

Memorandum

To: Members of the Joint Committee on Appropriations
From: Fred Schoenfeld
Chief Fiscal Analyst, LRC
Date: February 12, 2010
Subject: Summary of Condition Statements

Each year the JCA requests condition statements from BFM pursuant to SDCL 4-7-40

4-7-40. Condition statement for fund receiving funding from federal government--Requests by legislative committee or legislative committee chair. The commissioner of the Bureau of Finance and Management shall report, upon request, a condition statement for any fund in the state treasury. The commissioner of the Bureau of Finance and Management shall provide condition statements when requested by a legislative committee or a legislative committee chair.

Source: SL 2005, ch 38, § 1; SL 2006, ch 23, § 3.

This year, 88 condition statements were requested. SDCL 4-7-41 defines the preparation and contents of such condition statements as follows:

4-7-41. Condition statement defined--Condition statement forms. For the purposes of this chapter, a condition statement is a document that identifies a fund's beginning balance, receipts, disbursements, and ending balance for each of the last two concluded fiscal years and that identifies a fund's beginning balance, projected receipts, projected disbursements, and ending balance for the current fiscal year and the next fiscal year. The fund's ending balance, for the current fiscal year and the next fiscal year, shall represent the ending cash balance of the fund reduced by any money that is reappropriated to the next fiscal year along with any other commitments to be funded from the ending cash balance. Condition statement forms, prescribed by the Bureau of Finance and Management, shall be uniform.

Source: SL 2005, ch 38, § 2.

It is important to note that condition statements are different from the fund balances presented in the GOAC Blue Book. The Blue Book contains the accounting system cash balance for each of the other funds in the previous fiscal year. The condition statement, on the other hand, takes into account reappropriations and any other future commitments against the cash balance. It specifically addresses the next fiscal year. It takes into account estimates of the operating costs and other disbursements anticipated during the budget year. In addition, it also deducts all transfers from other funds into the general fund recommended by the Governor's budget.

Therefore, the condition statement presents the best available picture of the amount available for appropriation in each of these funds.

Attached is a listing of these amounts for the other funds which were the subject of condition statements requested by the JCA.

The page number to the GOAC Blue Book has been included for ready reference. The Blue Book reference contains a summary of the relevant statutory provisions, including source and use for each of these funds.

Several of the condition statement funds, e.g., the trust funds and the insurance and liability funds, are clearly in a difference class so they are listed outside the subtotaled amount.

For further reference, all of the remaining funds in the GOAC Blue Book not the subject of a condition statement as requested by the JCA are also listed.

The subtotal for projected FY11 unobligated balances (available for appropriation) of the selected group of funds comes to \$49,388,268. In addition, we have listed the subtotal of these funds as projected in the FY09 condition statements and compared that with the actual amounts listed in the current statements. The actual FY09 unobligated balance was \$161,306,507 more than the previously projected unobligated balances. This would suggest the FY11 amounts may be significantly conservative.

Obviously, not all of these selected funds are appropriate for transfer into the General Fund. However, the list does include many funds that are routinely swept into other funds on the recommendation of BFM.