

## **Secretary/Treasurer Arthur “Archie” LaRose Quarterly Report January 09, 2015**

To the band membership, this report gives basic information on the financial state of the band. The band's finances change as we move through the year and there are issues that impact our finances. We never have enough resources to meet all the needs but we all have to continue to work to improve the lives of the band membership as a whole.

We all need to remember that Leech Lake, Red Lake and White Earth put a lot of financial resources into the region's economy. So we should work together with Red Lake and White Earth to leverage these resources to improve the lives of our people by building our tribal economies. We need to develop our economy, our tax system, the exercising of our sovereignty and jurisdiction, including inter-tribal commerce.

One of the questions people have asked about is the Native cigarette issue we have with the State of Minnesota. I hoped last quarter we would be ready to move forward on this issue. The council has not been presented with options and strategies yet for moving this issue forward. The state continues to withhold since 2009 about \$2.5 million of the shared tax revenues they owe us.

Leech Lake Gaming reports net income for the quarter is down by about 1 million dollars primarily due to the loss of the Native Brand Tobacco sales. We have lost revenue on both the government and gaming sides due to the unresolved 1995 State Tax Agreement issue (Native Brand Tobacco sales). Due to this reduction in net gaming income, the gaming allocation has been reduced from \$13.5 to 12.8 million dollars for this fiscal year. These are the funds we transfer from gaming to the government side to help cover operations costs.

This funding reduction is a concern because it occurred after the 2015 budgets were put together and we have not completed assessing the potential impact on the budgets. Some of the 2015 budgets are already being depleted at a rate that will likely require some type of corrective action before the end of the fiscal year. Revenues are always an issue and so we have organized a centralized billing department for Human Services so all billing will be handled in a more timely manner.

I formed a financial advisory committee for my office to more closely monitor both the financial state of the band and our financial systems. It will help identify financial policy needs, improve asset management, correct audit findings, save money, identify areas for overall system improvements. The goal is to identify and address issues before they become problems especially in regard to spending, spending patterns and revenue shortfalls. This will help me more effectively comply with the duties of my office per Ordinance 1.

The council met in mid-October 2014 to discuss band priorities and a follow up meeting December 29 where we discussed the need for an updated organization flowchart. The

discussion continues in regard to both issues. The last program and service priorities were set in 1999, by LLBO Resolution No. 00-55. The priorities in 1999 were Social Problems, Land issues, Housing, Jobs, Education, and Capital Needs. I think these priorities are still relevant. We all know some of the areas that need attention are addictions, poverty, ICWA and Out of Home Placements, homelessness and affordable housing, economic development, job development, youth development, education and workforce training. We should be reviewing current statistics and efforts by divisions and programs to date in each of these areas.

I have included again an overview of the 2015 Budget; general fund, revenues and expenses. This also shows just how much money Leech Lake puts into the region's economy. 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, this quarter the balance is \$10.5 million. 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:

- The Gaming allocation or funds to be transferred to the Governing body for the 2015 fiscal year were \$13.5 million; this has been reduced by \$700 thousand to \$12.8 million.
- The State of MN Hunting and Fishing agreement projection is \$2.8 million.
- The State of MN Tax agreement is also projected at \$3.5 million. This includes sales, 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 \$101.7 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.

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**Arthur "Archie" LaRose, Secretary/Treasurer**