



**TRIBAL  
TREASURER'S  
EXECUTIVE  
SUMMARY**

Shekoli Swakweku Akweku General Tribal Council  
Greetings, from me to all of you.

## **Proposed Fiscal Year 2015 Budget Executive Summary**

As Treasurer of this great nation, I am excited to provide the General Tribal Council with a balanced budget. The proposed Fiscal Year (FY') 2015 budget was created through the collaborative efforts of the tribal organization, the Oneida Business Committee, and my office. A balanced budget means the anticipated revenues are equal to the anticipated expenditures. The FY' 2015 proposed budget totals \$409,579,723M.

The downturn of the economy (recession) started about five (5) years ago. The recession is starting to end. Yet, our Oneida Tribe continues to feel the impact. The annual result was budget constraints. As you can see in the chart below, funding levels have decreased each year since 2007. Our funding sources were, and still are, directly impacted by our local economy as well as national trends.

Discretionary spending plays a large part in our funding sources. Discretionary funds are generally the extra money people have after paying bills, buying groceries, etc. Although discretionary spending is on the rise, people are choosing other places to spend their discretionary funds. For example:

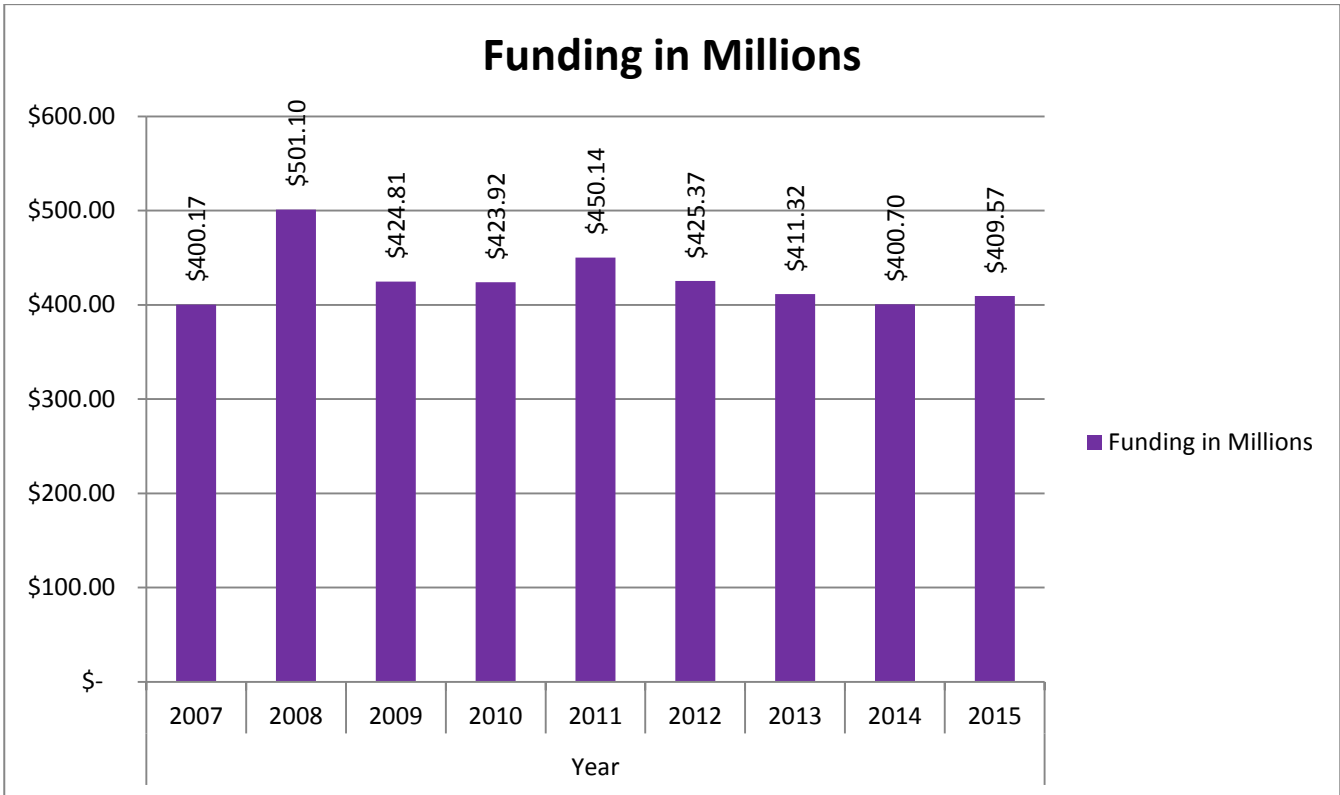
Other impacts on our funding sources include:

- Decrease in IHS monies
- Self-Governance funds have been reduced by 25%
- Cigarette sales have decreased nationally by 2%
  - This also causes a decline in state tax reimbursements for cigarette sales
- Federal and State grants are becoming more competitive
- E-gaming is becoming a fast and furious competitor and will undoubtedly impact our gaming revenues

The O.B.C. understands these impacts facing us today; Therefore FY'2015 budget year shall be about assessment. We must rework our budget planning process by:

1. Assessing what we have
2. Determining what is no longer needed
3. Identify where we should focus our spending
4. Lastly, preparing time to implement changes in order to protect our resources

The chart below shows the Tribe's actual revenue from 2007 to 2014. As you can see, the revenue trend, especially since 2011, shows a steady decline. FY'2014 budget ended with \$43M less revenue than what was projected. Cost containment initiatives were implemented to keep our spending in line with the actual cash flow coming in.



2015 is proposed revenues. 2007-2014 are actual revenues.

With last year’s revenue decline of \$43M, I provide the “Budget Policy Statement” created for FY’ 2015:  
 “The end in mind is “Sustainability.” This budget packet provides guidelines for the Tribal organization to build a FY’ 2015 budget and provides the path toward developing a FY’ 2016 budget. We will use FY’ 2015 as a transition year to understand how each area represents and supports the Oneida Tribe overall.”

**Moving Forward:**

The Oneida Business Committee’s goal is to sustain our reservation economy. My office has formed a budget team to develop strategies for the FY’ 2016 budget. We will be using a “priority-based” also known as “value-based” budgeting process.

Your support now is important. We will assess, plan, and execute strategies throughout the FY’ 2015 and FY’2016 budget cycles. Ultimately, our tribe will begin adding additional revenues in FY’2017.

This is the path that will continue our great Oneida Nation onto the next Seven Generations.

Therefore, I humbly request your support of the proposed FY’ 2015 budget.

Yaw^ko for your support.

Patricia “Trish” King, Treasurer – Oneida Tribe



# **FY 2015 NARRATIVES**

Lawrence Barton,  
Chief Financial Officer

Louise King,  
Gaming General Manager

## Chief Financial Officer Executive Summary

The economic conditions forecasted for Fiscal Year 2015 directly effects fiscal management and financial strategic planning for the Oneida Tribe. Major issues considered during the budgeting process include a “modest growth” forecast according the Federal Reserve for the remainder of 2014 & all of 2015. Calculation of Enterprise revenue growth is directly reflective of this expectation. Importantly, inflation is also below historical averages and very low interest rates are established by Federal Reserve policy initiative to attempt to improve current unemployment numbers and move the economy toward improved optimism.

Internally, the challenge to reconcile a recurrent structural budget gap will continue requiring budgetary cuts and limitation of employment growth within the organization. The focus of the Finance area in response to the current economic challenges is to execute steps to strengthen the Tribe’s Balance Sheet through consistent, meaningful debt reduction and ideally, improved financial structure. Additionally, the Finance area strives to encourage improved management processes and resource allocation toward monitoring revenue maximization, cost analysis, cash management and net income.

### Overview

The budget presented for General Tribal Council consideration for Fiscal Year 2015 totals \$409,579,723. This is an overall decrease of \$33.9 million or 7.64% over the Fiscal Year 2014 budget.

Enterprise gross revenues are projected to decrease by \$15.8 million. Program earned income is projected to increase by \$1.3 million. Grant revenues are projected to decrease by \$2.6 million. Grant revenues have decreased by a total of \$8.7 million for fiscal years 2013 through 2015. Return on investment from our corporations is projected to decrease by \$530,000 as compared to FY2014.

### General Tribal Council Directives/Mandates

The FY2015 budget includes all expenses which have been mandated by General Tribal Council. These GTC directives include General Per Capita, Elder Per Capita, the Education Fund, Elder’s Trust Fund, and Elder’s OLIPP Premium funding. The General Per Capita payment in fiscal year 2015 will be \$1,000.

\$17,260,000	General Per Capita
13,065,768	Education
4,632,000	Elder Per Capita
1,540,000	GTC Stipends
500,000	Elder Trust Fund Transfer
500,000	Elder OLIPP Premiums Funding
<u>17,500</u>	Burial Expenses for Minor Members
\$37,515,268	

This represents 38% of the combined net profit for Gaming and Retail enterprises

**Debt**

The fiscal year 2015 budget includes the following payments for debt principal, interest, and set asides.

	Principal	Interest and Fees	Reserve	Total
Bank of America Line of Credit	\$5,336,707	392,551	0	\$5,729,258
Retail Revenue Bonds	\$1,095,000	1,674,000	0	\$2,769,000
Health Center Bond		782,591	0	\$782,591
Thornberry Creek	<u>\$254,571</u>	<u>380,159</u>	<u>\$1,073,709</u>	<u>\$1,708,439</u>
	\$6,349,571	\$3,229,301	\$1,410,416	\$10,989,288

**Wages and Benefits**

The Fiscal Year 2015 budget includes a 0% wage increase. The health insurance rates include a projected increase of 8.59% in 2015. This compares to an increase in insurance premiums of 12%-15% within this geographic area. This was able to be achieved through changes to the coinsurance percentage by utilizing premium Tier I designation, increasing the out of pocket maximum and emergency room deductibles. Continuation of the annual Health Risk Assessment program is planned 2015 and beyond.

Wages and benefits are projected based on an employment level of 2,950 employees. The total budget to cover this employment base is \$138.4 million; \$101.4 million for wages and \$37 million for fringe benefits. This is a decrease of \$5.2 million in wages and a decrease of \$0.8 million in fringe benefits over fiscal year 2014.

Each fiscal year the budget cycle begins with a deficit of \$18 million to \$24 million. At an average wage and fringe benefit cost of \$45,223 per employee this equates to 398 to 530 employees. Targeted employment cap of 2,500 employees will address a large portion of this recurring deficit. Carrying capacity of current employment levels must be addressed in future budget cycles. Finance has advised leadership a cap or freeze on hiring is recommended to maintain fiscal stability. Further, a progression of reducing total employment through attrition and/or elimination of non-critical positions will be necessary.

**Land**

The proposed Land Acquisition budget is \$1,893,937 for FY2015. In addition, a Memorandum of Agreement between the Land Commission and the Oneida Business Committee requires land taxes to be paid with General Fund revenues. The amount allocated for land taxes in the budget is \$1.4 million. The land taxes are accounted for in the operational budget of the Division of Land Management. As a result of general fund revenues funding the land taxes, this creates a profit of \$1.4 million in the Division of Land Management to be used for land acquisition as

well. When all funding sources for land acquisition are combined, the amount allocated to land acquisition is \$4.8 million.

**C.I.P.**

The C.I.P. budget for FY2015 is \$3,439,000. The specific projects funded in this allocation include:

Project	Allocation
05-013 Elder Apartment Improvements	48,000
07-002 SSB Remodeling Phase V	50,000
14-002 Cemetery Improvements	25,000
14-013 3 Sisters Head-Early Head Start Addition	1,961,000
14-014 OGE Remodel	235,000
NHC Remodeling Phase VII	870,000
Business Storm Water	<u>250,000</u>
	\$3,439,000

**Gaming 2% Contingency**

The FY2015 budget includes a “cushion” in case Gaming is unable to meet the FY2015 budget projections for net profit. This “cushion” will allow operations to continue as normal in the event net profit lags projections by up to 2%. The net profit “cushion” is \$1.9 million in FY2015. This new allocation is in response to the continual need for the government to implement a Cost Containment resolution.

**Retail 2% Contingency**

The FY2015 budget includes a “cushion” in case Retail is unable to meet the FY2015 budget projections for net profit. This “cushion” will allow operations to continue as normal in the event net profit lags projections by up to 2%. The net profit “cushion” is \$188,776 in FY2015. This new allocation is in response to the continual need for the government to implement a Cost Containment resolution.

Thank you for your patience and understanding. Please feel free to contact my office if you would like more information at 920-869-4491.

Respectfully,

Lawrence Barton  
Chief Financial Officer

Louise Cornelius, Gaming General Manager  
FY 2015 Budget Narrative

The Oneida Tribe of Indians of Wisconsin respectfully submits our 2015 annual budget to the Oneida Nation membership. I want to recognize and acknowledge the Gaming Budget Team along with all Gaming Division departments that worked diligently to complete our annual budget. The budget process is challenging and requires continuous analysis to ensure we are within projections and continue to be fiscally responsible.

The preparation of the 2015 Gaming Division budget encompassed the alignment of the budget process with our strategy and initiatives. The implementation of a budget based strategy was instrumental in providing the Gaming Division with clear purpose, direction and focus to accomplish our objectives.

The economy experienced growth of 2.95% so far in 2014. The unstable economy continues to be a considerable force in our development of the FY 2015 budget. Due to the unpredictable economy, individuals continue to be cautious with their discretionary funds. This of course, influences how customers and potential customers choose to spend their entertainment dollars.

Entering into fiscal year 2015, Gaming has carefully analyzed the cost to do business. The 2015 budget proposal keeps the Oneida Casino moving forward toward a better economy and a brighter future. It reflects our core belief that, even in an unstable economy, our values demand that we invest in our employees.

Gaming's largest operational expense is personnel. The Gaming Division continues to carefully manage workforce levels. In 2007 we employed 1,561 individuals; today our employee count is at 1,118. This is a combination of full, half and part time employees. Gaming increase in personnel and benefits will be .63% over FY 2014.

The Gaming Division is projecting a 2.20% increase in our overall net profit for fiscal year 2015. The increase is derived from an increase in revenue and a decrease in operational expenses.

We are in the process of executing our new strategies which coincide with our extensive marketing campaign for the newly renovated Main Casino and West Mason Street Casino. These activities will shape and create a massive publicity campaign reintroducing and promoting the Oneida Casino as the ultimate entertainment experience. We expect an increase in our overall market segmentation, customer trips and play as we introduce a vibrant, attractive and engaging entertainment destination.

The Oneida Casino gaming associates have developed a foundation of commitment, dedication, loyalty and customer excellence. They are the driving force in customer return trips and spend. I want to acknowledge our workforce for continuing to provide the ultimate entertainment experience.