



WHITE EARTH RESERVATION

CHAIRMAN Michael Fairbanks **SECRETARY-TREASURER** Leonard Alan Roy
DISTRICT I Raymond Auginaush, Sr. **DISTRICT II** Kathy Goodwin **DISTRICT III** Cheryl "Annie" Jackson

April 22, 2021

TO: Reservation Business Committee Members
FROM: Alan Roy, Secretary/Treasurer
SUBJECT: Secretary/Treasurer Report

White Earth Reservation Business Committee,

A report on the Band's finances is discussed in Section I of this report. Fiscal violations and recommendations can be found in Section II.

If there are any questions or feedback, I can be reached at alan.roy@whiteearth-nsn.gov or 218-983-3285. The Administration is directed to publish a copy of this report to the website, the Anishinaabeg Today, and at the Administration front desk.

Sincerely,


Alan Roy
Secretary/Treasurer

Table of Contents

SECTION I – FINANCIAL REPORT	3
Overview	3
General Fund.....	4
Fiscal Year 2021 – Quarter 2	4
Special Revenue Funds	4
Gaming	6
Emergency Operations Center	7
Financial Inquiries and Other Information.....	7
Tribal Executive Committee	7
Medical Cannabis.....	7
SECTION II – FISCAL VIOLATIONS AND RECOMMENDATIONS	8
Quarterly Highlights	8

SECTION I – FINANCIAL REPORT

Overview

The RBC's finances are reported annually through a Statement of Net Position and Statement of Activities. The most recent available statements are found in the RBC's Audit Report. These statements provide information about the activities of the Band as a whole and present a longer-term view of the Band's finances.

The Statement of Net Position presents information on all of the Band's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Band is improving or deteriorating. The Statement of Activities presents information showing how the Tribe's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned vacation leave).

In the Statement of Net Position and the Statement of Activities there are two kinds of activities:

Governmental Activities – Most of the Band's governmental activities are reported here, which include general government, health services, education, human services, public safety, conservation of natural resources, transportation, economic development, culture and recreation, and community services. Shared taxes, charges for services, interest on investments, governmental contracts and grants, and transfers from the business-type activities finance most of the governmental activities.

Business-Type Activities – The Band's gaming and retail sales are reported here. Fees charged to customers is what primarily finance these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Tribe as a whole. The RBC establishes funds by resolution to help it control and manage money for a particular purpose, or in order to demonstrate that it is meeting legal responsibilities for using certain grants and other money. The two fund types – governmental and proprietary – use different accounting approaches.

Governmental Funds – Most of the Band's basic services are reported in governmental funds. Governmental fund presentation focuses on how money flows into and out of those funds and the balances that are left at year-end and are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the Tribe's programs. We describe and reconcile the relationship (or differences) between governmental and business-type activities and balances reported in the Statement of Net Position and the Statement of Activities and governmental funds and proprietary funds financial statements.

Proprietary Funds – When the Band charges customers for the services it provides – whether to outside customers, members of the Band or to other units of the Band – these services are generally reported in proprietary funds, which are reported the same way that all activities are reported in the Statement of

Net Position and the Statement of Activities. In fact, the enterprise funds (a component of proprietary funds) present the same information as the business-type activities reported in the Tribe-wide statements but provide more detail and additional information, such as cash flows. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies or services for the Band's other programs and activities – the cost of the Band's general, medical, and workers compensation insurance – which are then allocated to the various tribal units and funds. The governmental fund financial statements report the Band's operations in more detail, showing how these services were financed in the short term as well as what remains for future spending. Governmental fund financial statements also report the Band's operations in more detail than the Band-wide statement by providing information about the Band's significant funds.

General Fund

The General Fund includes departments that operate more for the good of the Band members than to make a profit. Departments such as education and public safety are directly involved with the Band members. Other departments are indirectly involved with the Band members but perform functions for the Band's overall good.

As reported through audits, Special Revenue Funds were administered through: General Government, Health Services, Education, Human Services, Public Safety, Conservation of natural resources, Transportation, Economic development, Culture and recreation, Interest, and Public works.

The approved Fiscal Year 2021 RBC General Fund Budget was authorized at the September 2020 Regular Meeting.

Fiscal Year 2021 – Quarter 2

Reporting the revenues and expenditures for the Band's most recent finances will be generated quarterly as substantial changes occur between reporting periods. For example, revenue and expenses arrive infrequently on a monthly reporting basis. This standard applies to all funds and activities. Moving forward, the Band will report the Band's finances with significant changes highlighted at Regular Meetings. The Band's most recent finances can be found below. As with any monthly report the numbers will change significantly. To better reflect the actual finances of the Band, Quarterly Financials will be provided for the Quarter ending in December, March, June, and September of each year. The unaudited preliminary numbers are subject to change as the numbers are finalized.

For governmental activities, overall year to date from October 1, 2020 to March 31, 2021—the second quarter of fiscal year 2021—combined revenue was \$119.4 million, and expenditures were \$62.8 million. On March 31, 2021, cash on hand was \$81.6 million. However, \$80.9 million is considered Other Governmental Funds; \$49.2 million of these funds belonged to Behavioral Health while the General Fund was \$692,291.

Collective expenditures during this period were \$62.8 million. Other Governmental Funds were \$56.8 million, and the General Fund was \$6.0 million.

The unaudited preliminary numbers are subject to change as the numbers are finalized.

Special Revenue Funds

The Special Revenue funds are used to account for the activities of various federal, state and other grant

programs. This has been reported as *Other Governmental Funds* synonymously. The expenditure of grant funds is legally restricted to specified purposes. Program expenditures are budgeted on a basis of each respective program's fiscal year, which varies by program, and generally may or may not coincide with the Band's fiscal year.

As reported through audits, Special Revenue Funds were administered through: General Government, Health Services, Education, Human Services, Public Safety, Conservation of natural resources, Transportation, Economic development, Culture and recreation, Interest, and Public works.

Gaming



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Consolidated revenue for Mahnomen, Bagley and all other gaming revenue for the 2nd Fiscal Quarter, ending March 31, 2021 was \$23.7 million. The consolidated expenses for the 2nd Quarter were \$17.4 million. Consolidated net income for the quarter was \$6.3 million; Mahnomen is at \$5.7 million and Bagley is at \$642k.

The budget through the 2nd Fiscal Quarter was \$35.1 million of revenue and \$35.5 million in expenses for a budgeted net loss of \$444k for the quarter. Fiscal Year to Date Revenue was \$7.2 million higher than budget while expenses were \$2.4 million lower than budget resulting in net income being \$9.6 million higher than budget.


The Bagley Casino for Fiscal Year 2021 through the 2nd Fiscal Quarter ending March 31, 2021 earned \$4.3 million in revenue with expenditures of \$3.5 million. Bagley Casino has a net income YTD of \$810k.

Shooting Star Casino cash on hand on March 31, 2020 was \$43.1 million. The cash on hand at the close of the last fiscal year, September 30, 2020 was \$28.8 million. After Shooting Star Casino capital improvement projects and CARES Act transfers from White Earth RBC cash has increased by \$14.3 million.

Despite a substantial reduction in revenue versus prior years, Shooting Star net income is running ahead of prior years due to a reduction in expenses directly tied to revenue and other expense controls.

The unaudited preliminary numbers are subject to change as the numbers are finalized.

WWW.STARCASINO.COM

 Proudly owned and successfully operated by the White Earth Nation.

Emergency Operations Center

Presented by the White Earth Emergency Operations Center.

Financial Inquiries and Other Information

Tribal Executive Committee

Discussion on 2005 Constitutional Amendments and Challenges as presented by the White Earth Legal Department.

Medical Cannabis

Discussion on the potential sale and purchase of Leaf Line Labs.

SECTION II – FISCAL VIOLATIONS AND RECOMMENDATIONS

Quarterly Highlights

Overall, the RBC and its businesses entities are rebounding from the pandemic. Cost controls and government stimulus programs assisted Band members and businesses. Moving forward the Band can expect to increase its revenues and make plans for additional businesses opportunities. The following are quarterly highlights that are relevant to the RBC:

- Researching CARES Act qualified expenditures for White Earth Enterprises
- Assessing Congressional action on CARES Act Funds extensions and revenue loss
- American Rescue Plan Consultation and strategic planning
- Processing coronavirus relief to Band member businesses and Band members
- Researched hemp industry regulations and business applications
- Researched medical marijuana industry regulations and business applications