

Arthur “Archie” LaRose, Secretary/Treasurer Report for the Quarter

10/01/2014

To the Leech Lake Band Membership

When elected, I said I would work to keep the people informed of issues and efforts as we move forward. I have had 3 months in office as the Secretary/Treasurer and have been busy finding out where the band is financially. We ended FY2014 with an ongoing cash flow shortage and over spending that cut our reserves from \$11 to 7 million.

To date we have approved the FY 2015 Budget and the FY14 and FY15 indirect cost agreements have been submitted for approval. There is still a spending freeze in place, but we are continuing to free up more resources to help our band members.

The council is reviewing band priorities for this fiscal year and long term. This will include resetting division goals and identifying and monitoring local, regional, state and federal issues. Some of the areas that need attention here are economic development, employment and job development, ICWA and Out of Home placements, youth development, education and workforce training, addictions, poverty, homelessness and housing.

The homeless issue is a priority and we have a taskforce in place to look at resolving this ongoing crisis. Most regional shelters are full and the need is not decreasing. We have begun renovation of a site in Bena for a homeless shelter and are searching for other adequate sites. We have invited various partners to help us including MN DHS and area regional governments to work with us on this issue. Our goal is not just short term but also long term by addressing the issues the individuals and families are facing that has resulted in them being homeless. We will work with them to address their issues and see that they are provided the resources to get them back on their feet.

We are still dealing with the Native cigarette issue with the State of Minnesota and the state continues to withhold our cigarette tax agreement revenue. We have been busy researching the options and strategies to deal with this issue. We have a very experienced team working on this issue and will be receiving their recommendations. This is an opportunity to weigh the pros and cons of various options and any decision or new agreement must strengthen Leech Lake. We will not be stopped from developing our economy and from exercising our sovereignty and jurisdiction including doing inter-tribal commerce. Be assured we will be getting information to the band membership as we move forward on this issue.

In regard to economies Leech Lake, Red Lake and White Earth put a lot of financial resources into the region's economy, including money from settlements such as the recent Cobell payments. I see as a priority the need to work together to leverage these resources to improve the lives of our people by building our tribal economies. We need to bring this to the forefront in talks with Red Lake and White Earth.

In regard to providing information to you and also so you can see just how much money Leech Lake puts into the region's economy I have included below a overview of the 2015 Budget; general fund, revenues and expenses. There is more detail in the quarterly financial statements.

The Band's 2015 fiscal year budget is comprised of the following revenues and expenditures.

General Fund currently has approximately \$8.6 million in cash reserves. This fund fluctuates going both up and down over the course of the year. These funds are comprised of previous lawsuit settlements and prior year additional sales tax revenues. These are funds held in reserve for future allocation as deemed necessary. This includes emergencies, grant cash matches, and capital projects that require additional funding.

Annual Revenues for fiscal year 2015:

- Gaming net profits to be transferred to the Governing body for the 2015 fiscal year are \$13.5 million, approximately the same level as last fiscal year.
- State of MN Hunting and Fishing agreement projection is \$2.8 million.
- State of MN Tax agreement is projected at \$3.5 million. This includes sales, use, gasoline, alcohol, and tobacco taxes.
- The Band receives approximately \$50.7 million in Federal, State, and other grants.
- Other income, which includes land leases, health and human services billings, TERO fees, and other miscellaneous billings revenues total \$31.9 million.

Total projected revenues for fiscal year 2015 total \$102.4 million.

Projected expenditures for fiscal year 2015 include:

- The Band pays \$48 million in salaries, wages, and fringe benefits for over 900 full, part-time and temporary employees.
- Other operating costs total \$18.7 million. (Supplies, telephone, meeting, travel, equipment, insurance and repairs)
- Capital Improvements and contractual total \$36 million that includes the Roads programs and building projects for Opiate, Assisted Living Center, Hospital expansion, and Justice Center programs.

Total projected expenditures for fiscal year 2015 equal \$102.4 million.

I am glad to report that the council has been working together, setting priorities and a vision for the Leech Lake Band. I believe that through these efforts, and by working together, the Leech Lake Band can again become a leader and example of progressive tribal government. I want to thank you for your patience these last 3 months during my transition into the Secretary/Treasurer position.

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Arthur "Archie" LaRose, Secretary/Treasurer