Cash and cash equivalents, October 1, 2021	10,008	10,008	228
Cash and cash equivalents, September 30, 2022	\$ 9,357	\$ 9,357	\$ 1,273
Cash and Cash Equivalents consist of:			
Unrestricted cash and cash equivalents	\$ 5,470	\$ 5,470	\$ 1,273
Restricted cash, cash equivalents and investments	3,887	3,887	-
Total Cash and Cash Equivalents, September 30, 2022	\$ 9,357	\$ 9,357	\$ 1,273
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (779)	\$ (779)	\$ 9,443
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	560	560	1,471
Change in assets and liabilities:			
Receivables, net	(260)	(260)	(2,246)
Inventories	-	-	(132)
Notes receivable	(1,867)	(1,867)	-
Other current assets	2	2	(1,082)
Accounts and other payables	1,936	1,936	(5,760)
Net cash provided by (used for) operating activities	\$ (408)	\$ (408)	\$ 1,694

See notes to basic financial statements

# CHEROKEE NATION

## STATEMENT OF FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

SEPTEMBER 30, 2022

(Dollars in Thousands)

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 139</u>
Total assets	<u>139</u>
<b>LIABILITIES</b>	
Due to obligees	<u>139</u>
Total liabilities	<u>139</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

See notes to basic financial statements

# CHEROKEE NATION

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(Dollars in Thousands)

	<b>Custodial Funds</b>
<b>Additions</b>	
Child Support Receipts	<u>\$ 3,419</u>
Total additons	<u>3,419</u>
<b>Deductions</b>	
Child Support Obligations	<u>3,419</u>
Total deductions	<u>3,419</u>
<b>Net Change in Fiduciary Net Position</b>	-
<b>Net Position, Beginning of Year</b>	<u>-</u>
<b>Net Position - End of Year</b>	<u><u>\$ -</u></u>

See notes to basic financial statements

**CHEROKEE NATION**
**COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS**
**SEPTEMBER 30, 2022**
**(Dollars in Thousands)**

	Cherokee Nation Businesses, LLC (CNB)	Housing Authority of the Cherokee Nation (HACN)	Cherokee Nation Comprehensive Care Agency (CNCCA)	Cherokee Nation Home Health Services, Inc. (CNHHS)	Cherokee Health Partners LLC (CHP)	Cherokee Nation Foundation (CNF)	Cherokee National Historical Society, Inc. (CNHS)	Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 852,422	\$ 12,128	\$ 4,265	\$ 1,636	\$ 1,730	\$ 504	\$ 276	\$ 872,961
Restricted cash	30,713	-	-	-	-	124	-	30,837
Investments	-	3,997	-	-	-	2,775	1,345	8,117
Receivables, net	171,191	2,341	163	685	2,595	109	-	177,084
Due from primary government	-	8,416	177	-	-	-	-	8,593
Inventories	14,029	-	-	-	654	-	-	14,683
Notes receivable	-	494	-	-	-	-	-	494
Other current assets	21,670	1,723	44	16	190	-	-	23,643
Total current assets	1,090,025	29,099	4,649	2,337	5,169	3,512	1,621	1,136,412
Noncurrent assets:								
Restricted investments	-	2,090	-	-	-	-	-	2,090
Restricted cash - held in escrow	2,998	-	-	-	-	-	-	2,998
Notes receivable	-	10,388	-	-	-	-	-	10,388
Lease receivable	9,513	-	-	-	-	-	-	9,513
Other assets	-	189	-	-	139	-	-	328
Investment in partnerships/joint ventures	-	426	-	-	479	-	-	905
Lease assets, net	17,563	-	-	145	-	-	-	17,708
Capital assets, net	657,185	99,217	2,233	325	1,501	2	-	760,463
Total noncurrent assets	687,259	112,310	2,233	470	2,119	2	-	804,393
Total assets	1,777,284	141,409	6,882	2,807	7,288	3,514	1,621	1,940,805
Deferred Outflows of Resources:								
Goodwill attributed to prior year business acquisitions	30,046	-	-	-	1,484	-	-	31,530
Total deferred outflows of resources	30,046	-	-	-	1,484	-	-	31,530
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities	261,799	3,642	1,695	466	2,158	39	-	269,799
Due to primary government	18,357	-	-	10	-	1	-	18,368
Unearned revenue	-	44	814	-	-	-	-	858
Current portion of notes payable	-	1,409	-	-	-	-	-	1,409
Current portion of long-term debt	-	-	-	38	1,288	-	-	1,326
Current portion of lease liabilities	5,371	-	-	54	-	-	-	5,425
Total current liabilities	285,527	5,095	2,509	568	3,446	40	-	297,185
Noncurrent liabilities:								
Trust liabilities	-	2,166	-	-	-	-	-	2,166
Notes payable	-	56,834	-	-	-	-	-	56,834
Long-term debt	-	-	-	52	-	-	-	52
Long-term lease obligations	12,682	-	-	96	-	-	-	12,778
Other long-term obligations	9,150	-	-	-	-	-	-	9,150
Total noncurrent liabilities	21,832	59,000	-	148	-	-	-	80,980
Total liabilities	307,359	64,095	2,509	716	3,446	40	-	378,165
Deferred Inflows of Resources:								
Recognition of lease receivables	9,712	-	-	-	-	-	-	9,712
Total deferred outflows of resources	9,712	-	-	-	-	-	-	9,712
<b>NET POSITION</b>								
Net investment in capital assets	652,693	39,449	2,233	335	213	2	-	694,925
Restricted, nonexpendable:								
Equity interest of minority entity	-	-	-	-	2,083	-	-	2,083
Restricted, expendable for:								
Construction	24,524	-	-	-	-	-	-	24,524
Program services	-	37,439	-	-	-	628	351	38,418
Unrestricted	813,042	426	2,140	1,756	3,030	2,844	1,270	824,508
Total net position	\$ 1,490,259	\$ 77,314	\$ 4,373	\$ 2,091	\$ 5,326	\$ 3,474	\$ 1,621	\$ 1,584,458

See notes to basic financial statements

# CHEROKEE NATION

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Cherokee Nation Businesses, LLC (CNB)	Housing Authority of the Cherokee Nation (HACN)	Cherokee Nation Comprehensive Care Agency (CNCCA)	Cherokee Nation Home Health Services, Inc. (CNHHS)	Cherokee Health Partners, LLC (CHP)	Cherokee Nation Foundation (CNF)	Cherokee National Historical Society, Inc. (CNHS)	Total
Operating revenues:								
Charges for services and goods	\$ 1,841,051	\$ 7,735	\$ 18,080	\$ 6,067	\$ 18,655	\$ -	\$ -	\$ 1,891,588
Income (loss) from investments in joint ventures	(440)	-	-	-	-	-	-	(440)
Other	-	7,278	-	84	-	2,366	279	10,007
Total operating revenues	1,840,611	15,013	18,080	6,151	18,655	2,366	279	1,901,155
Operating expenses:								
Cost of sales/operations	930,339	48,940	-	-	-	-	-	979,279
Salaries and wages	284,091	14,291	4,897	4,751	-	565	-	308,595
Other services and charges	243,442	662	12,246	1,957	17,414	610	65	276,396
Depreciation and amortization	58,192	6,529	218	74	275	1	19	65,308
Total operating expenses	1,516,064	70,422	17,361	6,782	17,689	1,176	84	1,629,578
Operating income (loss)	324,547	(55,409)	719	(631)	966	1,190	195	271,577
Nonoperating revenues (expenses):								
Grant revenue	-	55,081	-	-	-	-	-	55,081
CARES/ARP Act relief	175,000	-	-	-	-	-	-	175,000
Interest/investment income	4,156	465	2	2	-	-	15	4,640
Interest expense	(1,469)	(2,274)	-	(11)	(58)	-	-	(3,812)
Other, net	(4,075)	(203)	-	649	332	-	-	(3,297)
Net nonoperating revenues (expenses)	173,612	53,069	2	640	274	-	15	227,612
Net Income (loss) before dividends, distributions and capital grants	498,159	(2,340)	721	9	1,240	1,190	210	499,189
Dividends to primary government	(135,215)	-	-	-	-	-	-	(135,215)
Capital grants from primary government	-	-	-	-	-	-	54	54
Capital grants to Cherokee Nation and others	(34,964)	-	-	-	-	-	(1,007)	(35,971)
Change in net position	327,980	(2,340)	721	9	1,240	1,190	(743)	328,057
Net position, beginning of year, as previously reported	1,162,279	79,654	3,652	2,075	4,086	2,284	2,364	1,256,394
Change in reporting entity (Note 1)	-	-	-	7	-	-	-	7
Net position, beginning of year, as restated	1,162,279	79,654	3,652	2,082	4,086	2,284	2,364	1,256,401
Net position, end of year	\$ 1,490,259	\$ 77,314	\$ 4,373	\$ 2,091	\$ 5,326	\$ 3,474	\$ 1,621	\$ 1,584,458

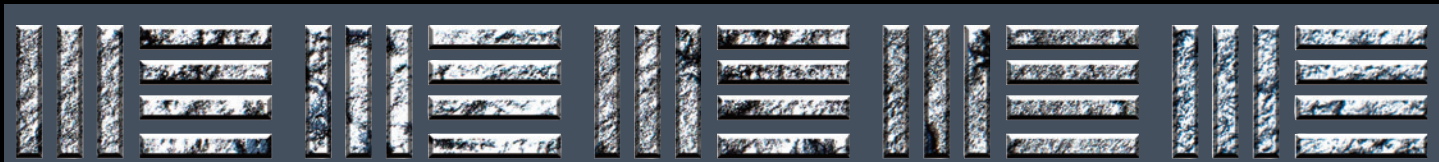
See notes to basic financial statements

# CHEROKEE NATION

## RECAST OF THE COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Discretely Presented Component Units	Government-wide - Statement of Activities				
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues
Operating revenues:						
Charges for services and goods	\$ 1,891,588	\$ -	\$ 1,891,588	\$ -	\$ -	\$ -
(Loss) from investments in joint ventures	(440)	-	-	-	-	(440)
Other	10,007	-	10,007	-	-	-
Total operating revenues	1,901,155	-	1,901,595	-	-	(440)
Operating expenses:						
Cost of sales/operations	979,279	979,279	-	-	-	-
Salaries and wages	308,595	308,595	-	-	-	-
Other services and charges	276,396	276,396	-	-	-	-
Depreciation and amortization	65,308	65,308	-	-	-	-
Total operating expenses	1,629,578	1,629,578	-	-	-	-
Operating income (loss)	271,577	(1,629,578)	1,901,595	-	-	(440)
Nonoperating revenues (expenses):						
Grant revenue	55,081	-	-	55,081	-	-
CARES/ARP Act relief	175,000	-	-	175,000	-	-
Interest/investment income	4,640	-	-	-	-	4,640
Interest expense	(3,812)	(3,812)	-	-	-	-
Other, net	(3,297)	(3,297)	-	-	-	-
Net nonoperating revenues (expenses)	227,612	(7,109)	-	230,081	-	4,640
Net Income (loss) before dividends and capital grants	499,189	(1,636,687)	1,901,595	230,081	-	4,200
Dividends to primary government	(135,215)	(135,215)	-	-	-	-
Capital grants to Cherokee Nation and others	(35,971)	(35,971)	-	-	-	-
Change in net position	328,057	(1,807,873)	1,901,595	230,081	54	4,200
Net position, beginning of year, as previously reported	1,256,394	-	-	-	-	1,256,394
Prior period adjustments (Note 1)	7	-	-	-	-	7
Net position, beginning of year, as restated	1,256,401	-	-	-	-	1,256,401
Net position, end of year	\$ 1,584,458	\$ (1,807,873)	\$ 1,901,595	\$ 230,081	\$ 54	\$ 1,260,601

See notes to basic financial statements



# NOTES TO BASIC FINANCIAL STATEMENTS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *General Information and Basis of Presentation*

The basic financial statements of the Cherokee Nation (the Nation) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### *Reporting Entity*

The Nation is a sovereign tribal government with Executive, Legislative, and Judicial Branches. The basic financial statements of the Nation present the reporting entity, which consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Nation's basic financial statements to be misleading or incomplete. Accordingly, the accompanying basic financial statements reflect the financial position and the operations of the Nation for all amounts received, disbursed, or in the custody of the Nation or the United States Department of Interior (DOI) and the United States Treasury, as its trustee, as well as all other funds and activities over which the Nation exercises financial accountability. The Nation's basic financial statements do not include the financial position or activities of various federal and state governmental agencies operating within the tribal reservation. The Nation determines its financial reporting entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* - an amendment of GASB Statement No. 14, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of GASB Statement No. 14, and GASB Statement No. 90, *Majority Equity Interests* - an amendment of GASB Statements No. 14 and No. 61, as applicable, and, based on that criterion, has included the following entities as component units within the Nation's basic financial statements.

### *Discretely Presented Component Units*

The component units' column in the government-wide financial statements includes the financial data of the Nation's discretely presented component units. These discretely presented component units are reported in a separate column to emphasize that they are legally separate from the primary government. Part of the determination for presenting them as discretely presented component units is that the Principal Chief, upon Legislative approval, has the ability to appoint and remove members of the component units governing boards at will. In addition, the component units do not provide services entirely or almost entirely to the primary government or for the benefit of the primary government. The following component units are included in the reporting entity because the primary government is financially accountable for and is able to impose its will on these organizations.

Cherokee Nation Businesses, LLC (CNB) — CNB, a tribal limited liability company, was created June 16, 2004, to provide “decision support” services and strategic coordination of business activities for the Nation and to act as a holding company for certain Nation business enterprises and investments. The Nation created CNB and is able to exert significant influence over CNB's activities as a result of its relationship to CNB and board member appointments. CNB and the companies it owns are managed through a board of directors appointed by the Principal Chief and confirmed by the Tribal Council of the Cherokee Nation. CNB is included in the Nation's financial report as a discretely presented component unit. As of September 30, 2022, CNB reported the following blended component units:

Cherokee Nation Entertainment, LLC (CNE) — CNE is a tribal limited liability company organized under the laws of the Nation. The Nation conducts all of its gaming and entertainment activities through CNE and one of its blended component units, Will Rogers Downs, LLC. For reporting purposes, CNE

is included as a blended component unit of CNB which is a discretely presented component unit of the Nation. At September 30, 2022, CNE operates nine casinos, a horse racing facility with electronic gaming machines, two retail smoke shop facilities that include electronic gaming machines and other retail facilities including an additional smoke shop, a travel plaza that includes electronic games, a convenience store and a gift shop. CNE's gaming and entertainment operations include food and beverage venues, hotels, live entertainment venues, two 18-hole and one nine-hole golf courses. CNE is headquartered in Catoosa, Oklahoma.

CNE has three of its own blended component units. CNE is the sole member owning 100% of the component units. The Chief Executive Officer of CNE is the designated manager of the component units. The component units are included as blended component units in CNE's financial statements. Details of the blended component units are as follows:

Will Rogers Downs, LLC (WRD) — WRD is a tribal limited liability company in Claremore, Oklahoma organized under the laws of the Nation created to own and operate a horse racing and gaming facility and ancillary activities on nontribal lands near Claremore, Oklahoma. WRD is a 236-acre complex, which includes live horse racing, 250 electronic gaming machines, simulcast horse racing, a restaurant, a dance floor, a live entertainment stage and sites for recreational vehicles. The racetrack is one-mile long and the training track is one-half mile long. The complex includes 13 barns with 440 livestock stalls, a covered, open-air grandstand with seating capacity for 2,700 individuals, a 60,000 square foot grandstand building, a 32,000 square foot exposition building and indoor and outdoor arenas.

Cherry Springs Golf Club, Inc (CSGC) — CSGC is an Oklahoma corporation that owns and operates an 18-hole golf course in Tahlequah, Oklahoma, near the Tahlequah gaming facility.

Will Rogers Downs Disseminating, LLC (WRDD) — WRDD is a tribal limited liability company organized under the laws of the Nation created for the purpose of disseminating simulcast signals associated with horse racing and off-track betting.

Other CNB blended component units by business sector include:

#### **Engineering and Manufacturing Sector**

- CND, LLC (CND) is an Oklahoma limited liability company formed in 2004 that provides production, distribution and assembly of electronic component parts and wiring systems primarily for commercial customers. CND is based in Stilwell, Oklahoma.
- Cherokee Nation Industries, LLC (CNI) is a tribal limited liability company that is a value-added reseller providing end-to-end distribution services and warehousing for some of the world's largest businesses in the telecommunications and electronics industry. CNI was established in 1969 to meet the need for business development and to generate revenue which helps the Nation and its citizens move toward economic self-sufficiency. CNI is headquartered in Stilwell, Oklahoma.
- Cherokee Nation Red Wing, LLC (CNRW) is a tribal limited liability company that provides kitting, manufacturing and program management for various cable, wire, panel, box, avionics and engine assemblies primarily for commercial customers. CNRW was acquired in February 2009 and reorganized as a limited liability company. CNRW operates out of 15,000+ square feet of expandable manufacturing space on seven acres in Pryor, Oklahoma.

- Cherokee Nation Armored Solutions, LLC (CNAS) is a tribal limited liability company that provides technical support services for the development, advancement, application and improvement of technology, processes and systems lifecycle support. CNAS operates out of 20,000+ square feet of expandable machining space on seven acres in Pryor, Oklahoma.
- Aerospace Products S.E., LLC (APSE) was formed in 1987 in Huntsville, Alabama to provide supply chain management and integration services to the aerospace and defense industry. Along with specialized hardware, over-sized fasteners, make-to-print items, and structural assemblies, APSE provides onsite inventory bin management, distribution, full-service kitting, and complete logistical support. CNB acquired the remaining interest of APSE in 2022. Prior to that, CNB had a 75% interest in APSE.
- Cherokee Nation Aerospace & Defense, LLC (CNAD) is a tribal limited liability company based in Stilwell, Oklahoma that manufactures and integrates electromechanical assemblies primarily for commercial customers since its formation in 2008.

### **Construction Sector**

- Cherokee Nation Construction Services, LLC (CNCS) is a tribal limited liability company formed in 2008 that provides construction-related services, including general contracting, oversight of construction projects and safety training. CNCS has offices in Tulsa, Oklahoma and Dover, Delaware.
- Cherokee Nation Facilities Management, LLC (CNFM) is a tribal limited liability company headquartered in Tulsa that provides facilities management services to government agencies and commercial customers was formed in 2013.
- Cherokee Nation Mechanical, LLC (CNM) is tribal limited liability company formed in 2016 to provide construction management and HVAC services primarily to commercial customers. CNM is based in Tulsa.
- Cherokee CRC, LLC (CCRC) is an Oklahoma limited liability company that provides construction-related activities, including general contracting and construction management. CCRC was formed in 2005 and is based in Tulsa, Oklahoma.
- Cherokee Nation Development Group, LLC (CNDG) is a tribal limited liability company that was formed in 2017 to provide construction management services to government agencies. CNDG is headquartered in Catoosa, Oklahoma.
- Cherokee Nation Environmental Solutions, LLC (CNES) is a tribal limited liability company that provides environmental services for both commercial and government clients formed in 2013. CNES is based in Tulsa, Oklahoma.
- Cherokee Nation Construction Resources, LLC (CNCR) is a tribal limited liability company that constructs facilities for the Nation as well as single-family homes. CNCR is headquartered in Tulsa, Oklahoma and was formed in 2013.

### **Mission Solutions Sector**

- Cherokee Nation Government Solutions, LLC (CNGS) is a tribal limited liability company that provides professional/technical services and project support to government and commercial clients since 2011. With over 400 employees, CNGS locates specific candidates for rapid response requests in areas including science, engineering, construction, information

technology, research and development, facilities management, program management and mission support. CNGS is headquartered in Tulsa.

- Cherokee Nation Management & Consulting, LLC (CNMC) is a tribal limited liability company formed in 2013 and headquartered in Tulsa that provides consulting and professional services support to government agencies and commercial customers. CNMC provides a tailored management approach for complex government programs and disciplines, including emergency and humanitarian response operations; mission support, facility, and infrastructure engineering; facilities management and planning; construction support; logistics management; asset management; program management; and environmental programs.
- Cherokee Nation Mission Solutions, LLC (CNMS) is a tribal limited liability company that provides program management, facilities management, mission support and medical services primarily for government clients since its formation in 2013. CNMS delivers management and support for a variety of programs and projects ranging from medical studies, analysis, research, wellness, telemedicine and clinical operations. CNMS promptly provides cost effective staffing of clinical, administrative, technical, and scientific professionals. CNMS is headquartered in Tulsa.
- Cherokee Nation Federal Consulting, LLC (CNFC) was organized on January 1, 2018, as a tribal limited liability company to provide professional services and program management solutions to government clients. CNFC is headquartered in Tulsa, Oklahoma.
- Cherokee Nation Solutions Link, LLC (CNSL) was organized April 16, 2018, as a tribal limited liability company to provide consulting services to a broad list of government and commercial clients. CNSL is headquartered in Tulsa, Oklahoma.
- Cherokee Nation Support, Service, and Solutions, LLC (CN3S) is a tribal limited liability company that provides staffing services in the education industry as well as logistics and distribution for the aviation industry since 2012. CN3S is headquartered in Tulsa, Oklahoma.
- Cherokee Medical Services, LLC (CMS) is an Oklahoma limited liability company headquartered in Tulsa that provides employee staffing for the medical industry.
- Cherokee Nation Technology Solutions, LLC (CNTS) is a tribal limited liability company headquartered in Tulsa that provides professional/technical services and project support to government and commercial clients. CNTS specializes in locating hard to find candidates for rapid response requests throughout the country. It provides a tailored management approach for complex government programs and disciplines including information technology, science, engineering, construction, research and development, facilities management, program management and mission support.
- Cherokee Nation Healthcare Services, LLC (CNHS, LLC) is a tribal limited liability company that provides employee staffing for the medical industry. CNHS, LLC is headquartered in Tulsa.
- Cherokee Nation Assurance, LLC (CNA) is a tribal limited liability company that provides technology solutions specializing in delivering information technology, management consulting, program support and professional support services created in 2011. CNA's full scope of computer and technology related services include enterprise architecture, application development, database administration, systems administration, networking, security compliance, configuration management, infrastructure services, video surveillance, and access control and professional IT services. CNA is headquartered in Tulsa.

- Cherokee Nation Integrated Health, LLC (CNIH) is a tribal limited liability company that provides healthcare consulting, technology, analytics, medical readiness and a full spectrum of mission critical support to government clients. CNIH is headquartered in Tulsa, Oklahoma.
- Cherokee Nation Operational Solutions, LLC (CNOS) is a tribal limited liability company that provides health IT, healthcare staffing, military medicine management and electronic health record (EHR) consulting. Additionally, it distributes office products and supplies on behalf of Staples. CNOS is based in Pryor, Oklahoma.
- White Dove, LLC (WD) is a tribal limited liability company formed in 2020 that provides health-related professional staffing and other services to the federal government. WD is headquartered in Catoosa, Oklahoma.
- Cherokee Insights, LLC (CI) is a tribal limited liability company formed in 2015 to provide innovative medical device and related technology solutions to commercial healthcare providers. CI is headquartered in Tulsa.
- Cherokee Services Group, LLC (CSG) is a tribal limited liability company established in 2005 that provides professional staffing and other professional services to the federal government and, to a lesser extent, commercial customers. CSG has received 8(a) certification from the U.S. Small Business Administration. Headquartered in Tulsa, Oklahoma, CSG has a regional office in Fort Collins, Colorado and 22 additional offices nationwide.
- Cherokee Nation Technologies, LLC (CNT) is a tribal limited liability company that provides professional staffing and other professional services to the federal government and, to a lesser extent, commercial customers since 2009. The company is headquartered in Tulsa, Oklahoma, with a regional office in Fort Collins, Colorado and client locations nationwide.
- Cherokee Nation Security & Defense, LLC (CNSD) is a tribal limited liability company created in 2009 that provides security and safety services to government and commercial clients. CNSD is headquartered in Tulsa.
- Cherokee Nation Defense Solutions, LLC (CNDS) is a tribal limited liability company created in 2008 that provides state-of-the-art critical site infrastructure protection and cybersecurity surveillance services to both government and commercial clients. CNDS is headquartered in Tulsa.
- Cherokee Nation System Solutions, LLC (CNSS) is a tribal limited liability company formed in 2016 that provides professional staffing and other professional services to the federal government and commercial customers. CNSS is headquartered in Tulsa.
- Cherokee Strategic Solutions, LLC (CSS) is a tribal limited liability company setup in 2019 to provide full-service IT services, IT security, and other services to government agencies and commercial customers. CSS is headquartered in Catoosa.
- Preting, LLC (CP), was acquired in 2022, is an Intelligence Support Services entity that provides tailored support across a myriad of unique operations and analysis and training topics to successfully detect, identify, and disrupt terrorist operations, insider threats, and others targeting vital United States interests. CP is headquartered in Alexandria, Virginia.
- Cherokee Nation Strategic Programs, LLC (CNSP) is an Oklahoma limited liability company formed in 2014 to provide research and development, test and evaluation, information

technology services, unmanned aircraft services and training and exercise management to government agencies. CNSP is headquartered in Tulsa.

### **Cherokee Nation Cultural & Economic Development Division**

- Cherokee Nation Cultural & Economic Development, LLC (CNCED) is a tribal limited liability company established in 2022 that helps to preserve and promote the history and culture of the Cherokee people. This is accomplished through the operation of Cherokee Nation museums, tours, and gift shops as well as cultural programs and events. Another facet of this operation is Cherokee Film, which works to increase the presence of Native Americans in every level of the television and film industries while creating opportunities for economic development and jobs in the Nation. CNCED is headquartered in Catoosa, Oklahoma.
- Cherokee Meat Processing, LLC (CNMP) is a USDA and state-certified meat processing facility located in Tahlequah, Oklahoma. The facility operates in a 12,000-square-foot plant under the name of 1839 Cherokee Meat Co. The facility opened to the public in October 2022.
- Cherokee Nation PPE Manufacturing, LLC (CNPPE) operates in Stilwell and Hulbert, Oklahoma. The manufacturing plants produce 3-ply, disposable face coverings made within the Cherokee Nation reservation. CNPPE is not yet certified for commercial sales but are working toward becoming certified.

### **Other CNB Companies**

- Cherokee Nation Property Management, LLC (CNPM) is a tribal limited liability company that conducts real estate acquisitions, development and management for CNB. CNPM was formed in 2010 and is headquartered in Catoosa, Oklahoma.
- Cherokee Nation Hospitality Consulting, LLC (CNHC) is a tribal limited liability company formed in 2015 that provides gaming and hospitality as well as casino management services. CNHC is headquartered in Catoosa, Oklahoma.
- Legends Resort and Casino, LLC (LEG) is a planned commercial casino that may be constructed in Russellville, Arkansas, over the next two years. It should include approximately 1,200 slot machines, 32 table games, dining, and a 200-room hotel.
- Cherokee Nation Blue Ribbon Downs Training, LLC (BRDT) is a tribal limited liability company formed in 2015 to provide management of a horse racing training facility in Sallisaw, Oklahoma.
- In addition to the previously described activities, CNB also provides shared administrative services, including, but not limited to, executive, accounting, human resources, internal audit, legal services, and business development, to its blended component units.

CNB, CNE, and WRD issue separate stand-alone financial statements.

Housing Authority of the Cherokee Nation of Oklahoma (HACN) — HACN was created under the provisions of the laws of the State of Oklahoma and provides affordable housing and other services to low income Native Americans within the boundaries of the Nation. The Commissioners of the Housing Authority are nominated by the Principal Chief and confirmed by the Tribal Council of the Cherokee Nation. HACN is included in the Nation's financial report as a discretely presented component unit. Separately issued financial statements for HACN may be obtained from HACN's corporate office. HACN has the following component unit:

Cherokee Affordable Housing, Inc. (CAH) — CAH is a non-profit 501(c)(3) corporation organized under the laws of the State of Oklahoma created primarily to serve as the eligible 501(c)(3) entity required to fill the position of general partner in the low income housing tax credit partnerships and related projects that have been developed by the HACN and a third party developer. The projects comprise 155 housing units and are managed by outside parties under management agreements as provided by the partnership agreements. CAH's financial activity is limited only to its role in the tax credit partnerships. The board of directors for CAH consists of the same board members of HACN. The president for CAH is the executive director of HACN. CAH is included as a blended component unit in the HACN's financial statements.

Cherokee Nation Comprehensive Care Agency (CNCCA) — CNCCA, a tribal governmental agency, was created to facilitate various Nation healthcare initiatives including the facilitation of joint ventures and other business related health activities. CNCCA is managed through a board of directors appointed by the Principal Chief and confirmed by the Tribal Council of the Cherokee Nation. CNCCA is included in the Nation's financial report as a discretely presented component unit. Separately issued financial statements for CNCCA may be obtained from CNCCA's office. CNCCA currently has one initiative, which is the Program of All-Inclusive Care for the Elderly (PACE).

Program of All-Inclusive Care for the Elderly (PACE) — PACE features a comprehensive medical and social service delivery system using an interdisciplinary team approach in an adult day care center that is supplemented by in-home and referral services in accordance with participants' needs. The program is administered by CNCCA dba Cherokee Elder Care (CEC) within the reservation. The PACE program is financed primarily by Medicare and Medicaid.

Cherokee Nation Home Health Services, Inc. (CNHHS) — CNHHS, a tribal corporation, was organized for the purpose of engaging in home healthcare services. CNHHS is a discretely presented component unit of the Nation. Board members of CNHHS are appointed by the Principal Chief and confirmed by the Tribal Council of the Cherokee Nation. CNHHS is included in the Nation's financial report as a discretely presented component unit. CNHHS primarily earns revenues by providing home health, hospice and other services to residents of Adair, Cherokee, Delaware, Mayes, Muskogee, Sequoyah and Wagoner counties, Oklahoma, and the surrounding area. Separately issued financial statements for CNHHS may be obtained from CNHHS's corporate office.

Cherokee Health Partners, LLC (CHP) — CNCCA and the Tahlequah Hospital Authority (THA), an unrelated entity, entered into an agreement on September 28, 2004, to create CHP which was 51% owned by CNCCA. CHP provides cardiac and other imaging services to residents of Tahlequah, Oklahoma and the surrounding area and is located in the Northeastern Health System. On May 12, 2014, CNCCA transferred their ownership to the Nation. The Managers selected by the Class Member A, the Nation, are appointed by the Principal Chief and confirmed by the Tribal Council. CHP is included in the Nation's financial report as a discretely presented component unit. During 2015, CHP purchased a 95% ownership in the Northeast Oklahoma Heart Center, LLC (NOHC). During the year ended June 30, 2021, CHP purchased the remaining 5% of shares and now owns 100% of NOHC. NOHC is a limited liability company organized under the Oklahoma Limited Liability Act in July 2005. NOHC provides cardiovascular management services to the THA. As a result of the ownership interest acquired, the operations of NOHC have been included in the accompanying financial statements. All information included in the Nation's financial statements for CHP is as of and for the fiscal period ended June 30, 2022. Separately issued financial statements for CHP may be obtained from CHP's office. CHP directly holds a joint venture interest in Northeastern Oklahoma Diagnostics, LLC as described as follows:

Northeastern Oklahoma Diagnostics, LLC (NOD) — NOD was established in December 2002, to provide MRI, CT, hyperbarics and other imaging equipment previously provided by the THA. In its

general appeal to capture all the business formerly provided by the THA, NOD solicits to serve everyone in the community. CHP has a 20% ownership in NOD. CHP accounts for its joint venture investment in NOD using the equity method of accounting. CHP has recognized its proportionate share of NOD's earnings of approximately \$30,000, net of distributions of approximately \$119,000 for the joint venture at June 30, 2022. CHPS's investment in NOD at June 30, 2022 was \$479,000.

Cherokee Nation Foundation (CNF) — CNF, formerly doing business as Cherokee Nation Education Corporation was incorporated in 1998, as a nonprofit corporation under Title 18 of the Cherokee Nation Code Annotated and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. CNF is organized exclusively for charitable and educational purposes to encourage and promote educational opportunities to enrolled adult and minor citizens of the Nation and any other federally recognized tribe, to promote and preserve the Cherokee language, culture and history of the Cherokee people, and to make distributions to corporations and individuals or on behalf of community groups. The board of directors and the Executive Director conduct a search for board members who have experience reflective of the mission of the organization. Once the board has approved a potential candidate to the board of directors, the nomination is submitted to the Principal Chief and then Tribal Council for approval. CNF is included in the Nation's financial report as a discretely presented component unit. All information included in the Nation's financial statements for CNF is as of and for the fiscal period ended December 31, 2021. Separately issued financial statements for CNF may be obtained from CNF's corporate office.

Cherokee National Historical Society, Inc (CNHS) — CNHS is an educational, cultural and charitable membership nonprofit organization originally incorporated under the laws of the State of Oklahoma in 1963 and is recognized as a 501(c)(3) nonprofit organization by the Internal Revenue Service (IRS). The mission of CNHS is to preserve, promote and teach Cherokee history and culture. CNHS operates a museum displaying Native American artifacts and other historical and cultural exhibits, and a historically recreated Cherokee Village. The Tsa-La-Gi complex and the principal offices are located in Park Hill, Oklahoma. CNHS is governed by a Board of Trustees comprised of not less than twelve (12) or more than thirty (30) voting members. The Committee on Board Management is responsible for the comprehensive and objective research for potential Board members and will recommend for nomination those candidates when there are openings on the Board. Nominations are subject to approval of voting members of the Board of Trustees at any regular or special meeting of the governing board. CNHS is included in the Nation's financial report as a discretely presented component unit. All information included in the Nation's financial statements for CNHS is as of and for the fiscal period ended December 31, 2021. Separately issued financial statements for CNHS may be obtained from CNHS's corporate office. Additionally, see Note 19 for additional information.

Beginning in fiscal year 2006, the Nation, CNE and CNHS entered into an operations management Memorandum of Agreement (MOA). This MOA is renewable on an annual basis upon agreement by the CNHS Board and the Nation. This event is discussed more fully in Note 19.

CHP, CNF and CNHS present their financial statements in accordance with Financial Accounting Standards Board (FASB) pronouncements. The financial statements for the discretely presented proprietary component units are presented as part of the accompanying basic financial statements. Selected disclosures for the discretely presented component units have been included in these notes to the basic financial statements.

#### *Blended Component Unit*

The Nation has one component unit whose operations are blended with the financial data of the primary government. There is no distinction between the data of the primary government and that of the component unit. The Nation's blended component unit is as follows:

Cherokee Nation Economic Development Trust Authority — The Economic Development Trust Authority (EDTA) is a Community Development Financial Institution, as certified by the U.S. Treasury Department. Cherokee Nation EDTA was created by Tribal Council Legislative Act 36-89 as a mechanism to promote economic development. Its mission is to provide opportunities for income generation through economic development, to provide loans for business creation/expansion, and to provide loans to qualified individuals who have traditionally been denied through conventional lending sources. EDTA is a governmental organization created as a separate body whose Board of Directors is appointed by the Principal Chief and confirmed by the Tribal Council even though EDTA's governing board is not the same as the Tribal Council. The Nation has the ability to appoint, hire, reassign or dismiss the individuals responsible for management of the programs. EDTA almost exclusively benefits the Nation as its largest activity is the operation of an employee loan program for employees of the Nation and its component units. EDTA is presented as a proprietary fund in the accompanying financial statements.

Cherokee Nation law requires that all corporations, majority owned by the Nation, and incorporated under Cherokee Nation law pay a dividend based on net income. The dividend rate was 37% for fiscal year 2022. CNB's minimum dividend requirement is determined at the combined CNB reporting level which has been implemented as the higher of CNB's or any of CNB's Component Units' Net Income. Dividends paid to the Nation and other related party transactions are discussed further in Note 19.

#### *Government-wide Financial Statements*

The government-wide financial statements provide operational accountability information for the Nation as an economic unit. The government-wide financial statements report the government's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government and its component units. Fiduciary funds are omitted from the government-wide financial statements. The Nation currently has one fiduciary fund, a custodial fund.

#### *Fund Financial Statements*

The accounts of the Nation are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, liabilities, fund balance/net position, revenues, expenditures/expenses, and transfers. The General Fund is always a major governmental fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the Nation. Funds not classified as a major are aggregated and presented in a single column in the fund financial statements. The Nation uses the following funds, grouped by fund type.

#### *Governmental Funds*

Governmental funds are those through which most governmental functions of the Nation are financed. The acquisition, use and balances of the Nation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

#### *General Fund*

The General Fund represents the operating activities of the tribal government. All financial resources not accounted for in other funds are reported in the General Fund.

### *Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Nation. The following are the Nation's major Special Revenue Funds:

Public Law 102-477 (PL 102-477) was enacted to facilitate the ability of Indian tribes to integrate the employment, training and related services from federal sources in order to improve the effectiveness of those services and reduce unemployment. Funding for this program comes from the Department of the Interior, the Department of Labor, the Department of Education and the Department of Health and Human Services. The law, as amended in 2017, authorizes Tribal governments to consolidate programs from 12 Federal agencies that concern employment and training into a single plan which is approved by the Secretary of the Interior. These expenditures are generally presented as either education services or human services expenditures in the accompanying financial statements.

Self Governance Department of Transportation (DOT) Tribal Transportation Self Governance Program (TTSGP) was established to account for federal funds received from the TTSGP for use in the planning, designing, and constructing transportation facilities; maintaining tribally-owned transportation facilities, operating transit systems, and related infrastructure to promote the health and safety of citizens of the Nation, other residents, and visitors traveling on and through the Cherokee Nation Reservation. Roads constructed with Self Governance DOT TTSGP funds are not capitalized by the Nation as they are transferred to other governmental agencies upon completion. These expenditures are generally presented as community services expenditures in the accompanying financial statements.

Self Governance DHHS was established to account for federal funds received under the Nation's Self Governance compact with the United States Department of Health and Human Services (DHHS). These funds are used to administer a number of programs under Indian Health Service (IHS) relating to health and human services including the operation of the Cherokee Nation W.W. Hastings Hospital (Hospital) in Tahlequah, Oklahoma and ten clinics located in various communities throughout the Nation's reservation boundaries. These expenditures are generally presented as tribal government, health services, or community services expenditures in the accompanying financial statements.

Fiscal Recovery Fund was established to account for federal funds received from the Department of the Treasury as part of the Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021 (Public Law 117-2) passed and signed into law by the President on March 11, 2021 to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. These expenditures are presented as tribal government, health services, education services, human services or community services expenditures in the accompanying financial statements.

### *Capital Projects Funds*

Capital Projects Funds are used to report resources that are restricted, committed or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The Nation has no major capital projects fund and one nonmajor capital projects fund, its Capital Projects Fund.

### *Debt Service Funds*

Debt Service Funds are used to account for and report resources that are restricted, committed or assigned to expenditures for principal and interest. The Nation has no debt service funds.

### *Permanent Funds*

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes supporting the Nation's programs. The Nation's nonmajor Permanent

Funds contain two endowments, both of which allow the expenditure of income for tuition and educational purposes, with the principal being unavailable for disbursement. The trust agreements state the distributions of income shall go to individuals one-quarter or more of Cherokee blood quantum. All fund balances from the endowments are either nonspendable or restricted.

The Sequoyah Endowment was established in fiscal year 1991 by the Louise K. Green-Matthews Grant in Environmental Science in the amount of \$134,000. It was established to foster and encourage Cherokee students of at least one-quarter blood quantum to engage in obtaining a graduate education in Environmental Science or Natural Sciences. The income from the trust is available to provide one to two grants annually. The amount of net appreciation on the investment of the Sequoyah Endowment is \$88,000 which is the available amount reflected in the fund balance.

The Glenn and Faye Gammon Education Trust was established in fiscal year 2001 by a willed contribution of \$291,000 to provide Cherokee higher education scholarships. In accordance with the will, income from the trust is used to provide tuition and related educational, travel and living expenses for Cherokee students with a blood quantum of one-quarter or more. The amount of net appreciation on the investment of the Gammon Education Trust is \$13,000 which is the available amount reflected in the fund balance.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements. These differences are further explained in Note 2 to the basic financial statements.

#### *Proprietary Funds*

Proprietary funds are used to account for the Nation's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Nation are enterprise funds and internal service funds.

The enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. The Nation accounts for its Tsa-La-Gi Apartments, CN Sanitary Landfill, and Economic Development Trust Authority (EDTA) activities in these funds. The Nation has no major enterprise funds. The CN Sanitary Landfill had a net position deficit of \$2,698,000 at September 30, 2022. During fiscal year 2022, the Nation transferred the operations of Tsa-La-Gi Apartments to the HACN. This item will be discussed in the related parties note (Note 19).

Internal service funds are used to report activities which provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The Nation includes services such as internal leases, fringe pool, and indirect cost pool in these funds. Substantially all of the internal service funds' net position and activities are combined with the governmental activities in the government-wide financial statements. The indirect cost pool had a net position deficit of \$3,884,000 at September 30, 2022. Note disclosures for governmental activities also include related amounts for the internal service funds. The Nation has no major internal service funds.

See pages 39 - 46 for descriptions of discretely presented component units.

Enterprise and internal service fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities columns. A column representing

internal service funds is also presented in these statements, with the majority of the internal service funds' net position and activities combined with the governmental activities in the government-wide financial statements.

#### *Fiduciary Funds*

Fiduciary funds are used to account for assets held by the Nation in a fiduciary capacity. The Nation has one fiduciary fund, the Child Support Custodial fund.

The Child Support Custodial Fund is used to report balances and activities for deposits and remittances entrusted to the Nation via the Office of Child Support Services, as an agent for others. The fund accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act and 45 CFR 309. Amounts collected are distributed and deposited in conformity with tribal law and the standards prescribed in the Social Security Act and 45 CFR 309.

#### *Measurement Focus*

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide Statement of Net Position and Statement of Activities and fiduciary funds statements are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining change in net position, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of change in net position, net position and cash flows.

#### *Basis of Accounting*

The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the financial statements of the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Permanent Funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. The Nation accrues intergovernmental revenues, property rentals, dividends, and tax revenues based upon this concept. Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt are recorded as expenditures when paid.

The financial statements of the Enterprise Funds, Internal Service Funds, Fiduciary Funds, and the proprietary component units have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

#### *Adoption of Accounting Principles*

During the year ended September 30, 2022, the Nation and its component units retrospectively adopted the provisions of GASB 87, *Leases*. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases recognized based on the payment provisions of the contract. Under this standard, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The standard had no material impact on the Nation's financial statements.

CNB applied the provisions of this standard to the beginning of the year ended September 30, 2021, for which there was no impact on beginning of year net position. The standard had no material impact on HACN's financial statements. The implementation of this standard had no effect on the beginning net position of CNCCA and CNCCA had no right of use assets on hand as of September 30, 2022. CNHHS adopted the provisions of this standard on October 1, 2021 using a retrospective method of adoption. The effect of the adoption for CNHHS resulted in a change to previously reported net position by \$7,000.

#### *Accounting Policies*

The Nation's significant accounting policies related to the following basic financial statement categories are summarized below:

#### *Cash and Cash Equivalents*

The Nation considers all highly liquid investments in debt securities with maturities of ninety (90) days or less when purchased to be cash equivalents. A "pooled cash" concept is used in maintaining certain cash accounts in the accounting records. Under this method, cash is pooled and each fund participating in the pool has equity in the pooled amount. Pooled cash accounts consist principally of interest-bearing and non-interest-bearing demand deposit accounts.

#### *Restricted Cash, Cash Equivalents and Investments*

Amounts represent certain bank account and investment balances restricted for specific purposes as described in Note 3.

#### *Investments*

The Nation reports its investments at fair value, in accordance with GASB Statement No. 72. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### *Receivables*

Amounts represent revenue recognized but not yet received in the current period. Receivables are presented in the Statement of Net Position/Balance Sheet at net realizable value.

#### *Inventories*

Inventories of governmental funds are recorded at cost as expenditures when purchased rather than when consumed except as noted below:

The Nation, through its participation with the Indian Health Service National Supply Service Center (NSSC), maintains an inventory of pharmaceutical drugs received from the DHHS. The value of the pharmaceuticals and supplies are reflected as an asset in the Nation's financial statements.

The Nation maintains an inventory of the food for disbursement by Cherokee Nation's Food Distribution program, one of the nonmajor governmental funds. Food acquisitions are initially recorded as inventory and as unearned revenue and are charged to expenditures as used, using the First In, First Out (FIFO) method. Food inventories are valued at the cost assigned to such food items by the granting agency.

CNB's inventories are stated at the lower of cost or market and consist primarily of raw materials and manufactured products, food and beverage items, gaming supplies, hotel supplies, smoke shop, convenience store, golf pro shop, and gift shop inventory. Costs of raw materials and manufactured products are determined using the specific identification method. Inventories are evaluated periodically, and reserves are established as needed to provide for reduced values attributed to slow moving and/or obsolete

inventories. Costs of other inventories are determined by an average cost method. The average cost method used is not considered to be significantly different from the FIFO method.

As a result of the operation of the Title VI Loan program, the HACN had authorized to be built or acquired a number of homes in various locations in anticipation of the expected demand for the homes as well as homes for specific homebuyers in accordance with an agreement with them. As of September 30, 2022, these homes and related infrastructure are awaiting transfer of title to the HACN. Until the official transfer is made, the net book value of the homes, in the amount of \$1,087,000 is classified by the Nation as capital assets, depreciable, net in the government-wide statement of net position.

#### *Other Current Assets*

Amounts represent prepayments for supplies, pharmaceuticals and other expenditures.

#### *Derivative Instruments*

Derivative instruments are complex financial arrangements used to manage specific risks or to make investments and are measured at fair value in the government-wide statement of net position. During fiscal year 2016, the Nation entered into an interest rate swap agreement (derivative instrument) with a financial institution. This instrument was terminated during August 2022. See Note 9 for additional information. During fiscal year 2022, the Nation entered into a new interest rate swap agreement (derivative instrument) with a financial institution. See Note 12 for additional information concerning this interest rate swap agreement.

#### *Equity Interests in Component Units*

The Nation records its equity interests in component units that exist to enhance the government's ability to provide governmental services in accordance with GASB Statement No. 61, as amended by GASB Statement No. 90. As of September 30, 2022, the Nation held an equity interest in its component units of CNB, CNHHS and CHP totaling \$1,494,724,000 which reflected an increase from the prior year of \$328,621,000. Since the equity interest held by the Nation in these component units is not attributable to specific programmatic activities, decreases each year are presented as indirect expenses and increases are presented as charges for services, separately, from other programs of the Nation in the government-wide statement of activities. Detailed financial statements for the entities can be found on pages 36 and 37.

#### *Capital Assets*

The Nation's accounting policies regarding capital assets such as land improvements, buildings, vehicles and equipment are that these assets, with an initial cost of \$5,000 or more, are to be capitalized and depreciated over their estimated useful lives. Purchased or constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items are recorded at acquisition value. Title to certain property and buildings utilized by the Nation, such as Sequoyah High School, the Child Care Development Center, and other land is held by the federal government. Therefore, such assets are not reflected as capital assets in the accompanying financial statements. The Nation has chosen the straight-line depreciation method for its capital assets based on the estimated useful lives of the capital assets as follows:

<u>Class of Asset</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20-50 years
Equipment	3-20 years
Land Improvements	30 years

The Cherokee Nation has the ability to request that land owned by the Nation and its component units be placed into trust status with the United States. If land is accepted into trust status, the Nation and its component units have the ability to continue using the property. When land is placed into trust status, the

title to the property is transferred to the Federal Government. Under GAAP, this land is removed from the books of the Nation or its component units since the Nation no longer has title to the land. At September 30, 2022, there were various parcels of land owned by the Nation and its component units that the Nation has requested to be placed into trust status. The cost basis of this land will be written off by the Nation when, and if, the property is accepted into trust status.

#### *Lease Assets*

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

#### *Capital and Lease Asset Impairment*

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, provides for a two-step process of identifying potential impairments and testing for impairment. Asset impairment, as defined by GASB Statement No. 42, is a significant, unexpected decline in the service utility of a capital asset. The service utility of a capital asset is the usable capacity that at acquisition was expected to be used to provide service, as distinguished from the level of utilization, which is the portion of the usable capacity currently being used. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. At the time the capital asset was acquired, the event or change in circumstances would not have been expected to occur during the useful life of the capital asset.

The Cherokee Nation and its component units evaluate capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset that has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital or lease asset historical cost and related accumulated depreciation or amortization will be decreased proportionately such that the net decrease equals the impairment loss. There were no capital or lease asset impairments recognized during the year ended September 30, 2022.

#### *Intangible Assets*

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets, including recognition, initial measurement and amortization. CNE applied the provisions of GASB Statement No. 51 to the Hard Rock licensing agreement it entered into during fiscal year 2009 which resulted in the recognition of an intangible asset, which is reflected as a component of capital assets, depreciable, net in the accompanying financial statements. See Note 20 for additional information concerning the Hard Rock licensing agreement. Intangible assets are stated at amortized cost. Amortization is computed using the straight-line method over the contractual life of the asset.

#### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that period. The Nation had no items that qualified for reporting in this category at September 30, 2022.

There are also items of goodwill reported as deferred outflows of resources in the Combining Statement of Net Position – Component Units attributed to prior year business acquisitions. One item, attributable to

prior year CNB business acquisitions, will be amortized over the estimated period in which goodwill is expected to provide a benefit. At September 30, 2022, the estimated remaining life of this item ranges from three to nine years. Another item represents the purchase price paid in a 2022 acquisition in excess of the net assets acquired in the acquisition. This item is being amortized over a period of ten years. An additional item included in deferred outflows of resources is the purchase of rights to various subcontracts that have future revenues associated with them. This item will be amortized over the next one to three years, depending on the contract. CHP reports deferred outflows of resources of approximately \$1,484,000 attributed to a prior business acquisition. In accordance with FASB Accounting Standards Codification 805-30, on an annual basis and at interim periods when circumstances require, CHP tests the recovery of its goodwill and recognizes an impairment loss for the amount by which the carrying amount of goodwill exceeds its fair value. There was no impairment loss recognized for the year ended June 30, 2022.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Nation has one item that qualifies for reporting in this category which is the accumulated increase in fair value of a hedging derivative. The accumulated increase in fair value of the hedging derivative results from the interest rate swap agreement having a positive fair value of \$13,496,000. More information can be found in Note 12. Additionally, as reported in the Balance Sheet – Governmental Funds, there are unavailable revenues attributable to notes receivables issued to eligible tribal members and long-term receivables related to litigation settlements. CNB has one item that qualifies for reporting in this category which relates to the recognition of lease receivables in accordance with the adoption of GASB 87 in 2022. The estimated life of these deferred inflows range from six to 30 years, depending on the terms of the lease contract.

#### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

#### *Unearned Revenues*

The Nation is the recipient of grants from several different federal and state agencies. In some instances, the grants are advance funded before eligibility requirements are met (excluding time requirements). The Nation records these grants as unearned revenue until the funds are expended in accordance with the grant terms.

#### *Landfill Closure and Postclosure Care Costs*

The Nation, based on the cumulative amount of used capacity, accrues the currently estimated liability for closure and postclosure care costs for the Nation's landfill. Such estimated costs include expected equipment and facility costs, costs of the final cover and postclosure care. The liability recorded by the Nation at September 30, 2022 is based on what it would cost to perform all closure and postclosure care in 2022.

#### *Taxes*

The Nation is exempt from federal and state income taxes; consequently, no provision for income taxes is included in the accompanying financial statements for any fund.

Tsa-La-Gi Apartments are registered as tribal lands held in trust. As such, it is exempt from the payment of city and county property taxes.

CNE, a blended component unit of CNB, pays a gaming tax based on certain gross revenues pursuant to provisions of the National Indian Gaming Regulatory Act. Amounts owed under the gaming tax are paid to the National Indian Gaming Commission (NIGC) on a quarterly basis and have been reflected within operating expenses in the Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units. Total payments for fiscal year 2022 were approximately \$257,000.

#### *Compensated Absences*

Vacation leave for the primary government is granted to all permanent full-time and eligible part-time employees. The annual amount of vacation time accrued varies, depending upon years of service, from 13 to 26 days for permanent full-time employees and from 6.5 to 13 days for permanent part-time employees. The maximum amount of vacation that may be accumulated and carried over to the following year is 30 days. Accumulated vacation leave vests, and the Nation is obligated to make payment, even if the employee terminates. Compensated absence liabilities are computed using the regular pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and medicare taxes compiled using rates in effect at that date.

On the governmental funds statements, compensated absences are only accrued if the obligation has matured, in other words, the obligation becomes due and payable because of employee resignation, employer buy-back or employee retirement. Upon request from the employee and approval by the supervisor and Human Resources, the Cherokee Nation annually buys back designated amounts of accrued annual leave from Regular/Full Time and Regular/Part Time employees, subject to restrictions based on funding agency guidelines as well as fund availability. In fiscal year 2022, the Cherokee Nation bought back \$3,217,000 of accrued annual leave.

#### *Net Position Classifications*

*Government-wide Statements* — Equity is classified as net position and displayed in three components:

Net investment in capital assets consists of capital and lease assets, net of accumulated amortization and depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors and external board of directors, or laws and regulations of other governments, or law through Tribal constitutional provisions or enabling legislation. The Nation classifies the equity interests in component units within this category as the operations of these entities are governed by separate, external boards of directors. It is the Nation's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.

Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

*Fund Financial Statements* — Governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Nation is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints, including inventories, prepaid assets and the corpus of permanent funds.

Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Tribal Council and do not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of a Legislative Act (Law) by the Tribal Council.

Assigned includes fund balance amounts that are constrained by the Nation's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Nation's Treasurer or approval of Tribal Council Resolution.

Unassigned includes fund balance amounts within the General Fund which have not been classified within the above mentioned categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

It is the Nation's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Nation uses committed, assigned, and lastly unassigned amounts of fund balance (in that order) when expenditures are made.

#### *Revenue Recognition*

The Nation considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Nation generally defines the availability period for revenue recognition as received within the reporting period or within ninety (90) days after year end. The Nation's major revenue sources that meet this availability criterion are tax revenues and required dividends paid by component units.

#### *Program Revenues*

There are three classifications of programmatic revenues for the Nation: program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary source of charges for services is earned income in connection with the operation of the Nation's W.W. Hastings Hospital, clinics and other health-related services, which are funded by the Department of Health and Human Services (DHHS) Self Governance Compact. Under the provisions of the Self Governance Agreement with DHHS, the Nation is required to expend this program income for purposes similar to those funded by the basic DHHS Self Governance Compact. There are no specific requirements designating when or in what order program and other self governance funds should be spent. Program income earned from clinic and other health-related services in the form of third party billed revenue for SG DHHS during the year ended September 30, 2022 was \$330,934,000.

#### *Grants and contributions not restricted to specific programs*

In the government-wide Statement of Activities, the Nation's Self Governance DOI compact is reported as General Revenues because under this compact the Nation has discretion in the application of these funds to various programs/functions administered under the general provisions of the compact.

#### *Operating and Nonoperating Revenues and Expenses*

In the Proprietary Funds and component units, operating revenues are those revenues produced as a result of providing services and producing and delivering goods, including all interest income on loan transactions and other events. Nonoperating revenues are funds primarily provided by investing activities, such as

financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue, and include items such as interest expense and losses on disposal of assets.

#### *Interest Income*

Interest income is recorded as earned in the fund holding the interest bearing asset.

#### *Interest Income - Self Governance Compacts*

The Nation receives certain amounts of advance funding as a self governance compact tribe in four large self governance compacts with the DOI, DOT TTSGP, and DHHS. These funds are invested in interest earning assets until the funds are expended under the terms of the self governance compacts. The Nation need not refund the interest earnings under these compacts and is not directly accountable to the DOI, DOT TTSGP, or the DHHS for the expenditure of these interest earnings. The discretionary interest is recorded in the Self Governance funds but is allocated to other programmatic expenditures through the budgeting process.

#### *Interest Income - Grants*

The Nation receives certain amounts of advance funding in connection with five large grants: (1) NAHASDA, funded by the Department of Housing and Urban Development (HUD), (2) the Sequoyah High School Grant, which is funded by the DOI and the Department of Education, (3) PL 102-477 which is funded by the Department of Labor (DOL) and the DHHS through the DOI, (4) Coronavirus Relief Funds, funded through the Department of the Treasury and (5) Fiscal Recovery Fund, funded through the Department of the Treasury. The applicable legislation and regulations for each grant authorize the earning of interest on advance payments; the use of which is governed by the same.

#### *Internal Activities*

The Nation's policy for eliminating internal activities in the government-wide Statement of Activities is the look-back approach. This method prescribes that the internal service funds operate on a breakeven basis. The net profit or loss on an internal service fund is to be allocated to the government's programs/departments that benefited from the goods or services provided based on their proportionate benefit.

#### *Indirect Costs*

The government-wide Statement of Activities does not use a separate column to identify allocated indirect costs since the allocation is automatically calculated. Indirect costs are included in the program operating expenses reported for individual functions and activities in the fund statements.

The Nation's indirect cost plan utilizes a fixed rate with carryforward. To the extent that actual indirect cost expenses differ materially from indirect cost recoveries, the difference is recorded as a liability (overrecovered) or an asset (underrecovered) and reversed in the period in which the difference is used to adjust the indirect cost rate.

#### *Budgets and Budgetary Accounting Policies*

Title 62, §31-32 provides the legal level of budgetary control for the Cherokee Nation. The Executive and Finance Committee of the Council, upon direction of the Treasurer and with advisement from the Controller, shall formulate an annual appropriations bill. The bill shall contain the legal budgeted annual revenue and expenditures/expenses for the general fund and enterprise funds for the executive, legislative, and judicial branches of government. The functional level (e.g. health services) is used for reporting the legal level of budgetary control. The sources of revenue may be based upon estimates. The budgeted expenditures/expenses for these funds shall not exceed total estimated revenues and beginning fund balance

and net position. The Executive and Finance Committee of the Council, upon direction of the Treasurer and with advisement from the Controller, shall be responsible for proposing amendments to the annual appropriations law based upon material changes in real or estimated revenues and expenditures/expenses that affect the total amounts budgeted. Management budgets are developed at the accounting unit level. Any amendments to the annual appropriations bill shall be presented to the full Tribal Council for consideration and passage. Any funds received by the Cherokee Nation, the use of which is determined by the granting or contracting agency (special revenue funds) shall be used only for those purposes and under those conditions for which the funds are made available and such funds are not subject to legal appropriation by the Tribal Council.

The basic financial statements contain a budget and actual comparative statement for the General Fund, a legally budgeted fund. A budgetary statement for Enterprise Funds, which are also legally budgeted, is included in the budgetary information section of Other Supplementary Information.

Budgets for the Nation are prepared on the same basis of accounting as the financial statements; therefore, no reconciliation is necessary.

#### *Management Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

## **2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Below is an explanation of certain differences between the governmental funds balance sheet and the government-wide Statement of Net Position:

The governmental funds balance sheet includes a reconciliation of total fund balances of the governmental funds to the total net position of the governmental activities in the Statement of Net Position. One element of that reconciliation explains that “capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of this \$533,145,000 of capital assets used in governmental activities are as follows (dollars in thousands):

Capital assets, net	\$ 555,669
Less: Internal service fund capital assets	<u>(22,524)</u>
Capital assets used in governmental activities	<u>\$ 533,145</u>

Another element of the reconciliation is the amount of \$40,307,000 which states “Assets recorded in government-wide financial statements that are not available to pay for current period expenditures, therefore, are unavailable and not recorded in the funds.” The details of this difference are shown as follows on the next page (dollars in thousands):

Notes receivable, net - Self Help Housing	\$ 1,379
Long-term receivables - Litigation settlements	<u>38,928</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 40,307</u>

Additionally, an element of that reconciliation explains “Liabilities that are not due and payable in the current period and, therefore, not reported in the funds.” The details of this \$1,283,000 difference are as follows (dollars in thousands):

Long-term debt	<u>\$ (1,283)</u>
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A reconciliation of the net change in fund balances – total governmental funds reported in the statement of revenues, expenditures, and changes in fund balances for the governmental funds to the change in net position of governmental activities reported in the Statement of Activities is presented in the accompanying basic financial statements.

One element of this reconciliation explains “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$49,375,000 difference are as shown below (dollars in thousands):

Capital expenditures in governmental funds capitalized on government-wide financial statements	\$ 76,454
Depreciation expense	<u>(27,079)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 49,375</u>

Some expenses are reported in the Statement of Activities when incurred and presented as expenditures in the governmental funds when paid. The details of this \$2,754,000 difference are as shown below (dollars in thousands):

Additional capital outlay expense and loss on disposal	\$ 3,483
Other	<u>(729)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,754</u>

### 3. DEPOSITS AND INVESTMENTS

#### *Deposits*

During 2015, the Nation enacted Legislative Act (LA) 14-15 known as the “Financial Security and Stability Act of 2015” amending LA13-85 relating to the deposit and investment of funds. This legislative act defined financial institutions and financial instruments. A financial institution shall be an entity or depository whose primary business and function focuses on dealing with financial services and transactions,

such as investments, loans and deposits. A financial institution shall include Federal Deposit Insurance Corporation (FDIC) insured banks, National Credit Union Association (NCUA) insured credit unions and other financial institutions whose activities are controlled or regulated by federal law and/or federal regulations or regulators, including but not limited to the U.S. Securities and Exchange Commission. A financial instrument shall be any negotiable asset or instrument with monetary value. Allowable financial instruments shall include, but not be limited to, Demand Deposits, Certificates of Deposit, Certificates of Deposit Account Registry (CDARS), Insured Cash Sweeps (ICS), Savings Accounts, repurchase/reverse repurchase agreements, U.S. Treasuries and U.S. government securities and those issued by its agencies and instrumentalities, and Institutional Money Market Funds whereby those funds are comprised of a majority of allowable financial instruments as described above.

In December 2017, the Nation enacted LA 35-17 establishing the Cherokee Nation Sovereign Wealth Fund (CNSWF). The two largest funds within the CNSWF are the Education Reserve and the Emergency Reserve. Intended to provide financial security in the event of unforeseen future issues, these reserve funds will be invested for growth purposes under the direction of the Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the Nation's deposits may not be returned. No funds under the control of the Nation shall be invested with any financial institution unless the financial institution is insured by the FDIC, NCUA and/or the financial institution's activities are controlled or regulated by federal law and/or federal regulations or regulators, including but not limited to the U.S. Securities and Exchange Commission. No funds in excess of current FDIC or NCUA insurance maximums shall be invested in a single financial institution unless said funds are collateralized either by and/or invested directly into obligations and/or bonds which contain an investment grade rating from a nationally recognized rating firm, such as Standard and Poor's, Moody's or Fitch, or local, state, or U.S. Government securities, and those issued by its agencies and instrumentalities, and Nation securities. Collateralized funds shall be secured and pledged to the Nation via joint custody receipts for the full amount of said funds.

Deposits of the primary government are generally insured or covered by pledged collateral. At September 30, 2022, all deposits were insured or collateralized and held by various safe-keeping agents in the Nation's name. Component units' deposits of \$35,802,000 at September 30, 2022 were uninsured and uncollateralized.

### *Investments*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Nation has no formal policy relating to a specific investment-related risk; however, the Nation manages interest rate risk by maintaining a balance of highly liquid investments and a "ladder" approach to long-term investments. Funds are invested in blocks, normally of \$1,000,000 or greater, with maturities ranging from one to fifteen years. Any investment with a maturity date of over five years requires consent of the Executive and Finance Committee of the Council, with the exception of investments held by the U.S. Department of Interior's Office of Trust Fund Management (OTFM). Those investments are made based on the general investment strategy and guidance provided by the Nation.

CNB's investment policy restricts investment maturities to a period of five years or less. CNB and its component units' interest rate risk was minimized by the highly liquid nature of its money market investment accounts at September 30, 2022.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. While the Nation has no formal policy relating to the credit risk of investments, the Nation's investments in U.S. agencies were rated either AAA or AA+ by Standard & Poor's, AAA by Fitch Ratings

and Aaa by Moody's Investors Service. The Nation's and CNB's mutual fund bond investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Nation's investment in a single issuer. The Nation's investment policy does not specifically address concentration of credit risk. Of the total primary government's investments in U.S. government sponsored entities, \$4,000,000 or 28%, is invested in Federal Agricultural Mortgage Corporation (FAMCA) securities, \$6,689,000, or 46% is invested in Federal Farm Credit Banks (FFCB), and \$3,841,000, or 26%, is invested in Federal Home Loan Bank (FHLB) securities.

#### *Investments Measured at Fair Value*

The Nation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Nation has the following recurring fair value measurements as of September 30, 2022:

- U.S. Treasury Obligations of \$2,298,997,000 are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds of \$489,958,000 are valued using quoted market prices (Level 1 inputs).
- Repurchase agreements of \$1,422,000 are valued using quoted market prices (Level 1 inputs).
- U.S. Government sponsored entities of \$14,530,000 are valued using quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity, and/or where price quotations vary substantially either over time or among market makers, or in which little information is released publically. (Level 2 inputs).
- Interest rate swap agreements are valued at estimated fair value (Level 2 inputs). See Note 10, specifically under the Fair Value subheadings, for more information.

The component units have the following recurring fair value measurements as of September 30, 2022:

- Money market mutual funds of \$805,419,000 are valued using quoted market prices (Level 1 inputs).
- Mutual funds of \$2,788,000 are valued using quoted market prices (Level 1 inputs).

Investments, categorized as to interest and credit risk, at September 30, 2022 were as shown on the following page (dollars in thousands):

<b>Investment Type</b>	<b>Investment Maturities (in Years)</b>					<b>Credit Rating Moody's/S&amp;P</b>
	<b>Fair Value</b>	<b>Less Than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More Than 10</b>	
Primary Government:						
U.S. Treasury Obligations	\$ 2,298,997	\$ 2,298,997	\$ -	\$ -	\$ -	Aaa/AA+
Money market mutual funds	489,958	489,958	-	-	-	(1)
Repurchase agreements	1,422	1,422	-	-	-	N/R
U.S. Government sponsored entities	14,530	-	1,680	4,802	8,048	Aaa/AA+
Total Primary Government	<u>\$ 2,804,907</u>	<u>\$ 2,790,377</u>	<u>\$ 1,680</u>	<u>\$ 4,802</u>	<u>\$ 8,048</u>	
Component Units:						
Money market mutual funds	\$ 805,419	\$ 805,419	\$ -	\$ -	\$ -	AAA
Mutual funds	2,788	-	2,788	-	-	(2)
Total Component Units	<u>\$ 808,207</u>	<u>\$ 805,419</u>	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ -</u>	

(1) The money market mutual funds are comprised of mutual funds that are primarily invested in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury obligations.

(2) While these mutual funds do not have formal ratings, they are Governmental or Institutional type funds that are invested only in securities that have the highest short term rating from at least two nationally recognized statistical rating organizations (NRSRO's).

A reconciliation of the investments for the Primary Government presented above to the investments as presented in the Statement of Net Position as follows (dollars in thousands):

Investments as presented above	\$ 2,804,907
Less U.S. Treasury obligations reported as Cash & Cash Equivalents	(1,550,878)
Less Money market mutual funds and repurchase agreements reported as Cash Equivalents	<u>(491,380)</u>
Total investments	<u>\$ 762,649</u>

A reconciliation of the unrestricted investments for the Component Units presented above to the unrestricted investments as presented in the Statement of Net Position as follows (dollars in thousands):

Investments as presented above	\$ 808,207
Plus Certificates of Deposit reported as investments	3,997
Less Money market mutual funds reported as Cash Equivalents	<u>(804,087)</u>
Total unrestricted investments	<u>\$ 8,117</u>

*Restricted Cash, Cash Equivalents and Investments*

Restricted cash, cash equivalents and investments and reserved cash at September 30, 2022 as shown on the following page (dollars in thousands):

Primary Government

Tenant security deposits held in trust, replacement reserves and mortgage escrow deposits for Tsa-La-Gi	\$ 36
Capital replacement, closure and postclosure care costs of the Landfill Closure fund	3,851
Scholarship funds and youth development projects	529
District Court escrow account	<u>12</u>
Total Primary Government restricted cash, cash equivalents and investments	<u>\$ 4,428</u>

Component Units

HACN's lease-to-own homeownership program monthly equity payments	2,090
Pari-mutuel horse racing activities funds	33,637
CNB cash related to federal grants	74
CNF endowment funds	<u>124</u>
Total Component Unit restricted cash, cash equivalents and investments	<u>\$ 35,925</u>

**4. RECEIVABLES**

Receivables for primary government at September 30, 2022 consisted of the following as shown as follows on the next page (dollars in thousands):

Primary Government					
	Accounts Receivable				
	Grants & Contracts Receivable	Accounts Receivable	Interest Receivable	Total	Notes Receivable
Governmental Receivables:					
General					
Motor fuel taxes	\$ -	\$ 2,882	\$ -	\$ 2,882	\$ -
Other taxes	-	213	-	213	-
Other accounts receivable	-	1,459	-	1,459	-
Litigation Settlement, current	-	31,719	-	31,719	-
Litigation Settlement, long-term	-	38,928	-	38,928	-
Special Revenue Funds	13,365	33,984	1,890	49,239	1,379
Other - Internal Service Funds	-	2,155	-	2,155	-
Receivables of Governmental Activities	<u>\$ 13,365</u>	<u>\$ 111,340</u>	<u>\$ 1,890</u>	<u>\$ 126,595</u>	<u>\$ 1,379</u>
Business-type Activities:					
CN Sanitary Landfill	\$ -	\$ 38	\$ -	\$ 38	\$ -
EDTA	-	254	-	254	-
Notes receivable, current	-	-	-	-	2,117
Long-term notes receivable	-	-	-	-	11,009
	-	292	-	292	13,126
Less: Allowance for uncollectables	-	-	-	-	(388)
Receivables of Business-type Activities	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ 12,738</u>

Accounts receivable for Special Revenue Funds include amounts receivable from Medicare, Medicaid and insurance companies for services provided to covered patients at the Nation's W.W. Hastings Hospital and clinics.

Receivables for component units at September 30, 2022 shown below consisted of the following as shown below (dollars in thousands):

	Component Units						Total
	CNB	HACN	CNCCA	CNHHS	CHP	CNF	
Receivables:							
Accounts and Other	\$ 172,594	\$ 1,667	\$ 163	\$ 918	\$ 2,595	\$ 109	\$ 178,046
Interest	-	674	-	-	-	-	674
Notes	-	10,882	-	-	-	-	10,882
	172,594	13,223	163	918	2,595	109	189,602
Less: Allowance for uncollectables	(1,403)	-	-	(233)	-	-	(1,636)
Receivables, net	<u>\$ 171,191</u>	<u>\$ 13,223</u>	<u>\$ 163</u>	<u>\$ 685</u>	<u>\$ 2,595</u>	<u>\$ 109</u>	<u>\$ 187,966</u>

#### *Mortgages Receivable – Title VI*

HACN has mortgages receivable at September 30, 2022 totaling \$9,993,000 from individuals who are participating in the Title VI loan program. Each of these loans is secured by a mortgage on the house sold by HACN. The loans have an interest rate of 4% and are payable over 30 years. No allowance has been recorded as of September 30, 2022 as the Housing Authority believes the amounts to be collectable or, if

the houses are reacquired by HACN, the value of the home will equal or exceed the balance of the loan. At September 30, 2022, the current and noncurrent portions of these mortgages receivable were \$494,000 and \$9,499,000, respectively.

## 5. INTERFUND TRANSFERS AND BALANCES

Interfund transfers for the year ended September 30, 2022 consisted of the following as shown (dollars in thousands):

Category and Fund	Transfers from Other Funds	Transfers to Other Funds
Governmental Activities:		
Governmental Funds:		
General	\$ 30,984	\$ (10,543)
PL 102-477	-	(13,949)
Self Governance DOT TTSGP	-	(488)
Self Governance DHHS	-	(223,432)
Fiscal Recovery Fund	-	(5,962)
Nonmajor Governmental Funds	223,555	(379)
Total Governmental Funds	254,539	(254,753)
Internal Service Funds	11	-
Total Governmental Activities	254,550	(254,753)
Business-type Activities:		
Proprietary Funds:		
Nonmajor Enterprise Funds	1,497	(1,294)
Total Proprietary Funds	1,497	(1,294)
Total Business-type Activities	1,497	(1,294)
Total Primary Government	\$ 256,047	\$ (256,047)
Reconciliation to government-wide Statement of Activities:		
Governmental Activities:		
Transfers In	\$ 254,550	
Transfers Out	(254,753)	
Net Transfer Governmental Activities		\$ (203)
Business-type Activities:		
Transfers In	\$ 1,497	
Transfers Out	(1,294)	
Net Transfer Business-type Activities		\$ 203

Transfers are generally used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) move unrestricted revenues collected in the General Fund, or other funds, to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2022, the Fiscal Recovery Fund transferred \$5,962,000 in interest to the General Fund.

Interfund balances at September 30, 2022 consisted of the following as shown on the following page (dollars in thousands):

Category and Fund	Due from Other Funds	Due to Other Funds
Governmental Activities:		
Governmental Funds:		
General	\$ 117,538	\$ 31,246
PL 102-477	-	42,209
Self Governance DOT TTSGP	-	2,699
Self Governance DHHS	-	300,416
Fiscal Recovery Fund	-	29,419
Nonmajor Governmental Funds	246,595	11,939
Total Governmental Funds	<u>364,133</u>	<u>417,928</u>
Internal Service Funds	<u>61,140</u>	<u>3,017</u>
Total Governmental Activities	<u>425,273</u>	<u>420,945</u>
Business-type Activities:		
Proprietary Funds:		
Nonmajor Enterprise Funds	-	4,328
Total Proprietary Funds	<u>-</u>	<u>4,328</u>
Total Business-type Activities	<u>-</u>	<u>4,328</u>
Total Primary Government	<u>\$ 425,273</u>	<u>\$ 425,273</u>

Reconciliation to government-wide Statement of Net Position:

Governmental Activities:		
Due from Other Funds	\$ 425,273	
Due to Other Funds	<u>(420,945)</u>	
Net Internal Balances		<u>\$ 4,328</u>
Business-type Activities:		
Due to Other Funds	<u>\$ (4,328)</u>	
Net Internal Balances		<u>\$ (4,328)</u>

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, the dates the transactions are recorded in the accounting system, and the date payments between funds are made.

Interfund balances that are not expected to be repaid within one year include \$2,705,000 due from nonmajor enterprise funds to the general fund. This balance is related to reimbursements for capital purchases and is expected to be paid over several years.

## 6. INVENTORIES

The Nation's inventories were comprised of the following at September 30, 2022 as shown on the following page (dollars in thousands):

	<b><u>Governmental Funds</u></b>	<b><u>Internal Service Funds</u></b>	<b><u>Component Units</u></b>
Finished goods and raw materials	\$ -	\$ -	\$ 16,083
Food for distribution	905	-	-
Pharmaceuticals and supplies	<u>7,013</u>	<u>303</u>	<u>654</u>
	7,918	303	16,737
Less inventory reserves	<u>-</u>	<u>-</u>	<u>(2,054)</u>
Total inventories	<u>\$ 7,918</u>	<u>\$ 303</u>	<u>\$ 14,683</u>

## 7. CAPITAL ASSETS

A summary of capital assets activity by major class, for the year ended September 30, 2022 follows (dollars in thousands):

### **Governmental Activities**

	<b><u>Balance, September 30, 2021</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance, September 30, 2022</u></b>
<b>Activity by Major Class</b>				
Capital assets, not being depreciated:				
Land	\$ 28,485	\$ 11,144	\$ -	\$ 39,629
Construction in process	<u>35,548</u>	<u>33,377</u>	<u>(40,984)</u>	<u>27,941</u>
Total capital assets, not being depreciated	<u>64,033</u>	<u>44,521</u>	<u>(40,984)</u>	<u>67,570</u>
Capital assets being depreciated:				
Buildings and improvements	459,758	54,977	(395)	514,340
Equipment	147,176	21,766	(1,146)	167,796
Land improvements	<u>2,002</u>	<u>2,107</u>	<u>-</u>	<u>4,109</u>
Total capital assets being depreciated	<u>608,936</u>	<u>78,850</u>	<u>(1,541)</u>	<u>686,245</u>
Less accumulated depreciation for:				
Buildings and improvements	(74,513)	(12,811)	-	(87,324)
Equipment	(96,686)	(14,127)	939	(109,874)
Land improvements	<u>(807)</u>	<u>(141)</u>	<u>-</u>	<u>(948)</u>
Total accumulated depreciation	<u>(172,006)</u>	<u>(27,079)</u>	<u>939</u>	<u>(198,146)</u>
Total capital assets being depreciated, net	<u>436,930</u>	<u>51,771</u>	<u>(602)</u>	<u>488,099</u>
Activity by major class capital assets, net	<u>\$ 500,963</u>	<u>\$ 96,292</u>	<u>\$ (41,586)</u>	<u>\$ 555,669</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

Tribal Government	\$ 12,730
Health Services	11,845
Education Services	554
Human Services	504
Community Services	<u>1,446</u>

Total Governmental activities depreciation expense	<u>\$ 27,079</u>
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**Business-type Activities**

	<b>Balance, September 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, September 30, 2022</b>
Capital assets, not being depreciated:				
Land	<u>\$ 155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155</u>
Capital assets being depreciated:				
Equipment	3,588	-	(24)	3,564
Land improvements	<u>1,955</u>	<u>-</u>	<u>-</u>	<u>1,955</u>
Total capital assets being depreciated	<u>5,543</u>	<u>-</u>	<u>(24)</u>	<u>5,519</u>
Less accumulated depreciation for:				
Equipment	(2,442)	(364)	21	(2,785)
Land improvements	<u>(325)</u>	<u>(196)</u>	<u>-</u>	<u>(521)</u>
Total accumulated depreciation	<u>(2,767)</u>	<u>(560)</u>	<u>21</u>	<u>(3,306)</u>
Total capital assets being depreciated, net	<u>2,776</u>	<u>(560)</u>	<u>(3)</u>	<u>2,213</u>
Business-type activities capital assets, net	<u>\$ 2,931</u>	<u>\$ (560)</u>	<u>\$ (3)</u>	<u>\$ 2,368</u>

Depreciation expense of \$4,000 was recognized by Tsa-La-Gi Apartments while depreciation of \$556,000 was recognized by CN Sanitary Landfill for the year ended September 30, 2022.

During 2022, assets in the amount of \$3,000 for the Tsa-La-Gi Apartments were transferred to the HACN. This amount is recorded as a capital contribution on the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.

**Component Unit Activities**

	<b>Balance, September 30, <u>2021</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b>Balance, September 30, <u>2022</u></b>
<b>CNB and HACN:</b>				
Capital assets, not being depreciated:				
Land	\$ 53,457	\$ 38,426	\$ (184)	\$ 91,699
Construction in process	17,779	18,290	(6,377)	29,692
Artwork	<u>4,564</u>	<u>196</u>	<u>(114)</u>	<u>4,646</u>
Total capital assets, not being depreciated	<u>75,800</u>	<u>56,912</u>	<u>(6,675)</u>	<u>126,037</u>
Capital assets being depreciated:				
Buildings, improvements and other	917,058	19,662	(4,176)	932,544
Machinery and equipment	<u>289,427</u>	<u>9,979</u>	<u>(17,322)</u>	<u>282,084</u>
Total capital assets being depreciated	<u>1,206,485</u>	<u>29,641</u>	<u>(21,498)</u>	<u>1,214,628</u>
Less accumulated depreciation for:				
Buildings, improvements and other	(333,902)	(35,431)	3,239	(366,094)
Machinery and equipment	<u>(214,341)</u>	<u>(22,712)</u>	<u>18,884</u>	<u>(218,169)</u>
Total accumulated depreciation	<u>(548,243)</u>	<u>(58,143)</u>	<u>22,123</u>	<u>(584,263)</u>
Total capital assets being depreciated, net	<u>658,242</u>	<u>(28,502)</u>	<u>625</u>	<u>630,365</u>
CNB and HACN activities - capital assets, net	<u>734,042</u>	<u>28,410</u>	<u>(6,050)</u>	<u>756,402</u>
<b>Other Component Units:</b>				
CNHHS, CNCCA, CHP, and CNF capital assets, net	<u>4,470</u>	<u>617</u>	<u>(1,026)</u>	<u>4,061</u>
Total of the Component Unit activities - capital assets, net	<u>\$ 738,512</u>	<u>\$ 29,027</u>	<u>\$ (7,076)</u>	<u>\$ 760,463</u>

**8. LEASE ASSETS**

A summary of lease assets activity by major class, for the year ended September 30, 2022 follows on the next page (dollars in thousands):

## Component Unit Activities

	<b>As Restated Balance, September 30, <u>2021</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, September 30, <u>2022</u></b>
<b>CNB:</b>				
Lease assets:				
Land	\$ 6,333	\$ -	\$ -	\$ 6,333
Art	934	-	-	934
Building	11,982	6,192	(161)	18,013
Equipment	827	798	-	1,625
Total lease assets	<u>20,076</u>	<u>6,990</u>	<u>(161)</u>	<u>26,905</u>
Less accumulated amortization:				
Land	(1,374)	(1,374)	-	(2,748)
Art	(114)	(114)	-	(228)
Building	(2,612)	(3,217)	149	(5,680)
Equipment	(307)	(379)	-	(686)
Total accumulated amortization	<u>(4,407)</u>	<u>(5,084)</u>	<u>149</u>	<u>(9,342)</u>
CNB lease assets -- net	15,669	1,906	(12)	17,563
Other component unit activities - CNHHS lease assets, net	<u>93</u>	<u>52</u>	<u>-</u>	<u>145</u>
Total of component units -- lease assets, net	<u>\$ 15,762</u>	<u>\$ 1,958</u>	<u>\$ (12)</u>	<u>\$ 17,708</u>

## **9. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2022 was as follows (dollars in thousands):

<u>Governmental Activities</u>	<b>Balance, September 30, <u>2021</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b>Balance, September 30, <u>2022</u></b>	<b><u>Current Portion</u></b>	<b><u>Long-Term Portion</u></b>
<b>Notes Payable</b>						
Note payable to construct Tahlequah Outpatient Health Facility. See (1) below.	145,444	-	(145,444)	-	-	-
Note payable to construct new W.W. Hastings Hospital Construction. See (2) below.	<u>-</u>	<u>1,283</u>	<u>-</u>	<u>1,283</u>	<u>-</u>	<u>1,283</u>
Total long-term debt	<u>\$ 145,444</u>	<u>\$ 1,283</u>	<u>\$ (145,444)</u>	<u>\$ 1,283</u>	<u>\$ -</u>	<u>\$ 1,283</u>

- (1) This direct placement note provided the funding for the construction of a new outpatient health facility in Tahlequah, Oklahoma. The principal amount of the note was \$170,000,000 to finance a portion of the costs of the construction of the project, finance a portion of the costs of furniture, fixtures and

equipment for the project, refund the outstanding Bonds, and pay transaction costs. This note had an interest only period until the first principal payment on the loan was paid on August 31, 2019, with each scheduled installment being an amount equal to 1/180<sup>th</sup> of the outstanding principal balance of the loan as of the close of business on August 30, 2019. Payment of each scheduled monthly principal installment was accompanied by payment of the interest due. Interest on the note was due and payable in arrears on the last day of each calendar month, commencing September 30, 2016 and at maturity. As of August 26, 2019 the entire loan amount had been drawn. This note was paid off in August 2022. At the time that the loan and swap agreement were terminated early, the Nation had an unrealized gain.

- (2) This note provides some of the funding for the construction of a new hospital facility in Tahlequah, Oklahoma. The principal amount of the note is \$200,000,000 for the purposes of financing a portion of the costs, to include design, construction, and equipping of the Project, including but not limited to costs of labor and materials, costs of on-site and off-site improvements, amounts paid to contractors, costs of landscaping, architectural fees, engineering fees, and cost of equipment, as well as transaction costs. This note has an interest only period until the first principal payment on the loan is due beginning on August 31, 2022, with each scheduled installment being an amount equal to 1/180<sup>th</sup> of the outstanding principal balance of the loan as of the close of business on the last day of the calendar month immediately following the Outside Funding Date defined as the earlier of the 30<sup>th</sup> day following the Completion Date or the third anniversary of the Closing Date. Payment of each scheduled monthly principal installment shall be accompanied by payment of the interest due. Interest on the note shall be due and payable in arrears on the last day of each calendar month, commencing August 31, 2022 through the maturity date of July 2029. As of September 30, 2022 the Nation has drawn down \$1,283,000 of the construction loan funds. The Nation entered into a swap agreement with Bank of Oklahoma to synthetically fix the interest rate on the \$200,000,000 loan. The swap agreement synthetically fixes the rate at 3.25%. The agreement covers the entire 7-year term. There are potential gains and losses associated with the swap agreement should Cherokee Nation choose an early payoff on the loan. The note is a general obligation of the Nation. See Note 12 for additional details.

The balance of long-term debt, including direct financing obligations, for business-type activities at September 30, 2022 was \$1,519,000. The balance of long-term debt for Component Units at September 30, 2022 was \$59,621,000. Long-term debt, including direct financing obligations and lines of credit, in the business-type activities and component units at September 30, 2022 consisted of the following as shown on the following pages (dollars in thousands):

<u>Business-type Activities</u>	Balance, September 30, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, September 30, <u>2022</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
<b>Economic Development Trust Authority</b>						
Notes payable to the Department of Agriculture in variable annual installments including interest of 1% annual, with final payment due August 2034. See (3) below.	737	-	(67)	670	67	603
Notes payable to the Department of Agriculture in variable annual installments including interest of 1% annual, with final payment due August 2052. See (4) below.	-	-	-	-	-	-
<b>CN Sanitary Landfill</b>						
Direct financing obligation to Rogers County Bank with fixed payments. Interest rate 2.90%, with final payment due November 2024. See (5) below.	1,223	-	(374)	849	385	464
Total long-term debt	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ (441)</u>	<u>\$ 1,519</u>	<u>\$ 452</u>	<u>\$ 1,067</u>

(3) These direct borrowing notes are secured with collateral of the Intermediary Revolving Fund and the Intermediary Relending Program (IRP). In the event of default, USDA may declare the notes immediately due and payable.

(4) This note is secured with collateral of the Heirs' Property Relending Program Fund. In the event of default, USDA may declare the notes immediately due and payable.

(5) The direct financing obligation is secured by the equipment covered in the agreement. In the event of default, the agreement may be declared immediately due and payable. Equipment under this agreement had a book value of \$773,000 at September 30, 2022, net of accumulated amortization of \$999,000.

<u>Component Units</u>	Balance, September 30, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, September 30, <u>2022</u>	Current <u>Portion</u>	Long-Term <u>Portion</u>
<b>Cherokee Nation Businesses, LLC (CNB)</b>						
Revolving line of credit. See (6) below.	-	-	-	-	-	-
<b>Housing Authority of the Cherokee Nation (HACN)</b>						
Assumable Mortgage Program (*AMP*) - loans for use in the purchase of homes provided to program participants. Interest rates vary from 4% to 7.125% and are payable in monthly installments over thirty (30) years. See (7) below.	59,593	229	(1,579)	58,243	1,409	56,834
<b>Cherokee Health Partners, LLC (CHP)</b>						
2.99% note payable, due in monthly installments of \$9 including interest, through March 2022, secured by equipment.	76	-	(76)	-	-	-
3.85% note payable, due in monthly installments of \$8 including interest, through May 2031, secured by equipment. See (8) below.	632	761	(105)	1,288	1,288	-
<b>Cherokee Nation Home Health Services (CNHHS)</b>						
Bank note payable dated June 7, 2006 in the original amount of \$371 has monthly payments of \$3, including interest at 5.5% and matures June 7, 2022, secured by a building and land. See (9) below.	126	-	(126)	-	-	-
Line of credit. See (10) below.	145	-	(55)	90	38	52
<b>Cherokee National Historical Society, Inc (CNHS)</b>						
Bank note payable dated August 12, 2015 in the original amount of \$92 with a balloon payment due August 15, 2020. Interest rate is variable at 1.8 percentage points above the LIBOR rate. See (11) below.	56	-	(56)	-	-	-
Total long-term debt	<u>\$ 60,628</u>	<u>\$ 990</u>	<u>\$ (1,997)</u>	<u>\$ 59,621</u>	<u>\$ 2,735</u>	<u>\$ 56,886</u>

(6) On July 19, 2013, CNB entered into a \$100,000,000 revolving credit agreement that was increased to \$150,000,000 on November 6, 2017. On January 10, 2020, CNB entered into an amendment to the line of credit increasing the amount to \$300,000,000 and extending the maturity date for five years. CNE guarantees the amended credit facility. In addition, the agreement is collateralized by CNE's cash flows and substantially all of CNE's assets. The credit agreement includes a \$20,000,000 letter of credit arrangement. The agreement bears interest at the one-month London InterBank Offered Rate (LIBOR) plus a margin that ranges from 1.0% to 1.6%, depending on the leverage ratio. The credit agreement has quarterly unused commitment fees ranging from 0.25% to 0.30%, determined by the outstanding loan balance. These unused commitment fees are presented as interest expense in the accompanying financial statements. CNB had no outstanding borrowings at September 30, 2022.

(7) During fiscal year 2007, HACN began its Assumable Mortgage Program. In fiscal year 2022, HACN direct borrowed \$229,000 in new loans for use in the purchase or construction of 749 total homes provided to program participants. Interest rates on the loans vary from 4% to 7.125% and are payable in monthly installments over thirty years. At September 30, 2022, the loan balance was \$58,243,000. In the event of default, outstanding amounts become immediately due and payable.

(8) CHP's outstanding notes payable to THA from direct borrowings are secured by the equipment collateralized by the notes. In the event of default, outstanding amounts become immediately due and payable.

(9) CNHHS renewed a promissory note and security agreement with a bank in June 2006 totaling \$371,000 with monthly payments of \$3,000, including interest at 7%, and an original maturity date of June 7, 2009. During 2009, the note agreement was extended an additional 35 monthly payments of \$3,000, including interest at 7.0% and a balloon payment of all outstanding principal and interest due June 7, 2012. During 2012, the note agreement was extended an additional 59 monthly payments of \$3,000, including interest at 5.25% and a balloon payment of all outstanding principal and interest due June 7, 2017. During 2017, the note agreement was extended an additional 59 monthly payments of \$3,000 including interest at 5.50% and a balloon payment of all outstanding principal and interest due June 7, 2022. The purpose of the note was to finance the construction of a new office building, completed in March 2006. The direct borrowing note payable is secured by a building, land and certain bank accounts. The note was paid off at maturity in June 2022. In the event of default, outstanding amounts become immediately due and payable.

(10) CNHHS's line of credit is secured by the full faith and credit of the Nation under a limited waiver of sovereign immunity. In the event of default, outstanding amounts become immediately due and payable.

(11) This direct borrowing note was secured by one of CNHS's investment accounts. In the event of default, outstanding amounts become immediately due and payable.

The Nation, with approval of the Tribal Council, has approved limited waivers of sovereign immunity in connection with various debt incurred by the Nation.

Maturities of long-term debt for the Governmental and Business-type Activities are as shown below (dollars in thousands):

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>			
2023	-	54	54
2024	-	54	54
2025	14	54	68
2026	86	51	137
2027	86	48	134
2028 through 2032	<u>1,097</u>	<u>82</u>	<u>1,179</u>
Total	<u>\$ 1,283</u>	<u>\$ 343</u>	<u>\$ 1,626</u>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Business-type Activities:</b>			
2023	452	26	478
2024	464	15	479
2025	136	6	142
2026	69	5	74
2027	70	4	74
2028 through 2037	<u>328</u>	<u>13</u>	<u>341</u>
Total	<u>\$ 1,519</u>	<u>\$ 69</u>	<u>\$ 1,588</u>

Maturities of long-term debt for the Component Units are as follows (dollars in thousands):

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Component Units:			
2023	2,735	3,633	6,368
2024	1,506	3,633	5,139
2025	1,535	3,632	5,167
2026	1,584	3,632	5,216
2027	1,647	3,632	5,279
2028- 2032	9,272	18,159	27,431
2033 - 2037	11,277	18,159	29,436
2038 - 2042	13,646	18,088	31,734
2043 - 2047	12,483	14,126	26,609
2048 - 2052	3,936	4,184	8,120
Total	<u>\$ 59,621</u>	<u>\$ 90,878</u>	<u>\$ 150,499</u>

## 10. LONG-TERM LEASE LIABILITY

Long-term lease liability activity for the year ended September 30, 2022 was as follows (dollars in thousands):

<u>Component Units</u>	<u>Restated Balance, September 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2022</u>	<u>Current Portion</u>
<b>Cherokee Nation Businesses ("CNB")</b>					
Long-term lease liabilities See (1) below.	15,670	6,989	(4,606)	18,053	5,371
<b>Cherokee Nation Home Health Service ("CNHHS")</b>					
Long-term lease liabilities See (2) below.	93	110	(53)	150	54
Total long-term lease liabilities	<u>\$ 15,763</u>	<u>\$ 7,099</u>	<u>\$ (4,659)</u>	<u>\$ 18,203</u>	<u>\$ 5,425</u>

- (1) CNB leases primarily include leases of buildings and land, the terms of which expire in various years through 2032. Variable payments of certain leases are based upon the Consumer Price Index (the Index). The leases were measured based upon the Index at lease commencement. Variable payments based on the use of the underlying assets are not included in the lease liability because they are not fixed in substance. The current balances in the table above are included in accounts payable and accrued liabilities in the accompanying financial statements.

CNB and its blended component units are lessors under various leases with tenants that primarily relate to ground, build-to-suit, stall, and retail space leases. The majority of the ground and build-to-suit leases are related to the Cherokee Springs Plaza in Tahlequah, Oklahoma. The terms of these leases vary in length. CNB and its blended component units have also leased several lots contained in its \$7,000,000 parcel of land at Cherokee Springs Plaza as of September 30, 2022. Revenue recognized under lease agreements during the year ended September 30, 2022 was \$1,100,000, which includes both lease revenue and interest.

- (2) CNHHS leases equipment and vehicles, the terms of which expire in various years through 2026. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. During the year ended September 30, 2022, CNHHS recognized \$40,000 of rental expense for variable payments and other arrangements not included in the measurement of the lease liability.

Maturities of long-term lease liability for the Component Units are as follows (dollars in thousands):

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Component Units:			
2023	5,425	471	5,896
2024	4,578	318	4,896
2025	3,478	193	3,671
2026	2,559	103	2,662
2027	1,638	39	1,677
2028 - 2032	<u>525</u>	<u>11</u>	<u>536</u>
Total	<u>\$ 18,203</u>	<u>\$ 1,135</u>	<u>\$ 19,338</u>

## 11. COMPENSATED ABSENCES

Compensated absence liabilities are generally liquidated by the Fringe Pool Internal Service Fund, which allocates to and collects from other funds and/or departments within the Nation. Compensated absences are considered due within one year since historically the following year payment has exceeded the liability. The Nation provides paid sick and vacation leave to all regular full-time and part-time employees on a biweekly pay period. Leave may not be taken in advance of being earned and accrued. Sick leave is earned at the rate of four hours per pay period for regular full-time employees and two hours per pay period for regular part-time employees. Sick leave may be accrued to 1,040 hours. Unused sick leave will not be paid at the time of voluntary or involuntary termination of employment. Vacation leave is earned based on a pay count (number of checks) as shown on the following page:

<b><u>Pay Count</u></b>	<b><u>Annual Leave Earned</u></b>	
	<b><u>Regular Full-Time</u></b>	<b><u>Regular Part-Time</u></b>
1 to 78 pay checks	4 hours per pay period	2 hours per pay period
79 to 260 pay checks	6 hours per pay period	3 hours per pay period
261 and above pay checks	8 hours per pay period	4 hours per pay period

Vacation leave may be accrued to a maximum of 240 hours. Once the 240 hours maximum balance is reached, the employee discontinues accruing until the number falls below 240 hours. Any employee who is separated from the job by layoff, resignation, termination or retirement shall have unused accrued annual leave paid in their last check. Changes in the reported liability follow (dollars in thousands):

<b>Fiscal Year</b>	<b>Balance at Beginning of Year</b>	<b>Leave Earned</b>	<b>Leave Used</b>	<b>Balance at End of Year</b>
2020	\$8,828	\$16,150	(\$13,059)	\$11,919
2021	\$11,919	\$16,503	(\$16,672)	\$11,750
2022	\$11,750	\$19,150	(\$18,720)	\$12,180

The claims above are expected to be paid from currently available financial resources and are included in the accompanying Proprietary Funds Statement of Net Position in the Governmental Activities – Internal Service Funds.

## **12. INTEREST RATE SWAP AGREEMENTS**

### **BOK OUTPATIENT HEALTH FACILITY**

In connection with the authorization of a variable rate \$200,000,000 note payable (see (2) in footnote 9 on page 71) that has an outstanding balance at September 30, 2022 of \$1,283,000, the Nation also entered into an interest rate swap agreement with Bank of Oklahoma as a cash flow hedge to manage long term interest rate risk. Details of the agreement are as follows:

#### *Objective of the Interest Rate Swap*

The Nation's asset/liability strategy is to have a mixture of fixed- and variable-rate debt to take advantage of market fluctuations. As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations and to lower its borrowing costs when compared against fixed-rate debt at the time of issuance, the Nation entered into an interest rate swap agreement for its tax-exempt long-term note payable with a financial institution. The intention of the swap is to effectively change the Nation's variable interest rate portion on this note to a fixed rate of 2.05%.

#### *Terms*

The agreement was entered into on August 10, 2022, and is scheduled to end on July 31, 2029 and required no initial net cash receipt or payment by the Nation. The agreement provides for the Nation to receive interest from the counterparty based on the Secured Overnight Financing Rate (SOFR) plus 120 basis points and to pay interest to the counterparty at a fixed rate of 2.05% on a notional amount of \$3,282,914 at September 30, 2022. The notional amount of the swap and the principal amount of the associated debt were equal at inception of the swap. The notional amount determined each month is based on the projected draws that will be made on the debt for construction related purposes and will increase in monthly increments until it meets the total loan agreement amount of \$200,000,000 by May 31, 2024. Monthly payments are due on the last day of each month. Principal payments of the debt will begin once the construction phase of the project has been completed and the notional amount declines each month by a corresponding amount of the debt balance each time a principal payment is made. Under the agreement, the Nation pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

#### *Fair Value*

As of September 30, 2022, the agreement had a positive fair value of \$13,495,527 calculated using the par-value method, i.e., the fixed rate on the swap was compared with the current fixed rates that could be achieved in the marketplace should the swap be unwound. The fixed-rate component was valued by discounting the fixed-rate cash flows using the current yield to maturity of a comparable note. The variable-rate component was assumed to be at par value because the interest rate resets to the market rate at every reset date. The fair value was then calculated by subtracting the estimated market value of the fixed component from the established market value of the variable component. The fair value of the agreement is recognized as derivative instrument – rate swaps asset in the Nation's government-wide statement of net

position. As the swap is an effective hedging instrument, the offsetting balance is reflected as an adjustment to the carrying amount of the related deferred inflow of resources on the statement of net position.

#### *Credit Risk*

The swap's fair value represented the Nation's credit exposure to the counterparty as of September 30, 2022. Should the counterparty to this transaction fail to perform according to the terms of the swap agreement, the Nation has a maximum possible loss equivalent to the swap's fair value at that date. As of September 30, 2022, the Nation was exposed to credit risk because the swap had a positive fair value. The swap counterparty was rated A by Fitch Ratings, BBB+ by Standard & Poor's and A3 by Moody's Investors Service as of September 30, 2022. The Nation does not currently have a policy of requiring the counterparty to post collateral in the event the Nation becomes exposed to credit risk. The Nation does not currently have a policy requiring a master netting agreement with the counterparty and does not currently have such an agreement in place.

#### *Basis Risk*

The swap exposes the Nation to basis risk should the relationship between SOFR and the prime rate set by the Nation's lender change in a manner adverse to the Nation. If an adverse change occurs in the relationship between these rates, the expected cost savings may not be realized.

#### *Termination Risk*

The Nation or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate portion of the notes would no longer have a synthetic fixed rate of interest. Also, if the swap has a negative fair value at the time of termination, the Nation would be liable to the counterparty for a payment equal to the swap's then fair value.

#### *Swap Payments and Associated Debt*

Using rates as of September 30, 2022, net swap payments, assuming current interest rates remain the same, for their term are set forth in the table below. As interest rates and the outstanding balances of the notional amounts and note payable vary, net swap payments will vary as well.

	<b>Counterparty Swap Payment</b>		
	<b>To</b>	<b>From</b>	<b>Net</b>
2023	(358,151)	520,629	162,478
2024	(3,252,942)	4,728,668	1,475,726
2025	(4,127,776)	6,000,377	1,872,601
2026	(3,890,951)	5,656,114	1,765,163
2027	(3,613,631)	5,252,986	1,639,355
2028 - 2029	(5,913,554)	8,596,288	2,682,734
Total	<u>\$ (21,157,005)</u>	<u>\$ 30,755,062</u>	<u>\$ 9,598,057</u>

### **13. LINES OF CREDIT**

On July 19, 2013, CNB entered into a \$100,000,000 revolving credit agreement. On November 6, 2017, CNB entered into an amendment to the revolving credit agreement, increasing the line of credit to \$150,000,000. On January 10, 2020, CNB entered into an amendment to the line of credit increasing the amount to \$300,000,000 and extending the maturity date for five years. CNE guarantees the credit facility. In addition, the agreement is collateralized by CNE's cash flows and substantially all of CNE's assets. The credit agreement includes a \$20,000,000 letter of credit arrangement. The agreement bears interest at the one-month LIBOR plus a margin that ranges from 1.0% to 1.6%, depending on the leverage ratio. The

credit agreement has quarterly unused commitment fees ranging from 0.25% to 0.30%, determined by the outstanding loan balance. CNB had no outstanding borrowings at September 30, 2022. CNB had letters of credit outstanding totaling \$144,000 at September 30, 2022. CNB's availability under this revolving credit facility was \$299,856,000 at September 30, 2022.

Both CNB and CNE, as borrower and guarantor, respectively, are subject to various reporting and financial covenants, including a requirement to provide separate stand-alone audited financial statements for both entities. The revolving credit agreement also contains provisions that, in an event of a default, allow the lender to accelerate payments of the entire principal amount, if any, to be immediately due and payable.

On November 23, 2022, CNB amended and restated the line of credit increasing the revolving amount to \$400,000,000 with an option to increase the revolving amount to \$600,000,000, establishing a \$250,000,000 delayed draw term loan and extending the maturity date for five years. The agreement is collateralized by the majority of CNB's wholly owned component units' cash flows and substantially all of CNB and its wholly owned component units' assets. The credit agreement includes a \$50,000,000 letter of credit arrangement. The agreement bears interest at the Term SOFR (secured overnight financing rate) Reference Rate plus a margin that ranges from 1.25% to 2.0%, depending on the leverage ratio. The credit agreement has quarterly unused commitment fees ranging from 0.15% to 0.35% determined by the outstanding loan balance. There was no outstanding balance under this revolving credit agreement at September 30, 2022. The increase in lending limits was obtained to support growth plans for CNB and its wholly owned component units.

CNHHS obtained a line of credit on March 25, 2011. The initial draw was used to pay off all the outstanding lines of credit at that date. This line of credit bears interest payable monthly at a fixed rate of 4.50% and is secured by the full faith and credit of the Nation under a limited waiver of sovereign immunity. This line of credit was renewed in March 2021 through March 2027. The balance of the line of credit at September 30, 2022 was \$90,000. In the event of default, outstanding amounts become immediately due and payable.

#### **14. TRUST LIABILITIES**

The HACN has several lease-to-own homebuyer programs wherein the tenant/homebuyer may eventually purchase the house in accordance with contractual agreements. These transactions are similar to a financing lease, however are not accounted for as such as the amount and ability to collect the minimum lease payments is not predictable. Until the time of transfer, these homes remain the property of the HACN. The costs of those units are depreciated over the expected term of payoff at the time of the original agreement, generally 25 years. When the home is paid off in accordance with the agreements and title is transferred to the homebuyer, a gain or loss is recognized by HACN. For the year ended September 30, 2022, a gain of \$599,000 was recorded in connection with such transfers and is reported as other, net nonoperating revenues (expenses) on the Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units.

The HACN trust liabilities reflected in the accompanying financial statements primarily include a liability for funds that have been received from the tenants or homebuyers in the various lease-to-own programs. These funds are held in a trust type account to be applied to various uses, depending on the agreement with the tenant/homebuyer. The largest of the amounts included in this category are for accounts attributable to the New Mutual Help Housing Program wherein the tenant/homebuyers are credited with a portion of the funds that they have contributed as well as other amounts credited to them in accordance with HUD requirements and program policies. Under the provisions of mutual help occupancy agreements, tenant/homebuyers are required to make payments based on the family or household income. After deducting an administrative fee as set forth by HUD, the remaining balance is credited to the participant's equity payment account (MEPA). The balance of the MEPA accounts, which are being held by HACN on

behalf of the New Mutual Help homebuyers, was \$2,090,000 as of September 30, 2022. This along with other credits to these tenant/homebuyers totaled \$2,137,000 at September 30, 2022. Although these funds will generally be retained by HACN upon the transfer of home ownership to the tenant/homeowner, they are presented as a liability until then because the funds are effectively owned by the tenant/homeowner. Upon transfer of the home to the tenant/homeowner the funds will be considered revenue and applied to the carrying value of the related home and a gain or loss will be recorded by HACN.

Additionally, at September 30, 2022, other amounts included in this category include escrow deposits held by the HACN associated with the Title VI program mortgages totaling \$8,000, and low income housing tenants' security deposits of \$25,000.

## 15. FUND BALANCE CLASSIFICATION

The details for the Nation's fund balances presented in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of September 30, 2022 are as shown below (dollars in thousands):

		Major Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	PL 102-477	Self Governance DHHS		
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventory & other assets	\$ 3	\$ -	\$ 17,600	\$ -	\$ 17,603
Permanent fund principal	-	-	-	425	425
<b>Restricted for:</b>					
Federal, State and Private Grants	-	3,767	420,917	27,070	451,754
Education, Health, Roads, Safety (MFT)	73,497	-	-	-	73,497
Education (MVT)	10,125	-	-	-	10,125
Roads (MVT)	11,277	-	-	-	11,277
Law Enforcement (MVT)	898	-	-	-	898
Litigation settlements	38,928	-	-	-	38,928
<b>Committed for:</b>					
Contract Health Services	40,375	-	-	-	40,375
Land Acquisitions	1,905	-	-	-	1,905
Heart of the Nation	33	-	-	-	33
Job Training and Tuition	82	-	-	-	82
Student activities	129	-	-	-	129
Substance Abuse Treatment	123	-	-	-	123
TERO Job Training Programs	1,207	-	-	-	1,207
Emergency Reserve Fund	25,862	-	-	-	25,862
<b>Assigned to:</b>					
Budgetary Resources for Subsequent Year	70,557	-	-	-	70,557
Capital Projects	-	-	-	208,842	208,842
<b>Unassigned:*</b>	163,489	-	-	-	163,489
<b>Total fund balances</b>	<b>\$ 438,490</b>	<b>\$ 3,767</b>	<b>\$ 438,517</b>	<b>\$ 236,337</b>	<b>\$ 1,117,111</b>

\* Legislative Act (LA) 05-02 established a cash reserve in the amount of 1.75% of the original operating budget of each fiscal year to use as a stabilization fund. LA 28-04 amended LA 05-02 and established a \$5,000,000 Line of Credit as part of the 1.75% reserve. The legislative acts do not commit specific uses of the reserve; therefore the balance is shown as unassigned. For the current fiscal year \$25,328,000 of the unassigned fund balance was set aside to meet the \$40,398,000 reserve.

## 16. LANDFILL CLOSURE/POSTCLOSURE CARE COSTS & OTHER LANDFILL MATTERS

The Nation owns a solid waste landfill in eastern Oklahoma. The Nation accounts for the landfill closure/postclosure in accordance with the provisions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, in the CN Sanitary Landfill Fund, a nonmajor enterprise fund.

Federal regulations will require the Nation to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date the landfill stops accepting waste, GASB Statement No. 18 requires proprietary funds, such as Landfill Closure, to report a portion of these costs as an operating expense in each period based on landfill capacity and utilization. Historically, the landfill has utilized a ratioed total closure cost approach to determine the annual financial assurance requirements of the facility. This approach was premised on the idea that the entire permit area was developed and active with no areas having an installed final cover system. The landfill utilized the total cost estimate and a ratio between the total volume of waste accumulated within the landfill and the total estimated capacity of the entire permit area to determine the annual financial assurance requirement. Based on the current configuration of the landfill, this approach required modification to more accurately reflect the estimated total current cost of its solid waste landfill closure and postclosure care costs.

In accordance with GASB Statement No. 18, the Nation performed an annual reevaluation in 2022 of the estimated total current cost of its landfill closure and postclosure care. Based upon the annual reevaluation of closure and postclosure cost estimates, the amount reported as Landfill Closure and Postclosure Care Liability (included in other noncurrent liabilities) of \$7,008,000 at September 30, 2022 includes an increase of \$285,000 resulting from the annual reevaluation. Subsequent increases will be dictated primarily by inflationary factors and changes to the closure and postclosure requirements, such as a change in facility design or increases in waste disposal area.

Landfill closure liability activity for the year ended September 30, 2022 is as follows (dollars in thousands):

	Balance, September 30, 2021	Additions	Deductions	Balance, September 30, 2022	Current Portion	Long-Term Portion
Landfill closure liability	6,723	285	-	7,008	-	7,008
Total landfill closure liability	<u>\$ 6,723</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 7,008</u>	<u>\$ -</u>	<u>\$ 7,008</u>

The Nation makes annual contributions to a restricted bank account to finance closure and postclosure care. At September 30, 2022, restricted cash, cash equivalents and investments of approximately \$3,851,000 were held for these purposes. The Nation expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are necessary (due to changes in technology or applicable laws or regulations, for example), such costs may need to be funded by charges to future landfill users or other revenue sources.

No closure/postclosure liability has been reported by the Nation at September 30, 2022 for this landfill in its governmental funds because of the long-term nature of the liability.

## 17. RISK MANAGEMENT AND SELF-INSURED HEALTH PLANS

The Nation manages its risk exposures through risk retention and the purchase of insurance. In the area of health benefits, the Nation utilizes a modified self-insured program with a third party administrator. Claims for benefits are paid by the Nation to a level of \$250,000 per year per employee. Amounts over \$250,000 per employee are subject to reimbursement by the insurance company.

The Nation is self-insured against employee health and short-term disability claims incurred under its employee group health disability plan. The maximum liability risk to the Nation is \$250,000 per employee per year for employee health. Any claims in excess of this limit are covered by insurance. Significant insurable exposures other than health claims are covered by commercial insurance. For insured exposures, there were no significant reductions in insurance coverage during the year ended September 30, 2022. Additionally, settlement amounts have not been in excess of insurance coverage in each of the past three years.

The Nation's reported employee health claims liability of \$5,101,000 at September 30, 2022, has been recorded in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability has been estimated based upon historical claims experience. The Nation believes that this method of estimating the liability is sufficient to determine the amount of open claims and to provide for claims that have been incurred but not reported (IBNR). Changes in the reported liability are as follows (dollars in thousands):

<b>Fiscal Year</b>	<b>Balance at Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
2020	\$3,582	\$34,744	(\$34,276)	\$4,050
2021	\$4,050	\$40,154	(\$40,107)	\$4,097
2022	\$4,097	\$39,444	(\$38,440)	\$5,101

The claims above are expected to be paid from currently available financial resources and are included in Governmental Activities – Internal Services Funds in the accompanying Proprietary Funds Statement of Net Position, as other current liabilities.

Workers' Compensation benefits are provided within the All Lines Aggregate (ALA) program and comply with the Nation's Tribal Workers' Compensation Act (TWCA). There is a \$150,000 retention on each claim. The maximum benefit is \$10,000,000 per person/per claim for compensation and other benefits, which is equal to the amount CNB/CNE carries, and is in agreement with our Employers Liability limit which remains at \$10,000,000 per person/claim.

The first \$150,000 of risk is retained on all coverage lines within the All Lines Aggregate (ALA) program which includes Tribal Officials Errors and Omissions Coverage. The ALA program responds to losses over the \$150,000 retention/deductible level. A Stop Loss equivalent to 1.8% of payroll is in place to limit the Nation's exposure. Program design also includes *Clash Coverage* which further limits the Nation's exposure by applying only one \$150,000 retention per insured incident regardless of the number of coverage lines that may apply arising out of a single Occurrence. Coverage provided by the ALA program includes the following liability coverage on a \$10,000,000 per occurrence basis: Comprehensive General Liability, Products/Completed Operations including Contractual Liability, Special Events Liability, Sexual

Misconduct Liability, Fire Legal Liability, Cemetery Malpractice, Law Enforcement Professional Liability, Medical Malpractice including Hospital/Clinic Malpractice, Liquor Liability, Innkeepers Liability, Automobile Liability including Non-Owned Automobile Liability, Auto Medical Payments, Uninsured and Underinsured Motorist, Automobile Physical Damage, Garage Keeper's Legal Liability and Valet Parking. The following coverage lines are provided on a Claims-made basis with a limit of \$10,000,000 each occurrence and in the Aggregate: Tribal Officials Liability, Miscellaneous Professional Errors and Omissions Liability, Employee Benefit Liability, and Employment Practices Liability. Retroactive date of October 1, 2003 applies to all coverage lines within this class.

A \$15,000,000 Umbrella (Excess) Liability policy continues to be maintained and follows the form of underlying coverage. Another excess liability policy provides \$80,000,000 excess of \$25,000,000. This brings the Nation's ALA limit to \$105,000,000. The basic Fiduciary Liability policy provides a \$5,000,000 limit with excess policies providing \$5,000,000 excess of \$5,000,000; with another excess policy providing \$10,000,000 excess of \$10,000,000 bringing the Fiduciary Liability limit to \$20,000,000.

A Drone Liability policy has a \$3,000,000 limit of liability.

The Earthquake limit on the Commercial Property policy is \$5,000,000; and the Flood limit is \$10,000,000. It should be noted that the commercial property losses are included in the ALA Stop Loss. Also, under the Commercial Property policy, the Course of Construction limit remains at \$25,000,000; E-Commerce Liability limit is \$2,000,000; Cyber Liability remains in effect with a \$10,000,000 limit and an applicable \$100,000 retention applies. Another \$5,000,000 Excess Cyber policy was purchased increasing the Cyber Liability limit to \$15,000,000. A standalone Pollution Liability policy provides a \$10,000,000 Limit with \$25,000 retention per contamination. A Crime policy is maintained providing a \$1,000,000 per occurrence loss limit with a lower deductible of \$10,000. The Owners Protective Professional Indemnity Policy (OPPI) continues to provide a 10-Year Extended Reporting Period for the Tahlequah Outpatient Health Center.

Effective January 1, 2019, the Service Contract Act and Davis-Bacon Act employees were offered self-funded medical and dental plans and participate in similar plans as other blended component unit employees.

CNB provides employee health coverage under two separate self-insured group health plans covering different groups of employees. At September 30, 2022 there was no longer a maximum liability per participant per plan year. Self-insurance liabilities are estimated based on claims experience and are included in accounts payable and accrued liabilities in the accompanying statements of net position. Additionally, CNB provides fully-insured health and welfare benefits for certain employees overseas. Information concerning the changes in the CNB self-insurance medical liability reported as accounts payable and accrued liabilities in CNB's statement of net position follows (dollars in thousands):

<b>Fiscal Year</b>	<b>Balance at Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
2020	\$4,740	\$51,666	(\$50,090)	\$6,316
2021	\$6,316	\$48,798	(\$48,461)	\$6,653
2022	\$6,653	\$35,543	(\$35,461)	\$6,735

## 18. EMPLOYEE RETIREMENT PLAN

The following brief descriptions of the Nation's retirement plans are provided for general information purposes only. Participants should refer to the applicable plan documents for more complete information.

The Nation sponsors a defined contribution 401(a) pension plan, which utilizes Lincoln Financial Group Trust Company, Inc., as custodian and the Cherokee Nation Pension Committee as trustee. A defined contribution plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All regular full-time and regular part-time employees who have attained at least 18 years of age are eligible to participate in the plan upon employment. The plan year is January 1 through December 31. Participants become fully vested after four years of participation in the plan. Employees may contribute from 1% to 50% of their gross salary, and after 6 months of service the Nation will match 100% for the first 5% and 50% of the next 4%. The plan is administered by the Director of Human Resources, with input from the Nation's Pension Committee. The Pension Committee consists of the plan administrator and employees of the Nation. The plan administrator is responsible for amending the plan's provisions, including contribution requirements.

The Nation's primary government total gross payroll for fiscal year 2022 was approximately \$307,562,000, which included approximately \$287,963,000 for employees covered by the plan. Contributions to the 401(a) plan for 2022 were approximately \$24,366,000. Contributions expressed in dollars and percent of covered payroll were: Nation \$10,196,000, 3.3% and participants \$14,170,000, 4.6%.

The Nation's required contribution and percentage of contribution for fiscal year 2022 and the two preceding years follows:

<b>Trend Information</b> <b>(dollars in thousands)</b>		
<b><u>Fiscal Year</u></b>	<b><u>Required Contribution</u></b>	<b><u>Percentage Contribution</u></b>
2020	\$8,018	100%
2021	\$8,996	100%
2022	\$10,196	100%

The Cherokee Nation Elected and Appointed Official's 401(k) Plan and Trust is a qualified defined contribution pension plan established by the Nation for the benefit of the Nation's eligible elected and appointed officials. This plan is intended to constitute a qualified profit sharing plan within the meaning of Code Section 401(a), and all regulations issued under the Code (the "Regulations"), to the extent applicable to a governmental plan. This plan does not elect to be subject to provisions of the Code that are not applicable to a governmental plan nor, unless specifically provided, to any of the provisions of the Employee Retirement Income Security Act of 1974. Contributions to the CN Elected and Appointed Official's 401(k) plan for 2022 were \$318,000 of which \$108,000 was required and made by the Nation and \$210,000 was made by participants.

CNB employees are eligible to participate in various 401(k) savings plans as follows:

The Cherokee Nation Businesses, LLC 401(k) Plan (the Plan) allows full-time employees of CNB and certain component units who have two months of service and are at least 21 years of age to participate in the Plan. Under the provisions of the Plan, participants may elect to contribute from 1% to 90% of their eligible compensation up to the Internal Revenue Service annual limit, for which CNB and these component units will match 100% of the first 6% contributed. During 2022 participating employees contributed \$26,700,000 with employer-matching contributions of \$20,400,000 to the Plan.

At September 30, 2022 liabilities under deferred compensation and long-term incentive compensation arrangements for executives of CNB and its component units totaled \$5,431,000 which has been recorded as accounts payable and accrued liabilities.

CNCCA has adopted a 401(k) retirement plan for its employees. Employees are eligible to participate beginning six months from the date of employment, with a minimum of 1,000 hours of service. Employees may contribute up to 50% of their compensation to the plan subject to maximum contributions established by the IRS. CNCCA makes matching contributions up to 3% of an eligible employee's annual compensation. Employer contributions to the plan fully vest after three years of participation. CNCCA's total contributions for the year ended September 30, 2022 were approximately \$76,000. The plan also has a profit sharing provision. The amount of the profit sharing contribution is at the discretion of the board of CNCCA. Profit sharing contributions are fully vested after three years of participation. CNCCA made no profit sharing contributions for the year ended September 30, 2022.

CNHHS has a defined contribution plan covering substantially all employees. Pension expense is recorded for the amount of CNHHS's required contributions, determined in accordance with the terms of the plan. The plan is administered by a board of trustees appointed by CNHHS's Governing Board. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established, and can be amended, by action of CNHHS's governing body. Contribution rates for the plan members and CNHHS expressed as a percentage of covered payroll were 1.08% and 0.0% for 2022. Contributions made by plan members was \$36,000 and by none by CNHHS during 2022.

CNF has a defined contribution plan in the form of a simple IRA. The plan allows for employee deferrals into the plan along with a company match of 3%. During 2021, the organization contributed \$9,000 to the plan for the benefit of their employees.

## **19. RELATED PARTY TRANSACTIONS**

The Nation requires monthly dividend payments from component units, organized under the Nation's laws, based on a percentage of net income (37% as of September 30, 2022). Required dividend payments and special dividends paid to the Nation by component units totaled \$161,294,000 (which includes an accrual of \$14,857,000) at September 30, 2022.

### *Cherokee Nation Businesses, LLC (CNB)*

Contributions of \$13,127,000 in 2022 in support of the Cherokee Nation Gaming Commission and Cherokee Nation Marshal Services.

Contributions of \$18,116,000 in 2022 in support of various Cherokee Nation programs.

Contributions of \$3,113,000 in 2022 in support of Cherokee Nation economic development and cultural development activities.

Contributions of \$1,986,000 in 2022 for Cherokee Nation capital asset acquisitions.

Contributions of \$540,000 in 2022 in support of the Cherokee Nation Foundation.

CNB provides funding for cultural development activities on behalf of the Nation. These activities involve restoring Cherokee landmarks as well as engaging in campaigns to inform the public of the Nation's history and making contributions to communities within the Nation. In 2022, CNB established a separate wholly owned component unit, CNCED, to account for activities related to the preservation, promotion, history, and culture of the Cherokee people. During 2022, CNCED incurred \$24,385,000, which are included in

revenues and expenses in the combining statement of revenues, expenses and changes in net position – component units and earned \$1,283,000 in revenue in connection with these activities.

CNE also collects a tribal tax on food and beverage, tobacco, merchandise and other retail sales, which is remitted to the Cherokee Nation Tax Commission. CNE remitted tribal taxes of \$2,948,000 in 2022. These tax collections are not recorded as revenues or expenses in the combining statement of revenues, expenses and changes in net position – component units.

CNE has entered into a management agreement with the Nation for use of land in Tahlequah to operate a convenience store. The term of the agreement is 25 years, and the agreement is renewable for an additional 25 years at the cost of \$1 per year.

During 2013, the board of directors of CNB and related entities approved the funding of up to \$100,000,000 on the Nation's medical facilities. Additional funding commitments of \$9,600,000 were added as of September 30, 2014, and \$70,000,000 as of September 30, 2019, bringing the total CNB commitment to \$179,600,000. In 2022, CNB transferred \$69,000 on these projects. As of September 30, 2022, CNB has transferred a total of \$115,900,000 of medical facilities to the Nation. In light of the COVID-19 pandemic, the Nation has relieved CNB from any further commitments related to these medical facilities.

During 2019, the board of directors of CNB and related entities approved the funding for the Career Readiness Act; the Durbin Feeling Language Act; and the Housing, Jobs, and Sustainable Communities Act for a total of up to \$40,000,000 by the end of 2024. In 2022, \$16,080,000 was transferred to the Nation related to this commitment. The remaining funding commitment of \$16,300,000 at September 30, 2022, is expected to take place by the end of 2024.

#### *Housing Authority of the Cherokee Nation of Oklahoma (HACN)*

The HACN has recorded \$25,035,000 in grant revenue in 2022, which is the result of pass through funding from the Nation in relation to the Nation's HUD funding. The Nation also passed through other federal grant funds to the HACN in the amount of \$31,504,000 in 2022. Also, the HACN has recorded as "Other Income" \$6,986,000 in 2022 of non-federal funds received from the Nation for use in providing housing services.

#### *Cherokee Health Partners, LLC (CHP)*

CHP declared no distributions to the Nation during the year ended June 30, 2022.

#### *Cherokee National Historical Society, Inc (CNHS)*

In November 2005, the Nation, CNE, and the CNHS entered into a MOA to further the parties, shared mission to preserve the culture and history of the Cherokees by assigning duties to the party that can best perform those duties. Beginning in 2016, operations associated with the gift shop at the Cherokee Heritage Center were recorded in the operating results of CNB rather than CNE. CNHS remained responsible for all charitable fundraising, maintaining memberships, operating the museum and teaching the Cherokee Humanities Course.

The Nation performed all remaining operational and educational functions such as accounting, purchasing, contracts, human resources, information technology, and facilities maintenance. The MOA is renewable annually upon agreement of the entities involved. For fiscal year 2022, the Nation's general fund included operational expenses of \$35,000 for CNHS.

On September 24, 2020, CNHS started a formal transition process to transfer all interests in the Heritage Center, including archives and collections, to the Nation for long-term stewardship and management. In March 2022, governance of CNHS approved the transfer of assets to the Nation.

In February 2021, the Cherokee National Historical Society Corporation was incorporated with the future intent of taking over operations undertaken by CNHS. The Cherokee National Historical Society had no activity prior to September 30, 2021.

## **20. COMMITMENTS AND CONTINGENCIES**

### *Federal Grants*

In the normal course of operations, the Nation and certain of its component units receive significant federal funding from various federal agencies. The ability of the Nation to continue receiving this funding could be impacted by federal budgetary policies and practices. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent with the granting of funds. Management does not believe any liability for reimbursement which may arise as the result of these audits will be material.

### *Construction Commitments*

At September 30, 2022, the Nation had various construction projects underway using Fiscal Recovery Funds and various Capital Projects Funds. The open commitments for those construction projects at September 30, 2022 totaled \$37,598,000 including Fiscal Recovery Funds of \$5,532,000, Child Development Centers Expansion projects of \$2,979,000 and new hospital construction of \$29,087,000. These remaining costs are expected to be incurred during 2023.

### *COVID-19 Pandemic and Related Federal Funding*

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 as a global pandemic. The Nation received a significant amount of funding under the CARES Act and ARPA and continued to expend this funding during 2022. The extent of the COVID-19 pandemic's effect on the Nation's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Nation's control and ability to forecast. Because of these and other uncertainties, the Nation cannot estimate the length or severity of the continued effects and the federal response to the pandemic on the Nation's operations. Decreases in cash flows and results of operations may have an effect on debt covenant compliance and on the inputs and assumptions used in significant accounting estimates. The Nation and its component units will continue to monitor their compliance with the terms and conditions of the CARES Act, ARPA, and other federal guidance that continues to be released, as well as the impact as a result of the pandemic on their revenues and expenses.

### *Other Legal Contingencies*

The Nation and its component units are party to various legal proceedings, which normally occur in governmental operations. The legal proceedings, in the opinion of management, based on available information, are not likely to have a material adverse impact on the affected funds of the Nation.

### *CNB Matters*

CNE is licensed to conduct Class II gaming operations as well as an expanded variety of gaming as allowed under the Tribal Gaming Compact between the Nation and the State of Oklahoma and related laws. It is common in the industry to introduce new games and gaming technology that must be evaluated to determine whether such games meet the requirements of Class II gaming or the requirements of the Compact. This determination can be challenged by several parties, including, but not limited to, the gaming commissions that license the operations of the gaming facilities as well as various federal regulatory agencies and the State of Oklahoma. CNE offers electronic games and table games that management believes are permitted under Class II gaming restrictions or the Compact; however, the permissibility and/or the classification of these games can and may be challenged by licensing and governing authorities that exercise jurisdiction over these activities.

In 2004, CNE acquired WRD from an unrelated party. As part of the purchase price, CNE agreed to pay an additional \$1,250,000 when, and if, the property is placed into Trust Status with the BIA and could be required to make additional payments based on the cash flows generated by the operation of the facility. These additional payments will be capitalized when, and if, made and depreciated, as applicable, over the remaining economic life of the property. No additional payments as described above have been required since the acquisition.

In November 2008, CNE entered into a licensing agreement with Hard Rock Hotel Holding, LLC and HRHH IP, LLC. Under the terms of the agreement, CNE branded its Catoosa property under the Hard Rock Hotel and Casino name effective August 2009. CNE is required to make monthly license payments based on a percentage of Catoosa property revenues, as defined in the agreement. CNE recognizes the portion of the minimum fee paid each month that exceeds the calculated amount as an intangible asset. The intangible asset is being amortized over the original 12-year life of the license agreement. In 2019, the licensing agreement was extended for an additional 10-year period ending in 2028 as long as the compact is in place. Under the extended agreement, the percentage of Catoosa property revenues used to calculate the license fee changed. The minimum amount of fees paid is expensed and included in operating expense in the combining statement of revenues, expenses and changes in net position – component units. In addition to paying a license fee under the Hard Rock license agreement, CNE is also required to make annual lease payments for music and related memorabilia displayed throughout the Catoosa facility. As a requirement to the agreement, CNE is also required to meet certain operational and capital standards. As of September 30, 2022, CNE believes it is in compliance with the agreement.

#### *HACN Matters*

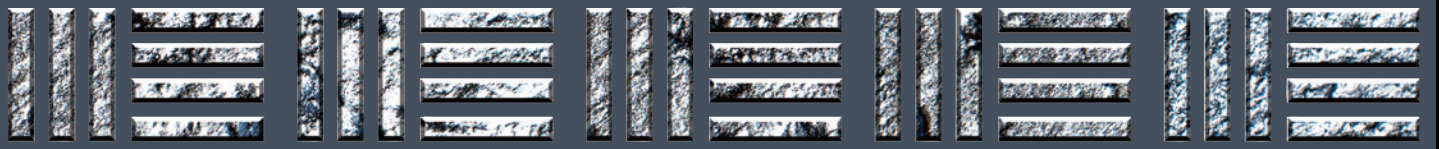
The HACN has provided a “Tax Credit Recapture Guarantee” to the Limited Partners of Jay Senior Housing, Stilwell Senior Housing, Northview Estates, and the Wisdom Keepers Limited Partnerships (third party syndicators of the tax credits) should the IRS disallow the use of any of the tax credits being marketed to third party investors by the Limited Partners. The aggregate tax credits provided through these partnerships were approximately \$13,600,000. The HACN has also provided an “Operating Deficit Guarantee” which would require the Housing Authority to provide capital for operations should the need arise. To date, the HACN has not been required to provide any “Deficit Guarantee” funding, and management of the HACN does not believe funding for Deficit Guarantee or Tax Credit Recapture will be required in the future.

#### *Loan Guarantees*

The Nation approved loan guarantees for CNHHS up to \$786,000.

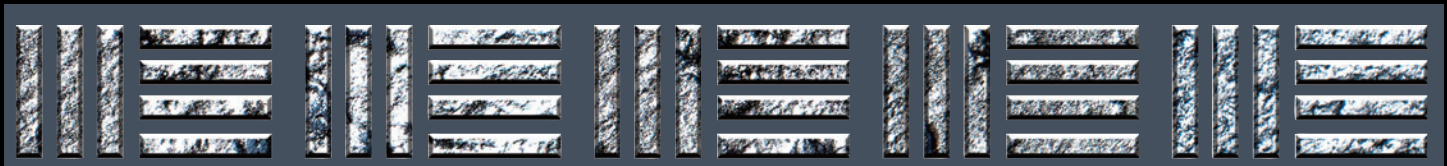
## **21. SUBSEQUENT EVENTS**

The Nation has filed suit against various Companies. Several of these lawsuits have been settled with multi-year payment agreements in the aggregate minimum of \$39,753,000.



## OTHER SUPPLEMENTARY INFORMATION

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT



# NONMAJOR GOVERNMENTAL FUNDS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Governmental Fund Types** – Governmental funds are those through which most governmental functions of the Nation are financed. The acquisition, use and balances of the Nation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental fund types use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income.

**Special Revenue Funds** – Special revenue funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted by law or administrative action to finance particular functions or activities of the Nation. These funds include:

- **Self Governance DOI - Other** – Established to account for funds received under the Nation's self governance compact with the United States Government. These funds are used to administer a number of programs under the Department of Interior relating to education, health and welfare, and tribal government within the Nation's tribal jurisdictional service area.
- **Sequoyah Education** – Established to account for grant funds received from the Department of the Interior and the Department of Education to help fund the education programs of Sequoyah High School.
- **Talking Leaves Job Corps** – Established to account for funds received from the Department of Labor for counseling, training and job placement of disadvantaged youth.
- **Diabetes** – Established to account for Department of Health and Human Services Diabetes Grant funds used to purchase diabetic medicines and supplies, promote awareness and provide assistance to diabetic patients.
- **Food Distribution** – Established to account for Department of Agriculture food products provided to the Nation and grant funds used to pay administrative and program costs of a program which provides food to eligible Indian families.
- **Women, Infants, and Children** – Established to account for grant funds received from the Department of Agriculture to supply supplemental food and nutrition education to women and children at nutritional risk.
- **Head Start** – Established to account for grant funds from the Department of Health and Human Services to provide comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged preschool Indian children.
- **HUD** – Established to account for grant funds received from the Department of Housing and Urban Development (HUD) to improve living conditions and renovate homes of Indian residents.
- **Coronavirus Relief Fund** - Established to account for federal funds received from the Department of the Treasury to respond to the COVID-19 (i.e., coronavirus disease 2019) outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses.
- **Other Grants** – Established to account for various sources of grant funds used to fund specific program activities.
- **Tribal Judgment Funds** – Established to account for monies received by the Nation from the settlement of disputes with the United States Government. The judgment funds are expended in accordance with plans for use and distribution adopted by the Nation and approved as applicable, by the DOI. The judgment funds are held and invested by the DOI Office of Trust Fund Management (OTFM) on behalf and for the benefit of the Nation.
- **Tribal Trusts** – Established to account for income received from external users of tribal lands, such as oil and gas royalties. The DOI OTFM administers these funds which may be expended upon request and approval by the DOI.

**Capital Projects Fund** – Established in 2006 to account for financial resources for major capital acquisition and construction.

**Permanent Funds** – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes supporting the Nation's programs.

- **Sequoyah Endowment** – Established to account for funds endowed from the Louise K. Green-Matthews Grant in Environmental Science. The income from the grant is to be used to encourage Cherokee students of at least one-quarter blood quantum to engage in furthering their education in the Environmental Science field.
- **Gammon Education Trust** – Established to account for funds endowed by Glenn L. and Faye V. Gammon Trust. The income from this education trust may be used to provide tuition and related educational assistance while students attend any accredited college or university located in the continental United States. The Cherokee students must be at least one-quarter blood quantum.

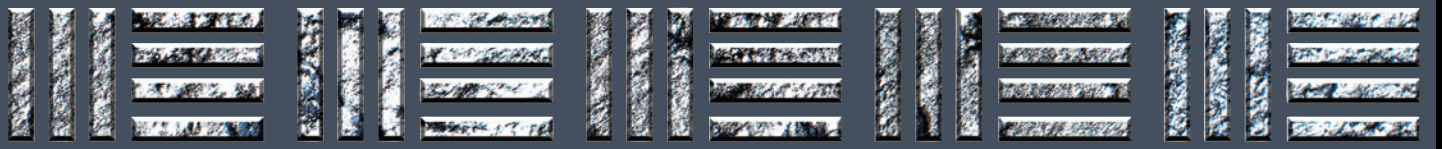
CHEROKEE NATION  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022  
(Dollars in Thousands)

	Special Revenue Funds										Capital Projects				Permanent Funds			Total Nonmajor Governmental Funds
	Self Governance DOI-Other	Sequoyah Education	Talking Leaves Job Corps	Diabetes	Food Distribution	Women, Infants, & Children	Head Start	HUD	Coronavirus Relief Fund	Other Grants	Tribal Judgment Funds	Tribal Trusts	Total	Capital Projects Fund	Sequoyah Endowment	Gammon Education Trust	Total	
ASSETS																		
Cash and cash equivalents	\$ 38,912	\$ 19,343	\$ 37	\$ -	\$ -	\$ -	\$ -	\$43,639	\$ 1,194	\$ 32,678	\$ 773	\$ 649	\$ 137,225	\$ -	\$ -	\$ -	\$ -	\$ 137,225
Investments	-	-	-	-	-	-	-	-	-	-	10,850	3,680	14,530	-	-	-	-	14,530
Receivables, net	34	-	-	298	449	42	1,087	1,393	-	10,832	117	39	14,291	-	-	-	-	14,291
Due from other funds	-	-	248	-	-	19	-	2,174	-	1,494	-	9	3,944	242,651	-	-	-	246,595
Inventories	-	-	-	-	905	-	-	-	-	-	-	-	905	-	-	-	-	905
Other current assets	-	-	-	607	-	562	-	-	-	8	-	-	1,177	-	-	-	-	1,177
Restricted cash, cash equivalents and investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222	307	529	529
Long term notes receivable	-	-	-	-	-	-	-	1,379	-	-	-	-	1,379	-	-	-	-	1,379
Total assets	\$ 38,946	\$ 19,343	\$ 285	\$ 905	\$ 1,354	\$ 623	\$ 1,087	\$48,585	\$ 1,194	\$ 45,012	\$ 11,740	\$ 4,377	\$ 173,451	\$ 242,651	\$ 222	\$ 307	\$ 529	\$ 416,631
LIABILITIES AND FUND BALANCES																		
Liabilities:																		
Accrued liabilities	\$ -	\$ -	\$ -	\$ 513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ 1,824	\$ -	\$ -	\$ -	\$ 2,354
Due to other funds	6,475	528	-	392	449	-	1,087	-	1,192	-	1,813	-	11,936	-	-	3	3	11,939
Due to component unit	368	-	-	-	-	-	-	3,779	-	1,803	-	-	5,950	-	-	-	-	5,950
Unearned revenue	32,103	18,686	285	-	905	623	-	41,752	-	32,333	-	-	126,687	31,985	-	-	-	158,672
Total liabilities	38,946	19,214	285	905	1,354	623	1,087	45,531	1,192	34,153	1,813	-	145,103	33,809	-	3	-	178,915
Deferred inflows of resources:																		
Unavailable revenue - notes receivables	-	-	-	-	-	-	-	1,379	-	-	-	-	1,379	-	-	-	-	1,379
Total deferred inflows of resources	-	-	-	-	-	-	-	1,379	-	-	-	-	1,379	-	-	-	-	1,379
Fund balances:																		
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291	425	425
Restricted	-	129	-	-	-	-	-	1,675	2	10,859	9,927	4,377	26,969	-	88	13	101	27,070
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	208,842	-	-	-	208,842
Total fund balances	-	129	-	-	-	-	-	1,675	2	10,859	9,927	4,377	26,969	208,842	222	304	526	236,337
Total liabilities and fund balances	\$ 38,946	\$ 19,343	\$ 285	\$ 905	\$ 1,354	\$ 623	\$ 1,087	\$48,585	\$ 1,194	\$ 45,012	\$ 11,740	\$ 4,377	\$ 173,451	\$ 242,651	\$ 222	\$ 307	\$ 529	\$ 416,631

CHEROKEE NATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(Dollars in Thousands)

	Special Revenue Funds										Capital Projects		Permanent Funds		Total Nonmajor Governmental Funds			
	Self Governance DOI-Other	Sequoyah Education	Talking Leaves Job Corps	Diabetes	Food Distribution	Women, Infants, & Children	Head Start	HUD	Coronavirus Relief Fund	Other Grants	Tribal Judgment Funds	Tribal Trusts	Total	Capital Projects Fund		Sequoyah Endowment	Gammon Education Trust	Total
Revenues:																		
Intergovernmental	\$ 15,099	\$ 8,268	\$ 6,777	\$ 7,382	\$ 10,123	\$ 5,102	\$ 10,161	\$32,047	\$ 11,102	\$80,571	\$ -	\$ -	\$186,632	\$ -	\$ -	\$ -	\$ -	\$ 186,632
Property rentals	-	-	-	-	-	-	-	-	-	41	-	-	41	-	-	-	-	41
Interest	209	76	-	-	-	-	-	285	5	254	317	102	1,248	-	1	1	2	1,250
Third party revenues	-	-	-	-	-	-	-	-	-	5,121	-	-	5,121	-	-	-	-	5,121
Other	12	-	-	-	80	-	2,865	584	(11)	2,415	-	77	6,022	-	-	-	-	6,022
Total revenues	15,320	8,344	6,777	7,382	10,203	5,102	13,026	32,916	11,096	88,402	317	179	199,064	-	1	1	2	199,066
Expenditures:																		
Current operating:																		
Tribal government	5,527	-	-	-	-	-	-	-	4,559	1,493	2,711	1,009	15,299	3,386	-	-	-	18,685
Health services	-	-	-	7,382	-	5,102	-	-	3,495	15,819	-	-	31,798	1,695	-	-	-	33,493
Education services	3,240	8,246	6,777	-	-	-	13,026	-	213	5,881	-	-	37,383	-	-	-	-	37,383
Human services	3,908	-	-	-	10,053	-	-	5	355	22,414	-	-	36,735	-	-	-	-	36,735
Community services	2,666	-	-	-	-	-	-	32,548	(413)	37,826	-	-	72,627	518	-	-	-	73,145
Debt service:																		
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-	6
Capital outlay	12	-	-	-	772	-	-	44	2,956	3,536	-	-	7,320	33,551	-	-	-	40,871
Total expenditures	15,353	8,246	6,777	7,382	10,825	5,102	13,026	32,597	11,165	86,969	2,711	1,009	201,162	39,156	-	-	-	240,318
Excess (deficiency) of revenues over (under) expenditures	(33)	98	-	-	(622)	-	-	319	(69)	1,433	(2,394)	(830)	(2,098)	(39,156)	1	1	2	(41,252)
Other financing sources (uses):																		
Insurance recoveries, net	4	-	-	-	(29)	-	-	-	-	57	-	-	32	-	-	-	-	32
Transfers in	80	-	-	-	651	-	-	-	-	832	-	-	1,563	221,992	-	-	-	223,555
Transfers out	(51)	-	-	-	-	-	-	-	-	(328)	-	-	(379)	-	-	-	-	(379)
Total other financing sources (uses)	33	-	-	-	622	-	-	-	-	561	-	-	1,216	221,992	-	-	-	223,208
Net change in fund balances	-	98	-	-	-	-	-	319	(69)	1,994	(2,394)	(830)	(882)	182,836	1	1	2	181,956
Fund balance, October 1, 2021	-	31	-	-	-	-	-	1,356	71	8,865	12,321	5,207	27,851	26,006	221	303	524	54,381
Fund balance, September 30, 2022	\$ -	\$ 129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,675	\$ 2	\$ 10,859	\$ 9,927	\$ 4,377	\$ 26,969	\$ 208,842	\$ 222	\$ 304	\$ 526	\$ 236,337



# NONMAJOR ENTERPRISE FUNDS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Enterprise Funds** – Enterprise funds are used to account for the Nation’s ongoing organizations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The measurement focus of the Enterprise Funds, the flow of economic resources, is based upon the determination of change in net position, net position and cash flows. The nonmajor enterprise funds of the Nation include:

- **Tsa-La-Gi Apartments** – Utilized to account for the operations of the Nation’s federally subsidized low-income housing apartment complex, whose operating focus is to provide housing for qualified applicants and to recover costs of operations. Operations of the Tsa-La-Gi Apartments were transferred to the HACN during 2022.
- **CN Sanitary Landfill** – Utilized to account for the solid waste landfill operations and closure/postclosure for the landfill located near Stilwell, Oklahoma.
- **EDTA** - Established by Tribal Council Legislative Act 36-89 as a mechanism to promote economic development. Its mission is to provide opportunities for income generation through economic development, to provide loans for business creation/expansion, and to provide loans to qualified individuals whom have traditionally been denied by conventional lending sources.

# CHEROKEE NATION

## COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2022

(Dollars in Thousands)

	Tsa-La-Gi Apartments	CN Sanitary Landfill	EDTA	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,390	\$ 1,607	\$ 2,473	\$ 5,470
Receivables, net	-	39	253	292
Notes receivable, current	-	-	1,729	1,729
Total current assets	1,390	1,646	4,455	7,491
Noncurrent assets:				
Restricted cash, cash equivalents and investments	36	3,851	-	3,887
Long-term notes receivable	-	-	11,009	11,009
Capital assets, net	-	2,368	-	2,368
Total noncurrent assets	36	6,219	11,009	17,264
Total assets	1,426	7,865	15,464	24,755
<b>LIABILITIES</b>				
Current liabilities:				
Accrued liabilities	-	1	-	1
Current portion of long-term debt	-	-	67	67
Current portion of direct financing obligation	-	385	-	385
Due to other funds	1,395	-	228	1,623
Due to component unit	31	-	-	31
Other current liabilities	-	-	33	33
Total current liabilities	1,426	386	328	2,140
Noncurrent liabilities:				
Long-term due to other funds	-	2,705	-	2,705
Long-term debt	-	-	603	603
Direct financing obligation	-	464	-	464
Other liabilities	-	7,008	-	7,008
Total noncurrent liabilities	-	10,177	603	10,780
Total liabilities	1,426	10,563	931	12,920
<b>NET POSITION</b>				
Net investment in capital assets	-	1,519	-	1,519
Unrestricted (deficit)	-	(4,217)	14,533	10,316
Total net position (deficit)	\$ -	\$ (2,698)	\$ 14,533	\$ 11,835

# CHEROKEE NATION

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

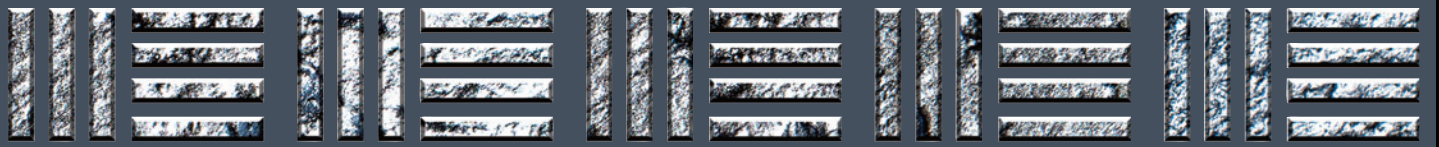
	<b>Tsa-La-Gi Apartments</b>	<b>CN Sanitary Landfill</b>	<b>EDTA</b>	<b>Total</b>
Operating revenues:				
Property rentals	\$ 540	\$ -	\$ -	\$ 540
Charges for services and goods	-	599	-	599
Interest income, loans	-	-	491	491
Other	3	1	138	142
Total operating revenues	543	600	629	1,772
Operating expenses:				
Salaries and wages	4	561	-	565
Other services and charges	297	882	208	1,387
Materials and supplies	14	25	-	39
Depreciation	4	556	-	560
Total operating expenses	319	2,024	208	2,551
Operating income (loss)	224	(1,424)	421	(779)
Nonoperating revenues (expenses):				
Interest income	4	24	2	30
Interest expense	-	(31)	(7)	(38)
Gain/(loss) on sale of fixed assets	-	3	-	3
Net nonoperating revenues (expenses)	4	(4)	(5)	(5)
Income (loss) before transfers	228	(1,428)	416	(784)
Capital contribution	(3)	-	-	(3)
Transfers in	-	1,400	97	1,497
Transfers out	(1,294)	-	-	(1,294)
Change in net position	(1,069)	(28)	513	(584)
Total net position (deficit) - beginning	1,069	(2,670)	14,020	12,419
Total net position (deficit) - ending	\$ -	\$ (2,698)	\$ 14,533	\$ 11,835

# CHEROKEE NATION

## COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Tsa-La-Gi Apartments	CN Sanitary Landfill	EDTA	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 540	\$ 592	\$ -	\$ 1,132
Payments to suppliers	(389)	(622)	(8)	(1,019)
Payments to employees	(4)	(561)	-	(565)
Internal activity - payments to/(from) other funds	1,355	183	164	1,702
Internal activity - payments from component units	31	-	-	31
Issuance of loans	-	-	(5,086)	(5,086)
Principal received on loans	-	-	2,764	2,764
Interest received on loans	-	-	491	491
Other receipts	3	1	138	142
Net cash provided by (used for) operating activities	<u>1,536</u>	<u>(407)</u>	<u>(1,537)</u>	<u>(408)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	-	1,400	97	1,497
Transfer to other funds	(1,294)	-	-	(1,294)
Principal paid on notes payable	-	-	(67)	(67)
Interest paid on notes payable	-	-	(7)	(7)
Net cash provided by (used for) noncapital financing activities	<u>(1,294)</u>	<u>1,400</u>	<u>23</u>	<u>129</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchases of capital assets	-	3	-	3
Principal paid on capital debt and leases	-	(374)	-	(374)
Interest paid on capital debt and leases	-	(31)	-	(31)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(402)</u>	<u>-</u>	<u>(402)</u>
<b>Cash flows from investing activities:</b>				
Interest received	<u>4</u>	<u>24</u>	<u>2</u>	<u>30</u>
Net cash provided by investing activities	<u>4</u>	<u>24</u>	<u>2</u>	<u>30</u>
Net increase (decrease) in cash and cash equivalents	246	615	(1,512)	(651)
Cash and cash equivalents, October 1, 2021	<u>1,180</u>	<u>4,843</u>	<u>3,985</u>	<u>10,008</u>
Cash and cash equivalents, September 30, 2022	<u>\$ 1,426</u>	<u>\$ 5,458</u>	<u>\$ 2,473</u>	<u>\$ 9,357</u>
Cash and cash equivalents consist of:				
Unrestricted cash and cash equivalents	\$ 1,390	\$ 1,607	\$ 2,473	\$ 5,470
Restricted cash, cash equivalents and investments	36	3,851	-	3,887
Total Cash and Cash Equivalents, September 30, 2022	<u>\$ 1,426</u>	<u>\$ 5,458</u>	<u>\$ 2,473</u>	<u>\$ 9,357</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 224	\$ (1,424)	\$ 421	\$ (779)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	4	556	-	560
Change in assets and liabilities:				
Receivables, net	-	(7)	(253)	(260)
Notes receivable	-	-	(1,867)	(1,867)
Other current assets	2	-	-	2
Accounts and other payables	1,306	468	162	1,936
Net cash provided by (used for) operating activities	<u>\$ 1,536</u>	<u>\$ (407)</u>	<u>\$ (1,537)</u>	<u>\$ (408)</u>

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# INTERNAL SERVICE FUNDS

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Internal Service** funds are used to account for the financing of goods and services provided by one fund to other funds within the Nation on a cost reimbursement basis.

- **Internal Leases** is used to account for the cost to maintain certain buildings for use by other funds of the Nation.
- **Fringe Pool** is used to account for the cost of fringe benefits, including the Nation's self-insured health care benefits and workers' compensation benefits, used by other funds of the Nation.
- **Indirect Cost Pool** is used to account for the cost of providing certain services for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, such as accounting, human resources and acquisition management, to other funds of the Nation.

# CHEROKEE NATION

## COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2022

(Dollars in Thousands)

	Internal Leases	Fringe Pool	Indirect Cost Pool	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,060	\$ 213	\$ 1,273
Receivables, net	-	1,937	218	2,155
Due from other funds	-	61,140	-	61,140
Due from component units	-	-	11	11
Inventories	-	-	303	303
Other current assets	-	1,874	2,079	3,953
Total current assets	-	66,011	2,824	68,835
Noncurrent assets:				
Capital assets, net	22,014	-	510	22,524
Total noncurrent assets	22,014	-	510	22,524
Total assets	22,014	66,011	3,334	91,359
<b>LIABILITIES</b>				
Current liabilities:				
Accrued liabilities	-	23,841	1,473	25,314
Due to other funds	250	-	2,767	3,017
Due to component unit	-	177	-	177
Compensated absences	-	12,180	-	12,180
Other current liabilities	-	5,101	2,978	8,079
Total current liabilities	250	41,299	7,218	48,767
Total liabilities	250	41,299	7,218	48,767
<b>NET POSITION</b>				
Net investment in capital assets	22,014	-	510	22,524
Unrestricted (deficit)	(250)	24,712	(4,394)	20,068
Total net position (deficit)	\$ 21,764	\$ 24,712	\$ (3,884)	\$ 42,592

# CHEROKEE NATION

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

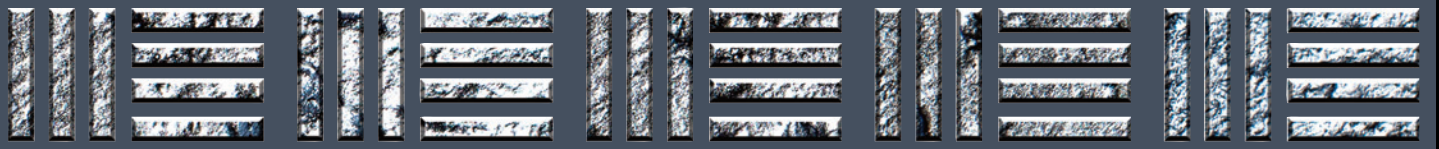
	Internal Leases	Fringe Pool	Indirect Cost Pool	Total
Operating revenues:				
Charges for services and goods	\$ 5,397	\$ 122,926	\$ 61,206	\$ 189,529
Other	48	-	119	167
Total operating revenues	5,445	122,926	61,325	189,696
Operating expenses:				
Salaries and wages	2,493	113,207	36,439	152,139
Other services and charges	2,216	17	23,159	25,392
Materials and supplies	239	-	1,012	1,251
Depreciation	1,179	-	292	1,471
Total operating expenses	6,127	113,224	60,902	180,253
Operating income (loss)	(682)	9,702	423	9,443
Nonoperating revenues:				
Gain on sale of capital assets	12	-	17	29
Net nonoperating revenues	12	-	17	29
Income (loss) before transfers	(670)	9,702	440	9,472
Transfers in	-	-	11	11
Change in net position	(670)	9,702	451	9,483
Total net position (deficit) - beginning	22,434	15,010	(4,335)	33,109
Total net position (deficit) - ending	\$ 21,764	\$ 24,712	\$ (3,884)	\$ 42,592

# CHEROKEE NATION

## COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Internal Leases	Fringe Pool	Indirect Cost Pool	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers - other funds	\$ 5,397	\$ 114,359	\$ 61,122	\$ 180,878
Payments to suppliers	(2,455)	-	(25,318)	(27,773)
Payments to employees	(2,493)	(112,777)	(36,439)	(151,709)
Internal activity - payments to/(from) other funds	72	(1,087)	701	(314)
Internal activity - payments to component units	-	177	-	177
Internal activity - payments from component units	-	222	46	268
Other receipts	48	-	119	167
Net cash provided by operating activities	<u>569</u>	<u>894</u>	<u>231</u>	<u>1,694</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	-	-	11	11
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchases of capital assets	<u>(569)</u>	<u>-</u>	<u>(91)</u>	<u>(660)</u>
Net cash (used for) capital and related financing activities	<u>(569)</u>	<u>-</u>	<u>(91)</u>	<u>(660)</u>
Net increase in cash and cash equivalents	-	894	151	1,045
Cash and cash equivalents, October 1, 2021	<u>-</u>	<u>166</u>	<u>62</u>	<u>228</u>
Cash and cash equivalents, September 30, 2022	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ 213</u>	<u>\$ 1,273</u>
Cash and cash equivalents consist of:				
Unrestricted cash and cash equivalents	\$ -	\$ 1,060	\$ 213	\$ 1,273
Total Cash and Cash Equivalents, September 30, 2022	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ 213</u>	<u>\$ 1,273</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (682)	\$ 9,702	\$ 423	\$ 9,443
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,179	-	292	1,471
Change in assets and liabilities:				
Receivables, net	-	(2,208)	(38)	(2,246)
Inventories	-	-	(132)	(132)
Other current assets	-	(524)	(558)	(1,082)
Accounts and other payables	72	(6,076)	244	(5,760)
Net cash provided by operating activities	<u>\$ 569</u>	<u>\$ 894</u>	<u>\$ 231</u>	<u>\$ 1,694</u>

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# BUDGETARY INFORMATION

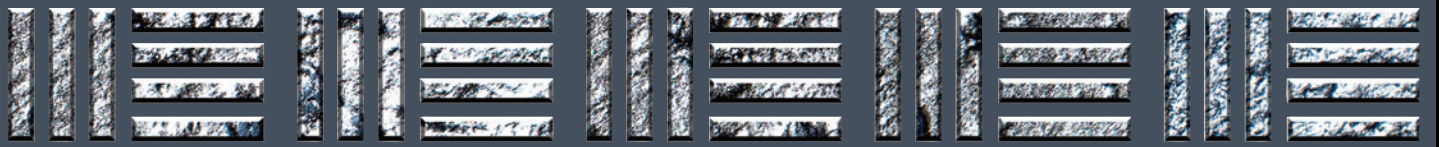
2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

# CHEROKEE NATION

## SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL (GAAP BASIS) - ENTERPRISE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Dollars in Thousands)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget over/(under)
Operating revenues:				
Property rentals	\$ 574	\$ 487	\$ 540	\$ 53
Charges for services and goods	830	830	599	(231)
Interest income, loans	479	479	491	12
Other	87	87	142	55
Total operating revenues	1,970	1,883	1,772	(111)
Operating expenses:				
Salaries and wages	628	628	565	(63)
Other services and charges	2,692	2,045	1,387	(658)
Materials and supplies	28	28	39	11
Depreciation	579	579	560	(19)
Total operating expenses	3,927	3,280	2,551	(729)
Operating (loss)	(1,957)	(1,397)	(779)	618
Nonoperating revenues(expenses):				
Interest income	6	5	30	25
Interest expense	(41)	(41)	(38)	3
Gain/(loss) on sale of fixed assets	-	-	3	3
Net nonoperating revenue (expenses)	(35)	(36)	(5)	31
Income (loss) before captial contributions and transfers	(1,992)	(1,433)	(784)	649
Capital contribution	-	-	(3)	(3)
Transfers in	1,531	1,531	1,497	(34)
Transfers out	-	(1,310)	(1,294)	(16)
Change in net position	(461)	(1,212)	(584)	628
Total net position - beginning	12,419	12,419	12,419	-
Total net position - ending	\$ 11,958	\$11,207	11,835	\$ 628
Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds			(17)	
Net position of Enterprise Funds			\$11,818	

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# STATISTICAL SECTION

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

**The Statistical Section** provides financial statement users with additional detailed information as a context for understanding the information in the financial statements, notes to financial statements, and required supplementary information as it relates to the government's overall financial health.

- **Financial Trends** – Schedules which contain trend information to assist users in understanding how the government's financial position has changed over time.
- **Revenue Capacity** – Schedules which contain information relating to the government's most significant tax revenue sources.
- **Debt Capacity** – Schedules which present information to help the reader assess the government's current levels of outstanding debt and the ability to issue additional debt in the future.
- **Demographic and Economic Indicators** – Demographic and economic indicators to enable users to understand the environment in which the government operates. Reports have been compiled similarly to prior years' reporting to maintain consistency.
- **Operating Information** – Schedules which contain service and program data to help users understand how the information contained in the government's financial report relates to the governmental activities performed.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year. The Nation implemented GASB 61, 63 and 65 in 2013; the effects of the implementation of these standards have been included in the following schedules and prior years have not been adjusted.

**CHEROKEE NATION**

**SCHEDULE OF NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (Dollars in Thousands)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 123,091	\$ 135,395	\$ 175,662	\$ 192,687	\$ 203,046	\$ 189,233	\$ 208,456	\$ 252,176	\$ 349,283	\$ 552,717
Restricted	746,032	797,337	822,166	876,372	940,814	1,029,195	1,142,623	1,220,364	1,684,546	2,099,228
Unrestricted	32,510	54,656	42,231	41,043	33,659	59,259	80,399	142,386	267,888	574,668
Total governmental activities net position	901,633	987,388	1,040,059	1,110,102	1,177,519	1,277,687	1,431,478	1,614,926	2,301,717	3,226,613
<b>Business-type activities</b>										
Net investment in capital assets	483	435	386	1,201	904	647	2,015	2,238	1,708	1,519
Restricted	279	339	287	287	287	-	-	-	-	-
Unrestricted	5,263	5,655	7,624	9,991	11,342	12,985	12,422	9,710	10,678	10,299
Total business-type activities net position	6,025	6,429	8,297	11,479	12,533	13,632	14,437	11,948	12,386	11,818
<b>Primary government</b>										
Net investment in capital assets	123,574	135,830	176,048	193,888	203,950	189,880	210,471	254,414	350,991	554,236
Restricted	746,311	797,676	822,453	876,659	941,101	1,029,195	1,142,623	1,220,364	1,684,546	2,099,228
Unrestricted	37,773	60,311	49,855	51,034	45,001	72,244	92,821	152,096	278,566	584,967
Total primary government net position	\$ 907,658	\$ 993,817	\$ 1,048,356	\$ 1,121,581	\$ 1,190,052	\$ 1,291,319	\$ 1,445,915	\$ 1,626,874	\$ 2,314,103	\$ 3,238,431

CHEROKEE NATION

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (Dollars in Thousands)  
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
Tribal Government	\$ 28,885	\$ 26,464	\$ 27,535	\$ 32,382	\$ 41,010	\$ 33,171	\$ 44,454	\$ 159,294	\$ 119,501	\$ 291,868
Health Services	256,465	266,606	300,161	303,202	311,892	333,037	339,118	370,897	464,384	488,523
Education Services	57,076	59,753	65,059	68,678	65,666	66,958	71,235	96,994	106,330	115,266
Human Services	40,432	40,917	42,996	45,461	46,048	48,750	59,403	76,285	665,648	201,108
Community Services	72,344	82,796	88,575	85,626	78,290	79,903	89,261	86,591	121,106	143,663
Interest on long-term debt	1,414	1,274	1,140	1,046	943	2,385	4,794	4,802	4,456	3,322
Change in equity in component units	-	-	-	-	-	-	-	20,788	-	-
Total governmental activities expenses	456,616	477,810	525,466	536,395	543,849	564,204	608,265	815,651	1,481,425	1,243,750
Business-type activities:										
Tsa-La-Gi Apartments	492	488	488	523	651	655	544	459	731	322
Title VI Loan Fund	124	70	57	51	45	33	2	-	-	-
CN Sanitary Landfill	-	-	-	320	2,329	2,184	2,398	4,475	1,999	2,039
EDTA	124	232	155	17	55	250	269	309	261	215
Total business-type activities expenses	740	790	700	911	3,080	3,122	3,213	5,243	2,991	2,576
Total primary government expenses	\$ 457,356	\$ 478,600	\$ 526,166	\$ 537,306	\$ 546,929	\$ 567,326	\$ 611,478	\$ 820,894	\$ 1,484,416	\$ 1,246,326
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tribal Government	\$ 4,535	\$ 4,778	\$ 4,651	\$ 4,869	\$ 5,208	\$ 5,709	\$ 5,591	\$ 4,385	\$ 4,712	\$ 4,453
Health Services	81,588	93,393	103,757	104,583	126,026	140,884	156,610	193,374	212,372	330,934
Community Services	12	8	7	12	17	15	16	16	7	56
Increase in equity in component units	49,740	52,251	31,749	48,999	40,789	65,720	48,758	-	256,252	328,621
Operating grants and contributions	277,312	283,024	296,053	311,972	315,952	333,446	391,164	658,455	1,423,092	1,208,488
Capital grants and contributions	5,036	2,054	36,954	17,046	7,347	1,141	26,285	22,207	19,298	1,986
Total governmental activities program revenues	418,223	435,508	473,171	487,481	495,339	546,915	628,424	878,437	1,915,733	1,874,538
Business-type activities:										
Charges for services:										
Tsa-La-Gi Apartments	511	528	533	547	601	598	614	627	610	547
Title VI Loan Fund	124	70	57	52	46	34	3	-	-	-
CN Sanitary Landfill	-	-	-	298	1,321	1,285	878	1,108	734	627
EDTA	240	256	315	354	513	641	683	567	611	631
Total business-type activities program revenues	875	854	905	1,251	2,481	2,558	2,178	2,302	1,955	1,805
Total primary government program revenues	\$ 419,098	\$ 436,362	\$ 474,076	\$ 488,732	\$ 497,820	\$ 549,473	\$ 630,602	\$ 880,739	\$ 1,917,688	\$ 1,876,343
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (38,393)	\$ (42,302)	\$ (52,295)	\$ (48,914)	\$ (48,510)	\$ (17,289)	\$ 20,159	\$ 62,786	\$ 434,308	\$ 630,788
Business-type activities	135	64	205	340	(599)	(564)	(1,035)	(2,941)	(1,036)	(771)
Total primary government net expense	\$ (38,258)	\$ (42,238)	\$ (52,090)	\$ (48,574)	\$ (49,109)	\$ (17,853)	\$ 19,124	\$ 59,845	\$ 433,272	\$ 630,017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Motor fuel tax	7,615	7,733	8,008	8,209	8,488	9,038	10,945	10,515	10,455	10,947
Motor vehicle tax	9,641	11,654	13,638	14,680	15,074	15,867	16,766	17,469	20,677	21,043
Tobacco tax	3,631	13,466	14,217	13,505	12,254	11,831	14,245	14,765	14,681	14,262
Sales tax	3,363	3,506	3,654	3,752	4,106	4,616	4,639	2,592	2,303	3,356
Grants and contributions not restricted to specific programs	12,844	12,503	12,740	14,494	12,122	11,292	12,776	13,173	13,742	15,665
Unrestricted investment earnings	864	634	531	726	1,615	3,177	7,433	5,167	877	10,045
Dividends from component units	44,109	47,392	45,448	50,139	49,444	55,983	60,734	53,858	186,182	161,294
Litigation settlement	-	-	1,839	8,349	8,236	36	-	-	-	53,158
Miscellaneous revenue	3,921	5,695	6,552	6,040	6,241	7,280	7,934	3,575	5,040	4,541
Special Items	-	25,813	-	-	-	-	-	-	-	-
Transfers	(194)	(339)	(1,661)	(937)	(1,653)	(1,663)	(1,840)	(452)	(1,474)	(203)
Total governmental activities	85,794	128,057	104,966	118,957	115,927	117,457	133,632	120,662	252,483	294,108
Business-type activities:										
Unrestricted investment earnings	1	1	2	-	-	-	-	-	-	-
Transfers	194	339	1,661	937	1,653	1,663	1,840	452	1,474	203
Transfer of operations	-	-	-	1,905	-	-	-	-	-	-
Total business-type activities	195	340	1,663	2,842	1,653	1,663	1,840	452	1,474	203
Total primary government	\$ 85,989	\$ 128,397	\$ 106,629	\$ 121,799	\$ 117,580	\$ 119,120	\$ 135,472	\$ 121,114	\$ 253,957	\$ 294,311
<b>Change in Net Position</b>										
Governmental activities	\$ 47,401	\$ 85,755	\$ 52,671	\$ 70,043	\$ 67,417	\$ 100,168	\$ 153,791	\$ 183,448	\$ 686,791	\$ 924,896
Business-type activities	330	404	1,868	3,182	1,054	1,099	805	(2,489)	438	(568)
Total primary government	\$ 47,731	\$ 86,159	\$ 54,539	\$ 73,225	\$ 68,471	\$ 101,267	\$ 154,596	\$ 180,959	\$ 687,229	\$ 924,328

## CHEROKEE NATION

### GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE

#### LAST TEN FISCAL YEARS

(Dollars in Thousands)

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<u>Year</u>	<u>Motor Fuel Tax</u>	<u>Motor Vehicle Tax</u>	<u>Tobacco Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2022	\$ 10,947	\$ 21,043	\$ 14,262	\$ 3,356	\$ 49,608
2021	10,455	20,677	14,681	2,303	48,116
2020	10,515	17,469	14,765	2,592	45,341
2019	10,945	16,766	14,245	4,639	46,595
2018	9,038	15,867	11,831	4,616	41,352
2017	8,488	15,074	12,254	4,106	39,922
2016	8,209	14,680	13,505	3,752	40,146
2015	8,008	13,638	14,217	3,654	39,517
2014	7,733	11,654	13,466	3,506	36,359
2013	7,615	9,641	3,631	3,363	24,250

CHEROKEE NATION

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Dollars in Thousands)

General Fund	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Nonspendable										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,626	\$ 81,766	\$ 89,262	\$ 134,725
Committed	45,286	47,233	52,602	57,932	62,710	68,432	75,626	81,766	89,262	134,725
Assigned	6,012	8,581	10,042	7,953	8,113	8,568	14,228	22,583	52,533	69,716
Unassigned	3,645	17,252	15,274	8,265	10,443	14,792	12,461	14,882	28,601	70,557
	10,298	22,056	16,330	26,922	18,058	23,412	34,126	35,713	143,123	163,489
Total general fund	\$65,241	\$95,122	\$94,248	\$101,072	\$ 99,324	\$115,204	\$136,448	\$154,948	\$313,525	\$438,490
All Other Governmental Funds										
Nonspendable										
Restricted	\$11,704	\$11,763	\$11,895	\$ 12,516	\$ 12,406	\$ 12,697	\$ 14,262	\$ 18,263	\$ 24,991	\$ 18,025
Assigned	47,629	43,724	31,303	30,556	49,544	71,914	122,103	216,702	404,268	451,754
Unassigned	19,152	11,917	9,634	4,853	-	-	12,441	56,253	26,006	208,842
	-	-	-	-	(4,608)	(2,149)	-	-	-	-
Total all other governmental funds	\$78,485	\$67,404	\$52,832	\$ 47,925	\$ 57,342	\$ 82,462	\$148,806	\$291,218	\$455,265	\$678,621

# CHEROKEE NATION

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Dollars in Thousands) *(modified accrual basis of accounting)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Intergovernmental	\$284,143	\$290,204	\$300,277	\$318,043	\$317,121	\$334,956	\$395,874	\$ 704,788	\$1,426,574	\$1,204,974
Property rentals	691	956	801	895	957	1,029	747	888	1,278	883
Motor fuel tax revenues	7,615	7,733	8,008	8,209	8,488	9,038	10,945	10,515	10,455	10,947
Tax, license and fees	20,490	32,456	35,367	35,923	35,702	37,009	40,509	38,338	41,102	42,288
Interest	1,552	1,336	1,262	1,484	2,036	3,910	8,987	5,897	1,033	16,922
Trust fund income	96	21	-	-	-	-	-	-	-	-
Litigation settlement	-	-	1,839	8,349	-	8,272	-	-	-	53,158
Dividends from component units	44,109	47,392	45,448	50,139	49,444	55,983	60,734	53,858	186,182	161,294
Third party revenues	82,250	94,175	105,414	106,161	128,154	142,670	157,029	153,935	213,489	336,055
Other	8,488	9,513	12,679	12,127	14,645	14,542	35,889	31,162	14,027	11,721
Total revenues	449,434	483,786	511,095	541,330	556,547	607,409	710,714	999,381	1,894,140	1,838,242
<b>Expenditures</b>										
Tribal Government	26,634	25,093	26,532	29,421	29,679	31,806	43,274	155,700	110,356	323,546
Health Services	246,947	259,612	289,789	293,368	305,159	324,510	331,859	367,298	462,698	482,491
Education Services	55,982	59,587	64,426	68,420	67,286	66,540	70,656	96,997	106,423	115,483
Human Services	39,761	40,738	42,514	45,167	46,725	48,435	58,997	76,319	665,775	201,214
Community Services	71,351	81,932	84,513	84,919	80,008	78,817	87,916	85,355	119,369	141,854
Debt service										
Principal	3,525	3,475	3,555	2,400	13,760	1,600	12,822	11,333	11,333	145,444
Interest	1,435	1,301	1,168	1,058	1,129	2,385	4,794	4,802	4,456	3,322
Capital outlay	20,797	17,996	12,386	16,217	36,270	82,424	75,317	40,256	89,741	76,454
Total expenditures	466,432	489,734	524,883	540,970	580,016	636,517	685,635	838,060	1,570,151	1,489,808
Excess (deficiency) of revenues over expenditures	(16,998)	(5,948)	(13,788)	360	(23,469)	(29,108)	25,079	161,321	323,989	348,434
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	-	-	-	2,511	32,660	71,700	63,130	-	-	-
Insurance recoveries	37	278	102	212	159	75	28	55	114	101
Transfers in	19,521	10,772	6,878	8,760	19,692	16,083	26,119	60,736	16,906	254,539
Transfers out	(19,718)	(11,162)	(8,638)	(9,926)	(21,373)	(17,750)	(26,768)	(61,200)	(18,385)	(254,753)
Total other financing sources (uses)	(160)	(112)	(1,658)	1,557	31,138	70,108	62,509	(409)	(1,365)	(113)
Special Item:										
Proceeds from settlement	-	24,860	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (17,158)</u>	<u>\$ 18,800</u>	<u>\$ (15,446)</u>	<u>\$ 1,917</u>	<u>\$ 7,669</u>	<u>\$ 41,000</u>	<u>\$ 87,588</u>	<u>\$ 160,912</u>	<u>\$ 322,624</u>	<u>\$ 348,321</u>
Debt service as a percentage of noncapital expenditures	1.11%	1.01%	0.92%	0.66%	2.74%	0.72%	2.89%	2.02%	1.07%	10.53%

## CHEROKEE NATION

### GOVERNMENTAL ACTIVITIES - MOTOR VEHICLE TAX REGISTRATIONS LAST TEN FISCAL YEARS

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<u>Year</u>	<u>Motor Vehicle Registrations</u>	<u>Boat/ Motor Registrations</u>	<u>Total All Registrations</u>
2022	42,649	1,886	44,535
2021	45,826	2,061	47,887
2020	40,318	1,554	41,872
2019	41,679	1,411	43,090
2018	39,888	1,556	41,444
2017	40,234	1,535	41,769
2016	37,835	1,573	39,408
2015	35,946	1,299	37,245
2014	29,507	1,188	30,695
2013	23,318	941	24,259

Source: Cherokee Nation Tax Commission

# CHEROKEE NATION

## GENERAL GOVERNMENTAL REVENUES BY SOURCE (GAAP BASIS) LAST TEN FISCAL YEARS (Dollars in Thousands)

Fiscal Year	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Motor Fuel Tax	Motor Vehicle Tax	Other Tax	Unrestricted Grants & Contributions	Investment Earnings	Dividends from Component				Litigation Settlement	Miscellaneous	Total
									Units	Settlement	Miscellaneous	Total			
2022	\$ 665,869	\$ 1,208,488	\$ 1,986	\$ 10,947	\$ 21,043	\$ 17,618	\$ 15,665	\$ 10,045	\$ 161,294	\$ 53,158	\$ 4,541	\$ 2,170,654			
2021	475,298	1,423,092	19,298	10,455	20,677	16,984	13,742	877	186,182	-	5,040	2,171,645			
2020	200,077	658,455	22,207	10,515	17,469	17,357	13,173	5,167	53,858	-	3,575	1,001,853			
2019	213,153	391,164	26,285	10,945	16,766	18,884	12,776	7,433	60,734	-	7,934	766,074			
2018	214,886	333,446	1,141	9,038	15,867	16,447	11,292	3,177	55,983	36	7,280	668,593			
2017	174,521	315,952	7,347	8,488	15,074	16,360	12,122	1,615	49,444	8,236	6,241	615,400			
2016	159,714	311,972	17,046	8,209	14,680	17,257	14,494	726	50,139	8,349	6,040	608,626			
2015	141,069	296,053	36,954	8,008	13,638	17,871	12,740	533	45,448	1,839	6,552	580,705			
2014	151,284	283,024	2,054	7,733	11,654	16,972	12,503	635	47,392	-	5,695	538,946			
2013	136,750	277,312	5,036	7,615	9,641	6,994	12,844	864	44,109	-	3,921	505,086			

The Nation does not assess property taxes or receive property taxes assessed on its behalf by any other governmental unit. Consequently, many of the statistical schedules usually found in an annual comprehensive financial report are not applicable to the Nation.

# CHEROKEE NATION

## GENERAL GOVERNMENTAL EXPENSES BY FUNCTION (GAAP BASIS)

LAST TEN FISCAL YEARS (Dollars in Thousands)

Fiscal Year	Tribal Government	Health Services	Education Services	Human Services	Community Services	Interest on Long Term Debt	Change in Equity in		Tsa-La-Gi Apartments	Title VI	CN	
							Component Units	Sanitary Landfill			EDTA	Total
2022	\$ 291,868	\$ 488,523	\$ 115,266	\$ 201,108	\$ 143,663	\$ 3,322	\$ -	\$ -	\$ 322	\$ -	\$ 2,039	\$1,246,326
2021	119,501	464,384	106,330	665,648	121,106	4,456	-	-	731	-	1,999	1,484,416
2020	159,294	370,897	96,994	76,285	86,591	4,802	20,788	-	459	-	4,475	820,894
2019	44,454	339,118	71,235	59,403	89,261	4,794	-	-	544	2	2,398	611,478
2018	33,171	333,037	66,958	48,750	79,903	2,385	-	-	655	33	2,184	567,326
2017	41,010	311,892	65,666	46,048	78,290	943	-	-	651	45	2,329	546,929
2016	32,382	303,202	68,678	45,461	85,626	1,046	-	-	523	51	320	537,306
2015	27,535	300,161	65,059	42,996	88,575	1,140	-	-	488	57	-	526,166
2014	26,464	266,606	59,753	40,917	82,796	1,274	-	-	488	70	-	478,600
2013	28,885	256,465	57,076	40,432	72,344	1,414	-	-	492	124	-	457,356

# CHEROKEE NATION

## OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (Dollars in Thousands)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income*	Per each one*
	Bonds	Direct		Term Loans	Direct Financing Obligation				
		Term Loans	Financing Obligation						
2022	\$ -	\$ 1,283	\$ -	\$ 849	\$ 670	\$ 2,802	0.05%	\$ 24	
2021	-	145,444	-	1,223	737	147,404	3.07%	1,310	
2020	-	156,778	-	1,587	803	159,168	3.41%	1,397	
2019	-	168,112	-	362	869	169,343	3.77%	1,483	
2018	-	117,804	-	584	1,399	119,787	2.83%	1,066	
2017	-	47,704	-	802	3,081	51,587	1.27%	457	
2016	12,160	16,644	-	1,016	4,651	34,471	0.75%	283	
2015	12,960	15,733	-	-	6,432	35,125	0.89%	319	
2014	14,915	17,333	-	-	8,287	40,535	1.08%	378	
2013	16,790	18,933	-	-	9,976	45,699	1.28%	433	

Note: Details regarding the Nation's outstanding debt can be found in the notes to basic financial statements

\* See Demographic and Economic Statistics for personal income, population, and per each one data.

# CHEROKEE NATION

## PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS (Dollars in Thousands)

Fiscal Year	Health Revenue Bonds*						
	Beginning Fund Balance	Revenues	Less: Expenses	Ending Fund Balance	Debt Service**		Coverage
					Principal	Interest	
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2021	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2016	24,083	267,448	268,688	22,843	800	577	16.59
2015	34,877	261,698	272,492	24,083	1,955	636	9.29
2014	36,545	253,210	254,878	34,877	1,875	718	13.45
2013	34,076	227,368	224,899	36,545	1,795	797	14.10

Note: \* Bonds were called in FY 2017, therefore, coverage can only be reported on years prior to the call of the bonds.

\*\* Debt service coverage is based upon fund balance generated from Health Care System Operations.

# CHEROKEE NATION

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Population**	Personal Income*** (Dollars in Thousands)	Per Each One Personal Income****	Unemployment Rate*****
2022 *	1,232,232	\$ 5,134,764	\$ 48,294	3.2
2021 *	1,225,085	4,802,212	42,661	3.0
2020 *	1,216,294	4,664,925	40,972	5.4
2019 *	1,211,949	4,496,132	39,372	3.2
2018 *	1,208,644	4,239,328	37,741	3.1
2017 *	1,205,109	4,061,803	36,007	4.3
2016 *	1,199,601	4,615,769	37,879	5.3
2015 *	1,188,464	3,947,473	35,795	4.4
2014 *	1,180,608	3,746,498	34,926	4.2
2013 *	1,172,064	3,569,576	33,789	5.4

Source: Oklahoma State Data Center - Oklahoma Department of Commerce  
US Department of Labor: Bureau of Labor Statistics Data

### Notes:

\* Estimate projected based on previous trends by Cherokee Nation Financial Resources Department

\*\* Population data for Counties within the Cherokee Nation Jurisdictional Boundaries

\*\*\* Personal income information from the Bureau of Economic Analysis

\*\*\*\* Per each one personal income information from Oklahoma State Data Center - OK Dept of Commerce

\*\*\*\*\* Unemployment Rate September period rate from the Bureau of Labor Statistics Data

## CHEROKEE NATION

### PRINCIPAL EMPLOYERS

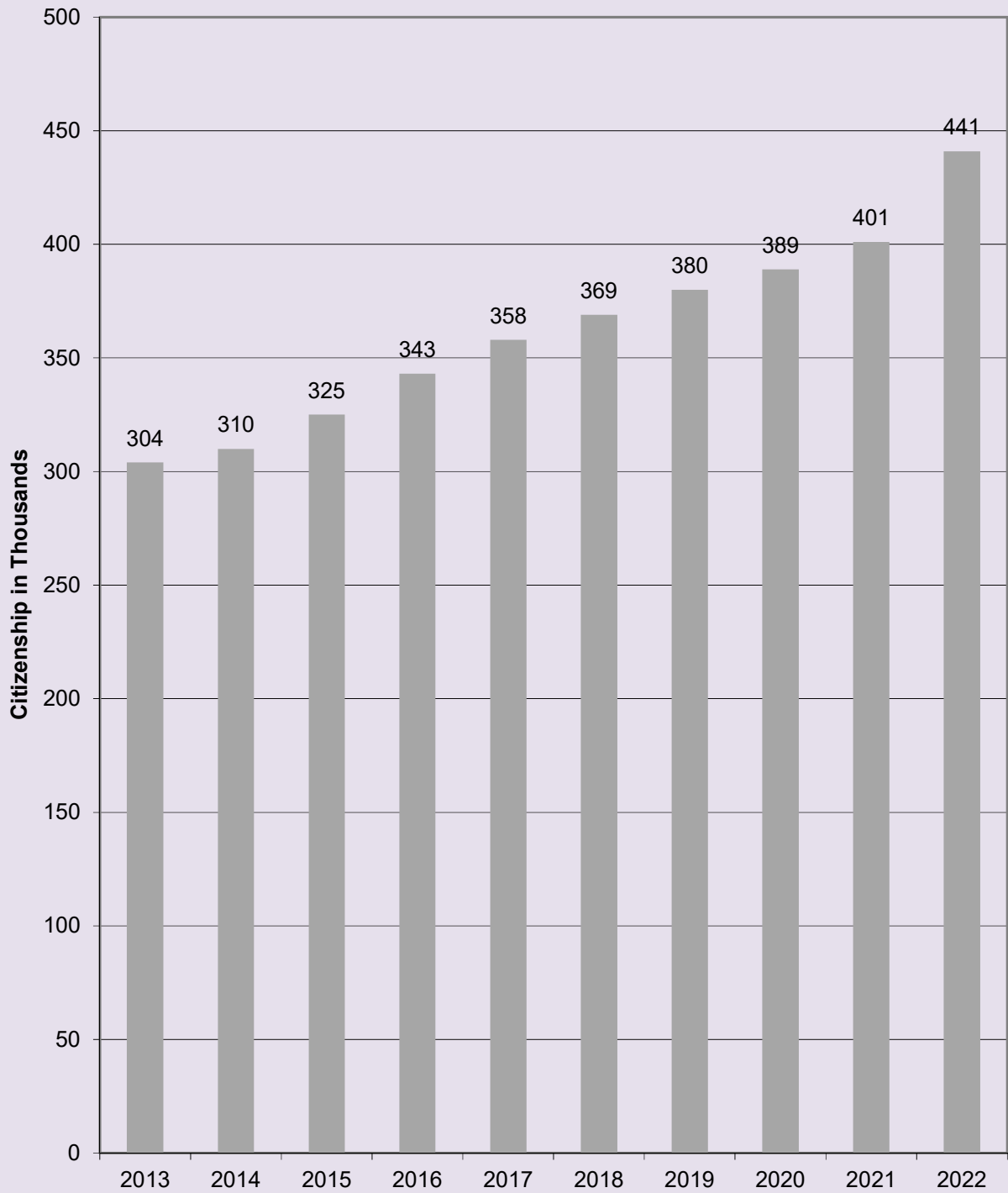
#### CURRENT YEAR AND NINE YEARS AGO

Employer	2013			2022		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Amazon Fulfillment Services	-	-	0.00%	3,850	3	13.23%
American Airlines & AA	5,750	2	22.77%	4,700	2	16.15%
Cherokee Nation *	9,000	1	35.64%	8,200	1	28.18%
Claremore City Schools	750	7	2.97%	-	-	0.00%
Conoco Phillips	1,750	4	6.93%	-	-	0.00%
Georgia Pacific Consumer Products	750	8	2.97%	-	-	0.00%
IC of Oklahoma LLC/IC Bus	-	-	0.00%	1,050	10	3.60%
Jack Montgomery VAMC & Childers VA Outpatient Tulsa	-	-	0.00%	3,250	4	11.17%
Melton Truck Lines Inc.	-	-	0.00%	1,550	6	5.33%
Mid-Western Aircraft Systems Inc	2,250	3	8.91%	-	-	0.00%
NORDAM Group Inc	-	-	0.00%	1,450	8	4.98%
Northeastern Oklahoma State University	1,250	5	4.95%	1,350	9	4.64%
Owasso Independent School Dist #1-11	1,250	6	4.95%	-	-	0.00%
Reasors LLC/Reasor's Stores	-	-	0.00%	2,150	5	7.39%
Tahlequah School District	750	9	2.97%	-	-	0.00%
Whirlpool Corporation	750	10	2.97%	1,550	7	5.33%
	<u>24,250</u>		<u>96%</u>	<u>29,100</u>		<u>100%</u>

Sources: Oklahoma Department of Commerce, DNB Hoovers, OK QCEW 2022

\*Including component units

**CHEROKEE NATION**  
**Tribal Citizenship**



**Source: Tribal Registration Department**

## CHEROKEE NATION

### TRIBAL CITIZENSHIP BY DISTRICT LAST TEN FISCAL YEARS

District*	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cherokee	20,443	20,368	21,912	22,278	23,062	24,193	24,769	24,848	23,269	22,672
Craig	7,823	7,697	8,058	8,320	8,848	8,612	8,640	12,789	11,285	10,504
Delaware	12,657	12,783	13,330	14,113	14,526	14,977	15,343	15,372	14,677	14,872
Keeler	15,300	15,055	15,931	16,638	17,454	18,210	18,866	19,257	19,152	20,396
Mayes	11,987	11,367	11,754	12,346	12,674	12,828	13,024	13,118	12,585	12,937
Sequoyah	14,204	13,945	14,583	15,109	15,550	20,465	16,337	16,430	15,790	16,031
Three Rivers	8,642	9,027	8,718	9,259	9,459	9,501	9,640	9,770	9,134	9,264
Trail of Tears	12,987	13,075	13,726	14,043	14,321	14,425	14,305	14,240	13,230	13,465
Will Rogers	15,266	15,607	16,704	23,022	17,648	18,251	18,361	18,643	18,139	18,618
Other	184,895	191,474	199,946	207,934	224,530	227,591	240,799	244,310	264,212	302,664
<b>Total Citizenship</b>	<b>304,204</b>	<b>310,398</b>	<b>324,662</b>	<b>343,062</b>	<b>358,072</b>	<b>369,053</b>	<b>380,084</b>	<b>388,777</b>	<b>401,473</b>	<b>441,423</b>

Source: Tribal Registration Department

\* The Nation currently has a 15 district map of the Nation's jurisdictional areas. For comparative purposes, the distribution of the Nation's citizenship is shown in the original nine district breakout. Reports have been compiled similarly to prior years' reporting to maintain consistency.

## CHEROKEE NATION

### TRIBAL LAND BASE (ACRES) BY COUNTY FOR THE YEAR ENDED SEPTEMBER 30, 2022

County	Tribal Land	Government Land	Restricted Individual	Total Acres
<u>Cherokee Nation:</u>				
Oklahoma:				
Adair	15,146	19	10,271	25,436
Cherokee	2,828	97	9,439	12,364
Craig	329	-	1,843	2,172
Delaware	25,095	10	6,503	31,608
McIntosh	-	-	596	596
Mayes	415	10	5,364	5,789
Muskogee	500	-	2,342	2,842
Nowata	51	-	610	661
Ottawa	-	-	79	79
Rogers	560	10	801	1,371
Sequoyah	7,625	40	5,623	13,288
Tulsa	47	-	204	251
Wagoner	-	-	225	225
Washington	242	-	1,719	1,961
Arkansas Riverbed	14,715	-	-	14,715
<u>Counties Outside Territorial Boundaries:</u>				
Oklahoma:				
Kay	4,230	-	-	4,230
Atoka	10	-	-	10
Choctaw	40	-	-	40
Pittsburg	10	-	-	10
Stephens	80	-	-	80
Texas:				
Red River	630	-	-	630
Dallas	5	-	-	5
Paris	66	-	-	66
Total	72,624	186	45,619	118,429

Source: Cherokee Nation Real Estate Services

## CHEROKEE NATION

### PRIMARY GOVERNMENT EMPLOYEES BY FUNCTION

#### LAST TEN FISCAL YEARS

Regular full-time employees only

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Function:</b>										
Tribal Government	489	509	576	583	602	569	578	568	629	679
Health Services	1,270	1,315	1,392	1,489	1,519	1,557	1,670	1,837	1,926	2,045
Education Services	442	444	433	430	422	421	464	439	433	450
Human Services	328	335	339	365	360	346	363	398	389	421
Community Services	296	304	297	271	238	230	230	235	208	213
<b>Total</b>	<u>2,825</u>	<u>2,907</u>	<u>3,037</u>	<u>3,138</u>	<u>3,141</u>	<u>3,123</u>	<u>3,305</u>	<u>3,477</u>	<u>3,585</u>	<u>3,808</u>

Source: Financial Resources Department

**CHEROKEE NATION**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Health Services										
Ambulatory care visits	382,614	413,862	423,902	488,074	568,663	552,475	570,896	543,497	801,439	780,071
Dental patient visits	61,274	68,637	74,604	80,996	94,287	71,062	83,234	54,877	55,907	74,598
Pharmacy patient visits	435,855	484,595	480,390	609,490	649,103	672,726	697,311	696,223	709,919	752,142
Pharmacy prescription filled	1,828,359	1,927,395	1,961,582	1,686,360	1,716,535	2,405,316	1,744,951	1,705,968	1,642,613	1,720,014
Education Services										
Higher Education applications received	3,287	3,846	4,272	4,963	5,109	5,617	5,552	5,559	5,809	5,787
Higher Education applications funded	3,065	3,430	3,805	4,167	4,325	4,537	4,626	4,635	5,088	4,661
Head Start students	305	145	182	152	146	145	141	34	74	35
Immersion Class students	105	117	104	101	130	134	134	89	83	117
Sequoyah High School students	379	375	366	374	388	367	370	320	320	322
Human Services										
Child Care children served through subsidy	3,040	3,150	2,430	2,541	2,715	2,563	2,604	2,506	2,609	2,923
Child Care contracted providers	546	404	529	529	504	428	402	432	462	585
Child Care technical assistance calls and visits	1,965	1,799	1,001	925	941	907	851	3,793	3,747	3,949
Child Care monitoring visits to caregivers	1,001	1,000	982	1,194	1,320	1,274	1,396	486	462	628
Food Distribution - individuals served	109,579	127,757	133,190	139,211	135,602	130,033	121,594	113,413	75,072	68,313
Food Distribution - households served	47,428	55,414	59,339	62,505	62,173	60,859	58,644	55,520	39,695	36,949
Elder Service Advocacy individuals served	279	329	703	1,311	1,504	1,675	1,523	1,548	1,725	1,755
Community Services										
Roads/bridges project miles completed	51.49	68.84	71.77	77.81	78.19	56.56	60.04	69.67	87.65	73.69
Transit rides	44,912	67,346	109,132	93,446	102,148	107,712	115,389	107,784	99,463	94,909
Families served through rental assistance	2,189	1,880	2,673	2,554	1,939	1,727	1,654	1,739	1,993	1,848
Families subsidized in Title VI units	238	240	234	221	197	195	194	200	172	30
Rehabilitation of privately owned homes	609	629	610	295	477	536	197	10	12	372
Acquired or constructed individual homes for low-income families	38	29	158	277	161	56	73	73	37	4
Businesses funded through Commerce programs	28	18	24	41	46	36	28	13	33	41
Participants enrollments in IDA/YIDA	146	210	453	465	447	500	321	158	91	81

Source: Departments/programs as listed

CHEROKEE NATION  
CAPITAL ASSET UTILIZATION BY FUNCTION  
PRIMARY GOVERNMENT  
LAST TEN FISCAL YEARS  
(Net of Depreciation, Dollars in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities:</b>										
Tribal Government	\$ 49,706	\$ 52,295	\$ 52,873	\$ 65,734	\$ 98,370	\$174,880	\$250,128	\$272,518	\$343,318	\$400,123
Health Services	88,522	95,747	131,097	136,691	134,891	129,037	122,031	120,438	135,689	119,987
Education Services	10,067	9,698	9,302	8,963	8,661	8,286	8,052	8,420	9,046	8,785
Human Services	6,205	6,152	5,891	5,661	5,432	5,342	5,364	5,658	5,654	6,228
Community Services	4,555	4,288	5,192	4,442	3,396	3,887	4,368	6,609	7,256	20,546
Governmental activities, net	<u>\$159,055</u>	<u>\$168,180</u>	<u>\$204,355</u>	<u>\$221,491</u>	<u>\$250,750</u>	<u>\$321,432</u>	<u>\$389,943</u>	<u>\$413,643</u>	<u>\$500,963</u>	<u>\$555,669</u>
<b>Business-type activities:</b>										
Enterprise Funds	\$ 483	\$ 435	\$ 386	\$ 2,217	\$ 1,706	\$ 1,231	\$ 2,377	\$ 3,825	\$ 2,931	\$ 2,368
Business-type activities, net	<u>\$ 483</u>	<u>\$ 435</u>	<u>\$ 386</u>	<u>\$ 2,217</u>	<u>\$ 1,706</u>	<u>\$ 1,231</u>	<u>\$ 2,377</u>	<u>\$ 3,825</u>	<u>\$ 2,931</u>	<u>\$ 2,368</u>

Source: Financial Resources Department

## CHEROKEE NATION

### CHEROKEE STUDENTS BY DISTRICT LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>District*</b>										
Cherokee	5,025	4,733	4,248	4,833	4,930	4,671	4,833	4,246	4,412	4,432
Craig	1,341	1,314	1,312	1,403	1,319	1,287	1,316	1,238	1,241	1,309
Delaware	2,689	2,558	2,483	2,653	2,745	2,668	2,585	2,431	2,761	3,005
Keeler	2,993	5,468	5,677	6,537	6,803	7,079	7,828	7,125	7,938	8,972
Mayes	2,411	2,456	2,489	2,554	2,619	2,668	2,598	2,515	2,593	2,615
Sequoyah	2,534	2,518	2,475	2,584	2,665	2,580	2,584	2,457	2,579	2,966
Three Rivers	2,948	4,007	3,797	4,087	3,975	3,951	4,120	3,707	3,978	4,367
Trail of Tears	2,576	2,614	2,492	2,589	2,640	2,584	2,565	2,438	2,500	2,532
Will Rogers	2,812	2,814	2,835	2,930	3,018	2,974	3,030	2,892	3,175	3,389
<b>Total Cherokee Students</b>	<u>25,329</u>	<u>28,482</u>	<u>27,808</u>	<u>30,170</u>	<u>30,714</u>	<u>30,462</u>	<u>31,459</u>	<u>29,049</u>	<u>31,177</u>	<u>33,587</u>

Counties included in districts:

Cherokee (Cherokee)  
 Craig (Craig/Nowata)  
 Delaware (Delaware/Ottawa)  
 Keeler (Tulsa/Washington)  
 Mayes (Mayes)  
 Sequoyah (Sequoyah)  
 Three Rivers (Muskogee/Wagoner/McIntosh)  
 Trail of Tears (Adair)  
 Will Rogers (Rogers)

\* The Nation currently has a 15 district map of the Nation's jurisdictional areas. For comparative purposes, the distribution of the Nation's Cherokee students by district is shown in the original nine district breakout. Reports have been compiled similarly to prior years' reporting to maintain consistency.

Source: MVT apportionment

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