



Legislative  
Research  
Council

# Preview: LRC Financial Reports

JCA October 19, 2009 Meeting

Fiscal Staff

# Introduction

- What?
  - Revise, Refine, and Expand Periodic Financial Reports
  - Add Expense and Financial Plan Elements
  - Single Report for All
- Why?
  - Provide Appropriators Sense of Available Funds During Agency Hearings
  - Top-of-the-Mountain Perspective
  - Clean Up Minor Problems
- Today's Data Real-Time - but Effort Remains a Work in Progress



# What is Covered

Other Funds	Capital Assets	
	Federal Funds	Trust Fund
	General Fund	Bonds Out
		AARA Part



# Presentation Agenda

- Monthly General Fund REVENUES
- FY10 Revenue Outlook
- Monthly General Fund EXPENDITURES
- Trust Fund Assets
- Financial Plan Considerations
- Distribution



# Conceptual Framework

(Revenues)

- Based on Revenues booked into General Fund
- Uses JCA-Adopted As Yardstick
- Seasonal Adjustment of Revenue Streams and Estimates
- Extrapolation for Remainder of Year
- Q1 typically fluctuates before stabilizing in Q2ff



# Key Reports

(Revenues)

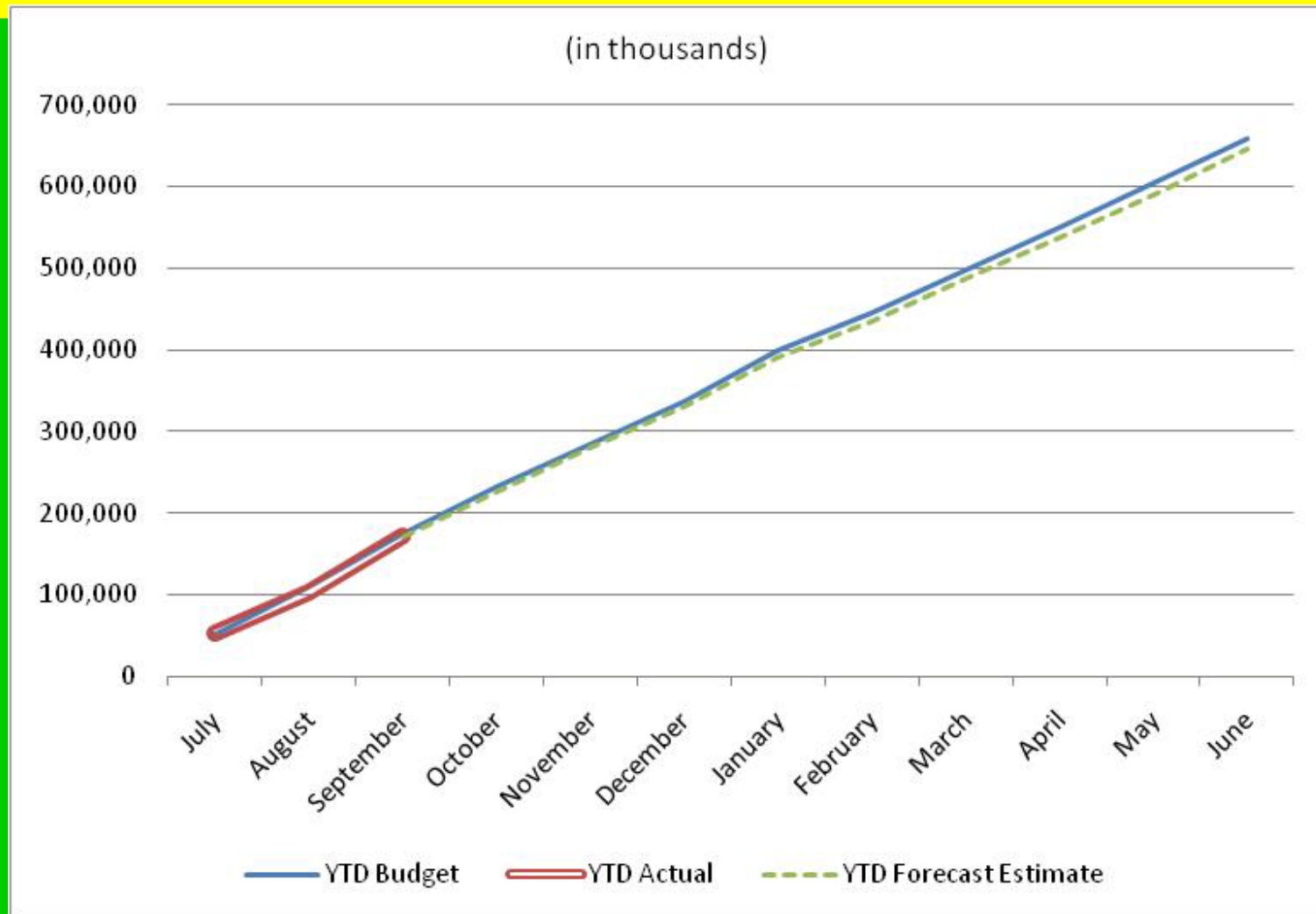
(See Handout)

- Summary Chart
- YTD Comparative Table
- Selected Revenue Streams – Commentary and/or Analysis



# Sales Tax

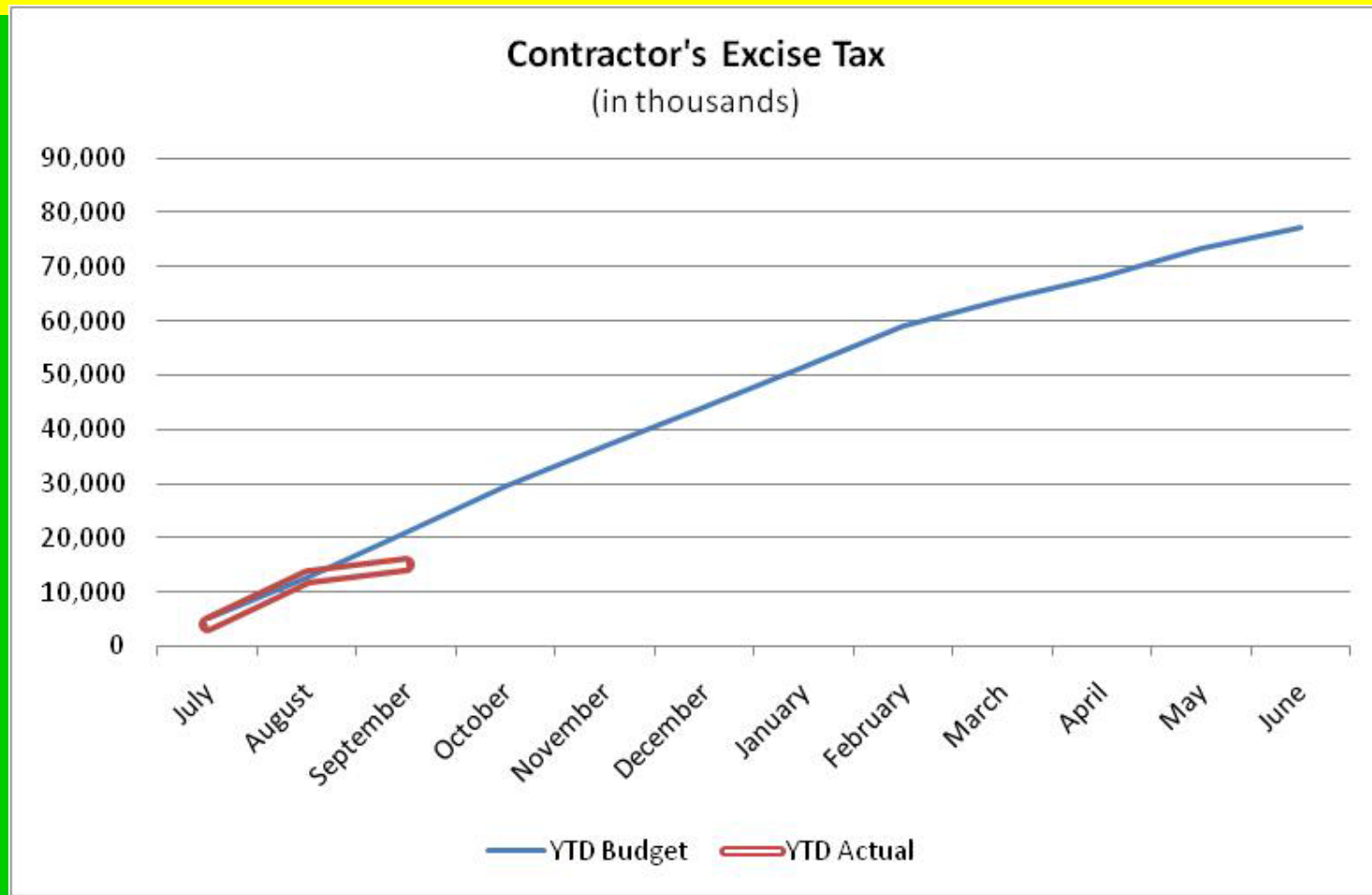
(Revenues)



LRC – Appropriations

# Contractor's Excise

(Revenues)

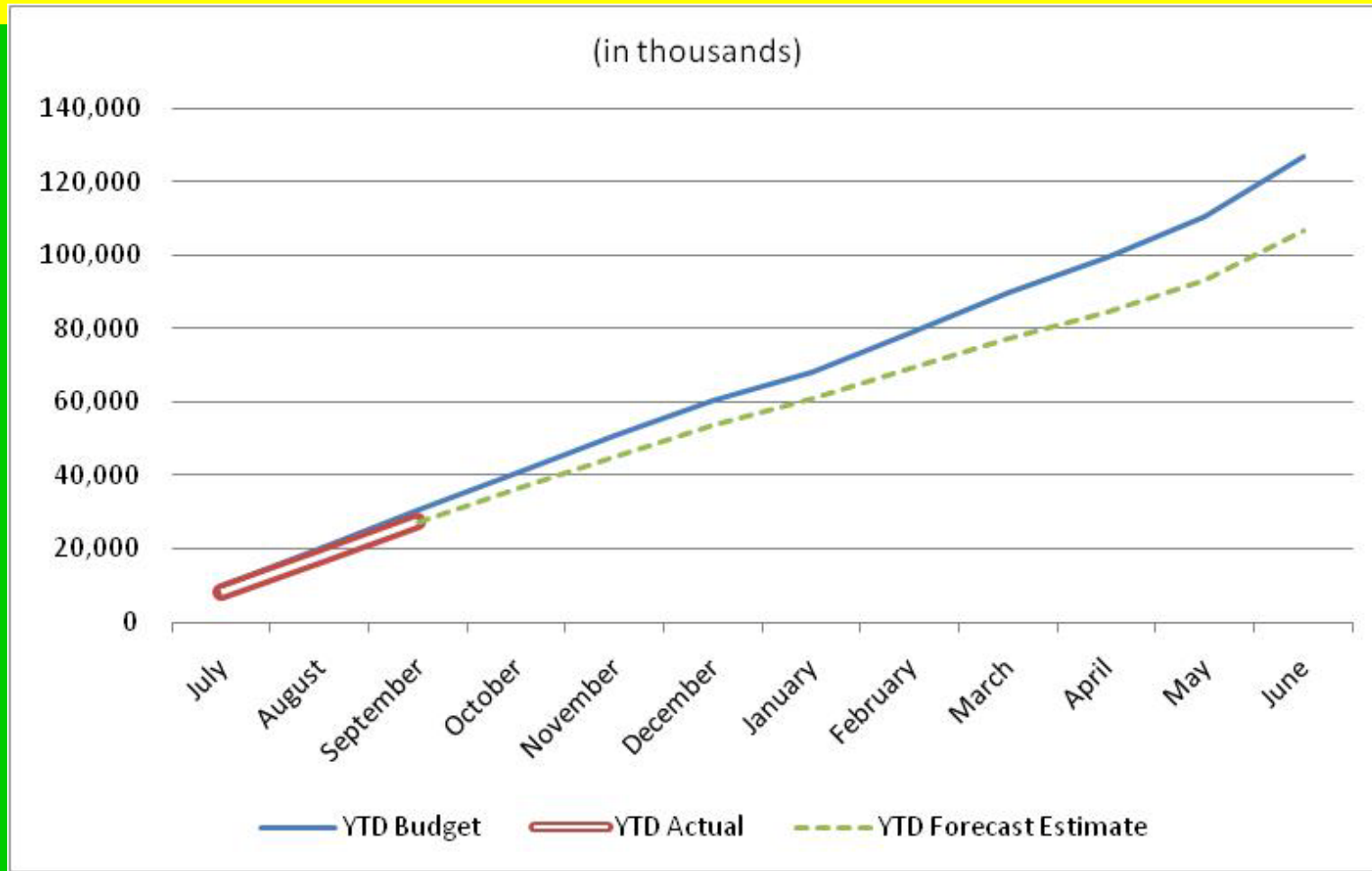


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# PTRF

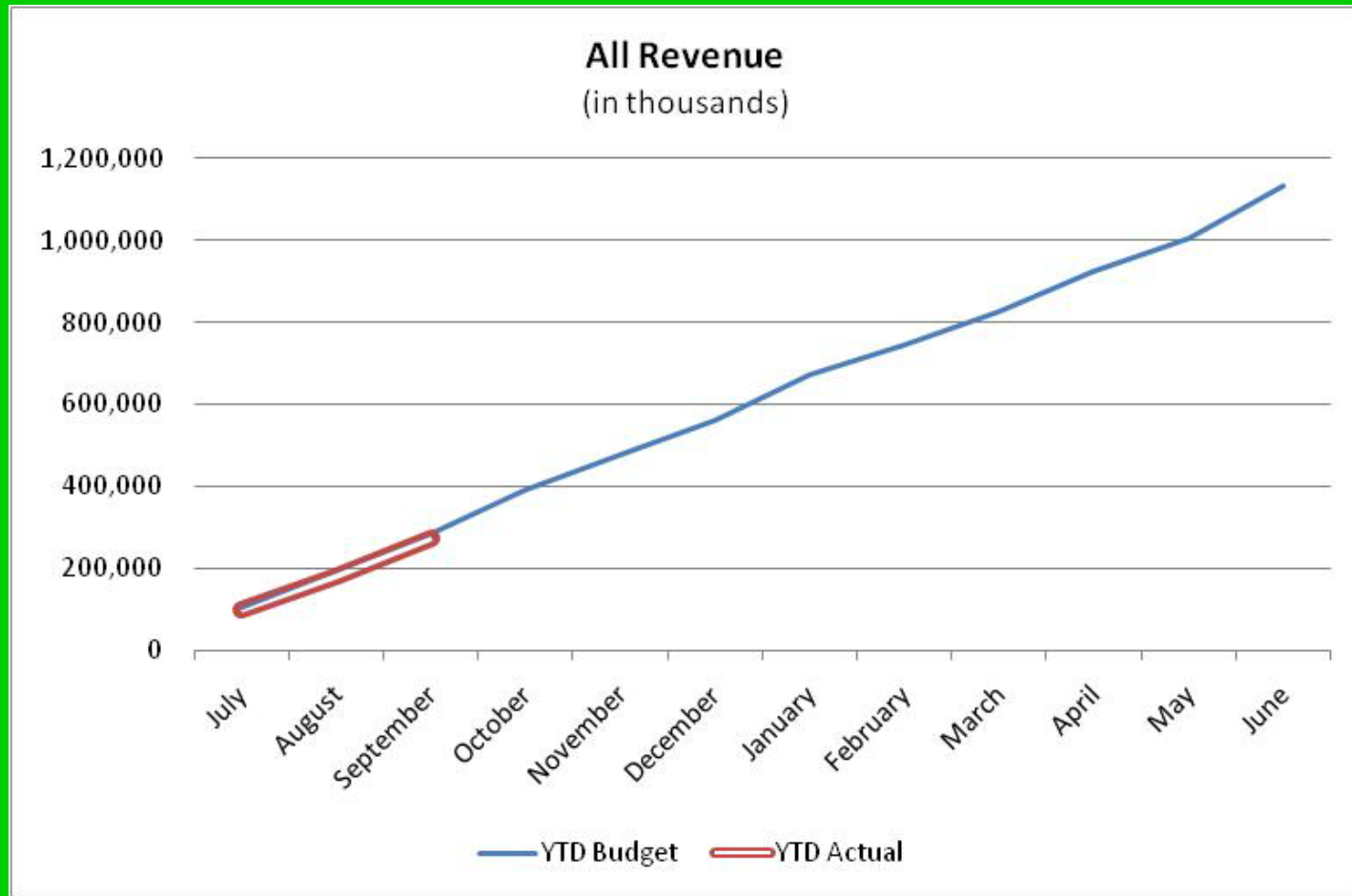
(Revenues)



LRC – Appropriations

# Total General Fund

(Revenues)



LRC – Appropriations

# FY11 Forecast

(Revenues)

For each Revenue Stream

- FY10 for entire year estimated as above
- FY11 then estimated based on:
  - Compound Annual Growth Rate (CAGR)
  - Judgmental Factors Unique to Each Type of Revenue

We have NOT done this yet until data stabilize



# Conclusions

(Revenues)

- Measured against yardstick adopted by JCA and appropriations approved by Legislature and Governor, performance YTD is below budget
- Governor is using a different yardstick
- National economic picture is dynamic and by no means clear



# Conceptual Framework

(Expense)

- Uses Amount Appropriated as Yardstick
- Seasonal Adjustment of Expenditure Streams and Appropriation
- No Extrapolation for Balance of Year Since (assumed agencies will use or transfer most funds)
- Special Appropriations & Carryovers Excluded
- Replacement Stimulus Noted Where Possible



# Key Reports

(Expense)

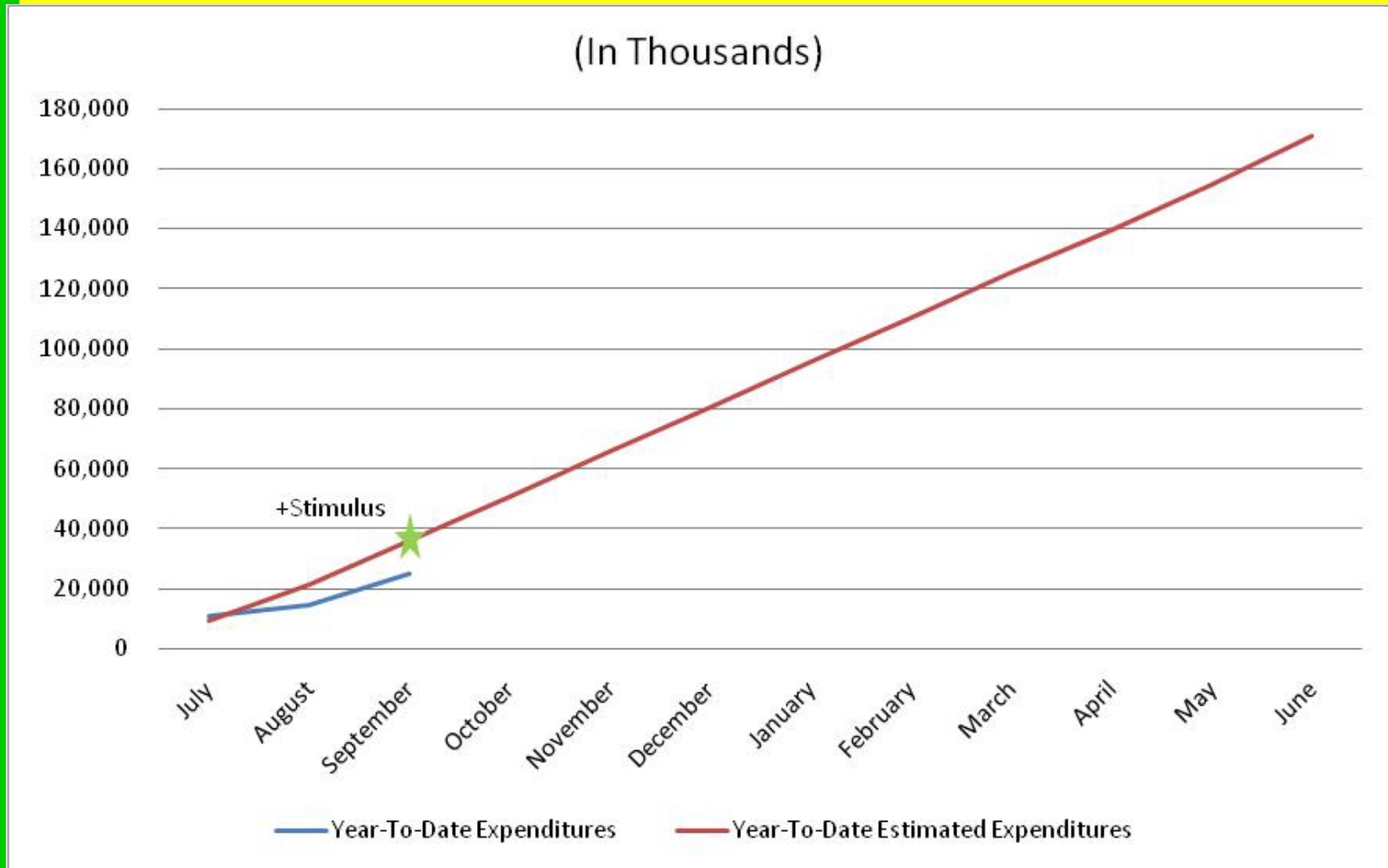
(See Handout)

- Parallels Revenue Report
- Summary Chart
- YTD Comparative Table
- Selected Agencies– Commentary and/or Analysis



# Regents

(Expense)

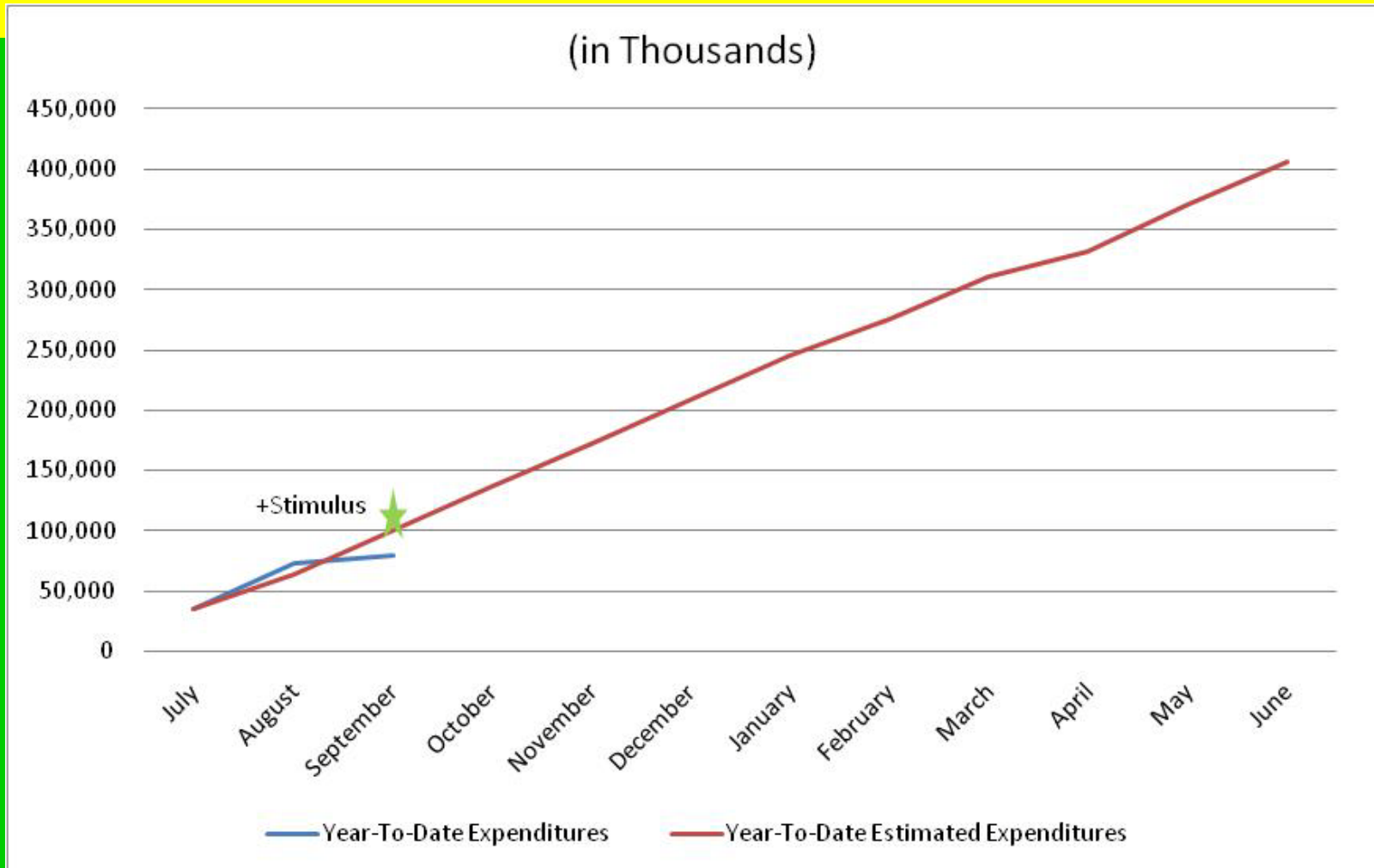


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# Education

(Expense)

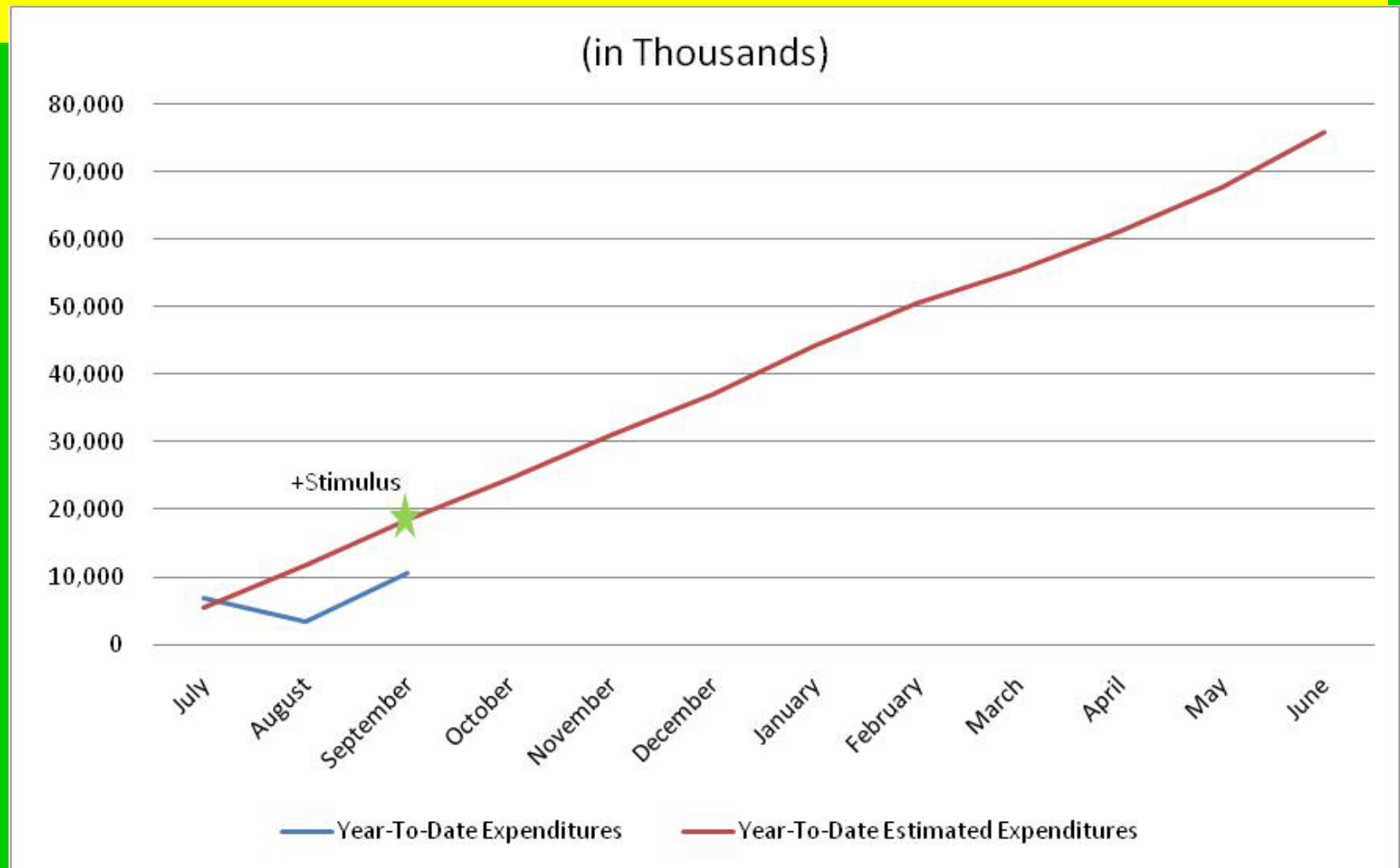


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# Corrections

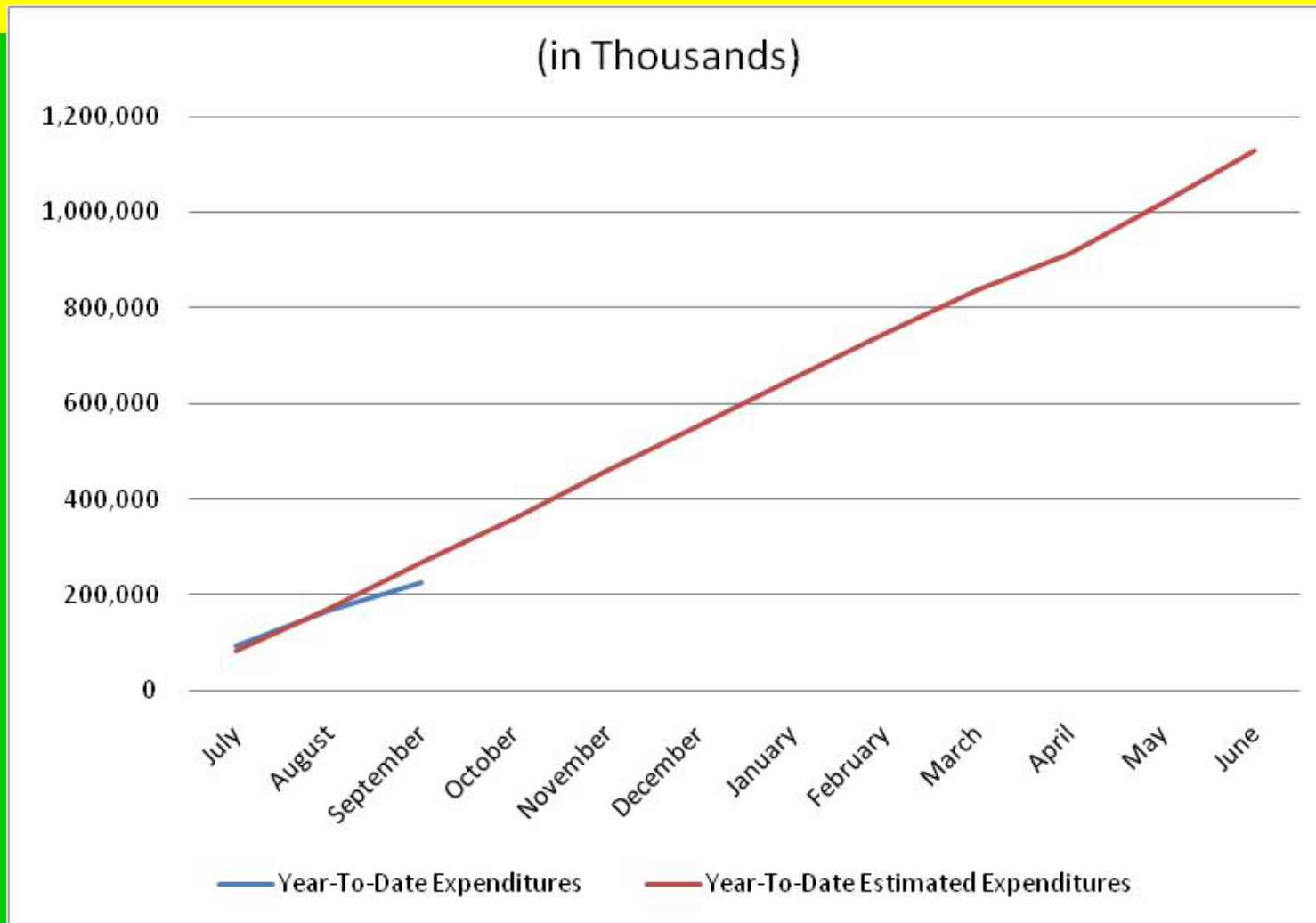
(Expense)



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# All Agencies

(Expense)



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# Conclusions

(Expense)

- Most Departments are currently spending less General Funds than the current estimate.
- The gap in spending appears to have been bridged mainly by spending federal stimulus money's ahead of General Funds.
- We would expect the gap to narrow as the fiscal year progresses.



# Trust Funds

(Trust Funds)

(See Handout)

- Same Report Members are Used to Seeing
- Report lags the revenue and expenditure report by a month due to information from Investment Council regarding Trust Funds

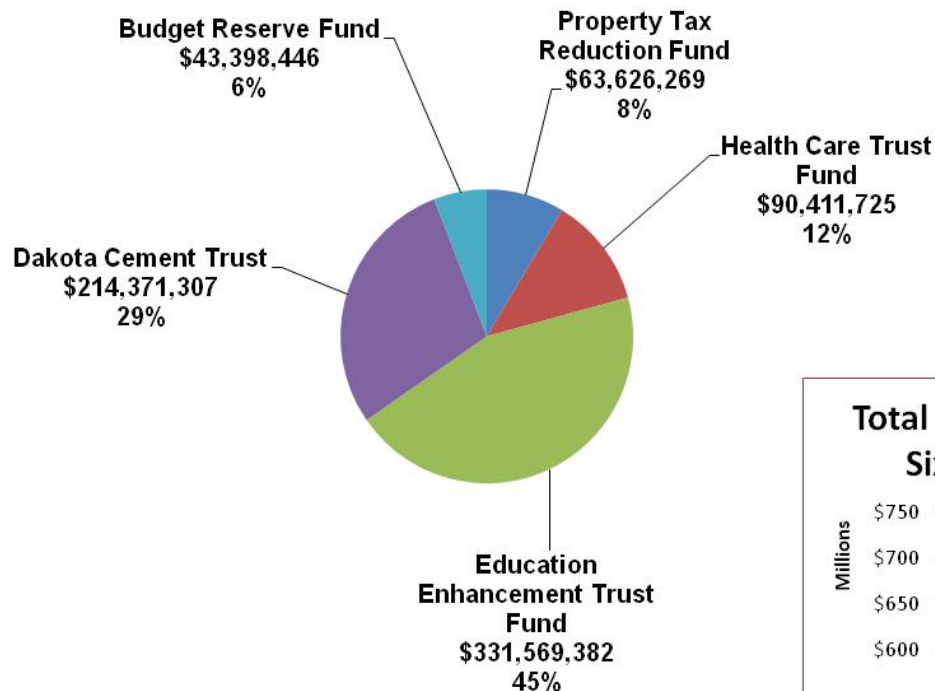


# Current Results

(Trust Funds)

## State of South Dakota Cash and Investment Balances in State Reserve and Trust Funds as of August 31, 2009

Total Balance \$743,377,129



### Total Balance Last Six Months



# Conclusions

(Trust Funds)

- Snapshot of current cash and investment balances in State Reserve and Trust Funds
- Provides breakdown between principal and earning balance
- New 6-month trend line graph
- If investments continue to grow may see transfers from the HCTF and EETF to General Fund in FY 2011



# Assumptions

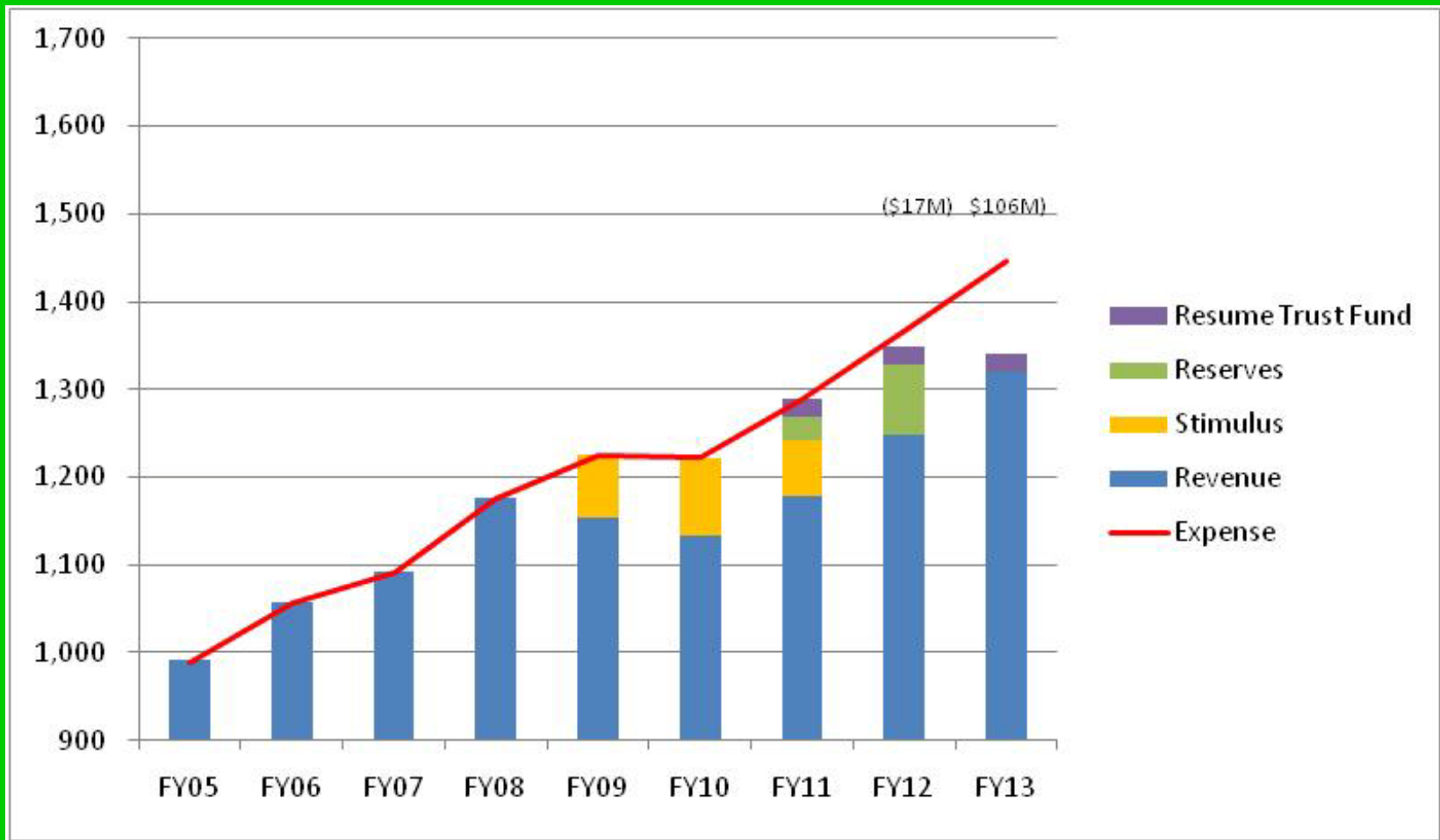
(Plan)

- Base Data = General Fund Condition Statements
- FY10 = Budget
- FY11 @ FY05-FY09 CAGR (Revenue: 3.5%, Expense 5.5%)
- FY12/13 @ FY05-FY08 CAGR (Revenue: 5.9%, Expense 5.9%)
- Other Available Revenues FY10 ff:
  - Stimulus = \$65M
  - PTRF = \$64M
  - BRF = \$43M
  - Resume Trust Fund Payments = \$20M/year



# Results

(Plan)



LRC – Appropriations



# Conclusions

(Plan)

- Current outlook: may be difficult to meet FY10 as budgeted
- FY10 can probably be met using remaining stimulus and/or reserve
- FY11 could be problematic, depending on FY10 performance
- Potentially serious structural deficits may apply to both FY12 and FY13
- STATUS: Yellow Alert moving into Red Alert
- By December JCA meeting a more confident picture based on actual FY10 performance will be available



# Distribution and Schedule

	J	A	S	O	N	D	J	F	M	A	M	J
JCA Members				●	●	●	●	●	●	●		●
Full Legislature				●			●			●		●

\*

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\* Reflect Final Legislative Action

\*\* Reflect Year-end Close



# Concluding Remarks

- We expect to finalize this first report in about a week
- If you have any additional thoughts after the meeting, they are most welcome
- Thank you for listening. . . .

