

Executive summary | November 29, 2022

# Wipfli Tribal Government CFO Peer Exchange

**Host:** Lisa Desotelle, Wipfli

**Subject matter expert:** Shanice York, Wipfli

**Facilitator:** Austin Evans, Profitable Ideas Exchange

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# Introduction

Thirteen chief financial officers (CFOs) from tribal governments met virtually to share leading practices and discuss topics of mutual interest based on an agenda created through a series of preinterviews.

Wipfli Partner Lisa Desotelle hosted the exchange and Austin Evans of Profitable Ideas Exchange facilitated. Shanice York, senior manager in Wipfli's financial and operational systems group, joined to provide subject matter expertise.

The focus of the discussion covered the following topics over the course of the hour:

- Budgeting tools
- Using American Rescue Plan Act (ARPA) funds
- Outlook for 2023

# Budgeting tools

Wipfli's Lisa Desotelle and Shanice York opened the conversation around ARPA funds, budgeting considerations and uncertainties facing the tribal government industry as the new year approaches.

- York noted that, while a shift to cloud-based tools for accounting and automated budgeting were already underway, the COVID-19 pandemic brought budget planning into focus for many tribes. The spike in funding and the nature of remote work only hastened the shift to new tools and solutions. Now, it's more apparent than ever that budgeting should be consolidated, integrated, automated and a source of truth accessible by anyone from anywhere.
- With tribes looking to be more dynamic in their financial planning, many in the group were eager to hear success stories around budgeting stacks. Martus Solutions was one that came up several times throughout the call. One CFO found they were able

to account for increases by plugging their accounts into the software and in under 15 minutes were able to figure out the effect that a 3% increase would have on their cost of living adjustment. Through bidirectional integration, Martus allows the budget to become an integrated system, syncing information automatically.

- With so many technology options available, leaders are wise to shop around. One CFO urged the group to be wary of hypercustomized software stacks. They cited a personal experience where an IT company had built a tailored software stack that unfortunately was so customized that only their trained staff could operate it.

# Using ARPA funds

Alongside using the right technology, tribal financial leaders also showed an interest in understanding how others are making use of the time-sensitive ARPA funds, with many tribal organizations primarily taking a cautious approach to spending the funds.

- Tribes looking to invest a portion of ARPA funds have been able to free up some of the money through a revenue loss calculation and apply the funds to general government purposes, which meets federal regulations. Some CFOs have started making the necessary investments in wastewater treatment plants, while others have worked with their tribal and legal counsels to shed light on where exactly the funds could be spent.

- Many CFOs see this time as an opportunity to invest locally. One tribe has created two investment portfolios with the funds, one to utilize immediately on short-term working investments and another as a capital reserve for future projects. There was discussion around the timing constraints baked into the funds, as well as agreement that private investments, due to their extended lead times, may not be appropriate options.

Budget planning was also top of mind for most CFOs since the COVID-19 pandemic battle tested tribes' economic responses and revealed concerns around communicating the goals to tribal councils.

- One tribe is making use of their ARPA funds to help front-load their fiscal preparedness plan, which is essentially a three-year cash flow waterfall. Another tribe is using a retro budgeting process to build a cash reserve.

# Outlook for 2023

Apart from budgeting concerns brought on by the COVID-19 pandemic, tribal financial leaders are still grappling with labor shortages as the job market continues to fluctuate.

- One leader, whose gaming operation has a new facility underway, shared that in order to stay competitive in the job market, they have had to increase their starting pay.
- The political climate also has some tribal leaders concerned, as there has been little consistency between the last two sitting presidents, and there are worries that the political climate could impact business.
- The CFOs shared outlooks for the upcoming year and spoke briefly about offsetting their budget against the expected decline in 2023. Starting with revenue projections, one CFO is using a very stringent zero-based budget approach. Another worked with their investment firm to back their budget with a Treasury-backed money market account and will have their investments parsed out on a 90-day or cash equivalent interest rate ladder.
- Lisa Desotelle gave a brief forecast on where the industry is headed in the upcoming year. The last three years have inherently created feelings of uncertainty, and with fewer people turning 18 every year, technology will be expected to fill any gaps left by labor shortages. For now, she pointed out, succession planning will continue to play a big role for bulletproofing budgets in the upcoming years.



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