

# Treasurer: Where are all of our dollars going?



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DIRECTOR, TREASURER

As your new treasurer for the board of directors, I am going to try to keep you updated on the financial status of the tribe. Below are the latest reports (and definitions) that I have received. You must keep in mind that this plan and as with any plan changes will have to be made as the economy dictates.

## DEFINITIONS

2012 Plan — terms

- 1) Northern casinos — \$17 million distribution received by the tribal government from the northern casinos. Amount is restricted by bank covenants.
- 2) Business income — Taxes paid to the tribal government from the non-gaming businesses.
- 3) Total income — Revenue received and utilized for the tribal support portion of the tribal government budget.
- 4) Program spending — Tribal support spending portion of the

— 2012 PLAN —		
	May 2012 (Estimate)	Proposed 2012
<b>Northern Casinos</b>	<b>\$17,000,000</b>	<b>\$17,000,000</b>
<b>Business Income</b>	<b>1,370,370</b>	<b>1,370,370</b>
<b>TOTAL INCOME</b>	<b>\$18,370,370</b>	<b>\$18,370,370</b>
<b>Program Spending</b>	<b>\$12,418,549</b>	<b>\$15,783,490</b>
<b>Cap-Ex Government</b>	<b>633,845</b>	<b>633,845</b>
<b>Debt Service</b>	<b>1,756,032</b>	<b>1,810,987</b>
<b>Enhancement</b>	<b>3,170,400</b>	<b>4,170,400</b>
<b>TOTAL SPENDING</b>	<b>\$17,978,826</b>	<b>\$22,398,722</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$391,544</b>	<b>(\$4,028,352)</b>

  

PROJECTED CASH / INVESTMENT		
	June 2012	Dec. 2012
<b>Special Revenue</b>	<b>\$18,442,147</b>	<b>\$12,256,387</b>
<b>Trust</b>	<b>8,712,278</b>	<b>10,300,164</b>
<b>Tribal</b>	<b>6,911,607</b>	<b>11,732,667</b>
<b>TOTAL</b>	<b>\$34,066,032</b>	<b>\$34,289,218</b>
<b>Internal Debt</b>	<b>\$33,200,000</b>	<b>\$33,200,000</b>
<b>External Debt</b>	<b>\$45,518,669</b>	<b>\$44,908,669</b>

tribal government for membership services, internal service, administration and programs run by the tribal government.

5) Cap ex — That portion of capital spending not covered by other sources of revenue and requiring tribal support dollars.

6) Debt service — Payments on tribal government debt for money borrowed for past operational deficit spending only, includes interest and principal. Does not represent payments on

building or gaming debt.

7) Enhancement — Payment to Land Claim and Self-Sufficiency funds for money borrowed by the tribal government over the years. Rates are 12 percent on the land claim money and 8 percent on the self-sufficiency money.

8) Total spending — Total portion of the tribal support budget for the tribal government, does not represent funds from federal, state and other sources of revenue. Original overall budget was \$85.1

million of which \$22.4 million was tribal support.

9) Surplus/deficit — Represents government surplus/deficit planned for the year. Deficit of \$4 million was turned to a surplus due to operational savings and increase in other sources of revenue.

## PROJECTED CASH/INVESTMENT

1) Special revenue — Outside money held by the tribe for tribal programs and specific purposes. Money can not be used for any tribal support needs — example dollars are IHS, BIA and other programs funded by outside resources.

2) Trust — Money held in trust for a specific tribal purpose; includes the judgment, Chairman's Classic and Self-Sufficiency dollars. Money can only be used for specific purposes.

3) Tribal — Dollar total from previous page.

4) Total — All cash / investments held in bank accounts and trust accounts. Only cash not represented is vault and cash in tills.

5) Internal debt — Money borrowed between internal funds. The majority is the \$20 million borrowed by the tribe from the Land Claims and \$9.5 million borrowed by the tribe from the Self-Sufficiency funds.

6) External debt — All money owed to banks for loans. Majority is the Gaming Authority loan, which will stand at \$36.1 million as of June 30, 2012. An additional \$2.75 million will be borrowed to

pay the bond avoidance litigation amount. The bond avoidance is a major impediment to the tribe's borrowing ability.

On another note, the elder population will continue to grow. As of July 1, 2012, we have 4,200 elder members and the estimate for Dec. 2012, is 4,500. In the next five to six years, that number will grow to over 6,000.

There is only \$30 million in the Land Claims Fund. The tribe has borrowed \$20 million of the fund and has been paying 10 to 12 percent back on the internal loan.

Some members would like all of the Land Claims dollars to be put into a bank and not be used to borrow from by the tribe. If the money was in a bank and we were lucky enough to earn 2 percent, the elder's checks this year would amount to approximately \$140 per elder. With the tribe repaying 10 to 12 percent, elder's checks may amount to \$600 (estimate) per elder.

With the plan that is currently in place, we should have the debt down to \$9 million within four years. At the current rate, we are paying our tribal debt down by about \$10 million per year to the bank on tribal debt with approximately \$1.5 million as interest.

I hope to have a more in-depth report next month.

Thank you,  
Dennis McKelvie, Unit I board member

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