

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2002	ACTUAL FY2003	REVISED FY2004	PROJECTED FY2005
RECEIPTS				
Sales and Use Tax	\$457,950,970	\$475,956,210	\$503,688,444	\$534,957,957
Contractor's Excise Tax	52,737,997	56,136,750	60,069,801	64,024,350
Property Tax Reduction Fund ^G	101,787,076	104,890,557	110,227,042 ^M	112,397,859
Bank Franchise Tax	31,274,044	33,196,009	33,662,620	34,275,428
Insurance Company Tax	46,239,092	49,838,203	53,591,463	57,328,530
Inheritance Tax	21,118,943	24,502,910	7,090,000	3,450,000
Other ^{A, B, D, F}	131,585,212	130,123,837	141,761,418	145,040,545
One-Time Receipts	0	0	27,155,704 ^N	7,625,000 ^O
Transfer from Budget Reserves	6,641,700 ^P	0	0	0
Transfer from Property Tax Reserves	6,641,700 ^Q	10,474,011 ^Q	0	16,566,998 ^Q
Obligated Cash Carried Forward	<u>11,037,698</u>	<u>6,178,570</u>	<u>1,355,714</u>	<u>0</u>
TOTAL RECEIPTS	<u>\$867,014,432</u>	<u>\$891,297,058</u>	<u>\$938,602,206</u>	<u>\$975,666,667</u>
EXPENDITURES				
General Bill Excluding State				
Aid to Education ^{B, C, D}	\$534,195,417 ^J	\$555,506,920	\$583,189,987 ^{L, M}	\$633,517,281
State Aid to Education	313,749,129 ^K	312,619,482	320,571,521 ^M	333,862,513
Special Appropriations	282,187	1,145,162	1,442,093	6,397,156
Emergency Special Appropriations	85,000	12,837,883	27,218,908	0
Continuing Appropriations ^E	<u>1,486,431</u>	<u>1,653,327</u>	<u>1,771,799</u>	<u>1,889,717</u>
TOTAL EXPENDITURES	<u>\$849,798,164</u>	<u>\$883,762,774</u>	<u>\$934,194,307</u>	<u>\$975,666,667</u>
TRANSFERS				
Budget Reserve ^H	\$ 1,561,487	\$ 6,178,570	\$ 1,355,714	\$ 0
Property Tax Reduction Fund ^I	<u>9,476,211</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL TRANSFERS	<u>\$ 11,037,698</u>	<u>\$ 6,178,570</u>	<u>\$ 1,355,714</u>	<u>\$ 0</u>
Beginning Unobligated Cash Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET (Revenues Less Expenditures/ Transfers)	<u>6,178,570</u>	<u>1,355,714</u>	<u>3,052,185</u>	<u>0</u>
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund ^H	(6,178,570)	(1,355,714)	0	0
Property Tax Reduction Fund ^I	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Obligations Against Cash	<u>(6,178,570)</u>	<u>(1,355,714)</u>	<u>0</u>	<u>0</u>
ENDING UNOBLIGATED CASH BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,052,185</u>	<u>\$ 0</u>

SOURCE: State of South Dakota Bureau of Finance and Management

NOTE: This document was prepared on a cash basis for budgeting purposes and reflects obligations against cash.

^A Includes \$13,702,390 for FY2002, \$13,100,000 for FY2003, \$12,478,191 for FY2004, and \$11,835,491 for FY2005 derived from annuity contract payments.

^B Includes revenue and expenditure authority due to legislation passed by the 1988 legislature which allows the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which will be used to retire bonds issued to lease land in the Conservation Reserve Program with a lump sum payment in return for the annual federal government payment. The annual payments from the federal government will be deposited in the general fund and used to make the Department of Game, Fish, and Parks' lease payment.

^C Includes \$13,696,871 for FY2002, \$13,100,694 for FY2003, \$12,473,308 for FY2004, and \$11,833,425 for FY2005 as appropriated to the Bureau of Administration and to the Bureau of Finance and Management to make lease payments pursuant to the leases entered into with the South Dakota Building Authority dated December 1, 1986.

^D Includes expenditure authority (\$370,000 for FY2004 and \$379,000 for FY2005) due to legislation passed by the 1989 legislature that allows the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which will be used to retire revenue bonds issued to make improvements in Custer State Park. Funds from the Custer State Park Concession Bond Redemption Fund, where funding is derived from concession contracts at Custer State Park, shall be deposited into the general fund and used to make the Department of Game, Fish, and Parks' lease payment.

- ^E Includes continuous appropriations for the fire premium tax refund (SDCL 10-44-9.1) and payment of special assessments (SDCL 5-14-20). Included in FY2004 and FY2005 is \$80,000 for payment of special assessments and \$1,691,799 and \$1,809,717, respectively, for fire premium tax refunds.
- ^F Included in FY2002 is \$1,900,000 in interest proceeds from the Tobacco Settlement Agreement transferred from the People's Trust Fund to the general fund. Included in FY2003, FY2004, and FY2005 is \$6,040,765, \$17,605,523, and \$17,846,390, respectively, in interest proceeds from the Health Care and Education Enhancement Trust Funds.
- ^G SB225, passed during the 1996 legislative session, requires that the state's proceeds from video lottery be deposited into the Property Tax Reduction Fund. In addition, the bill provides that the Commissioner of the Bureau of Finance and Management may transfer monies available from the Property Tax Reduction Fund to the general fund necessary to provide property tax relief through state aid to education. HB1104, passed by the 2003 legislature, imposed a tax of 4% upon the gross receipts of telecommunications services. Sixty percent of the revenue collected from this tax is deposited into the Property Tax Reduction Fund. The impact of the bill on the Property Tax Reduction Fund is estimated to be \$3.6 million in FY2004 and \$4.1 million in FY2005.
- ^H HB1287 provided that on July 1, 1991, \$20.0 million of the general fund ending unobligated cash balance from FY1991 be transferred into the Budget Reserve Fund. For each year thereafter, the maximum level of funds in the reserve was set at 5% of the general funds appropriated for the prior year in the General Appropriations Act, with the funding coming from any unobligated cash remaining in the general fund at the end of the fiscal year. HB1195, passed by the 2002 legislature, changed the maximum level of funds in the reserve to 10% of the general funds appropriated for the prior year in the General Appropriations Act.
- ^I HB1186, passed during the 1998 legislative session, transfers all remaining unobligated cash at year-end to the Property Tax Reduction Fund, after the transfer to the budget reserve. HB1198, passed during the 2002 legislative session, states the Commissioner of the Bureau of Finance and Management shall transfer any unobligated cash remaining after the transfer into the budget reserve fund into the Property Tax Reduction Fund, if the amount in the Property Tax Reduction Fund does not exceed 15% of the general fund appropriations in the General Appropriations Act for the previous fiscal year.
- ^J The General Bill for FY2002 reflects the passage of HB1237 by the 2002 legislature. This bill amended the FY2002 appropriation bill, spending an additional \$1,487,000 in surplus FY2002 general funds for the following: \$493,500 for a new security system for the South Dakota State Penitentiary in Sioux Falls, \$500,000 for the new Medical School office at the South Dakota School of Medicine, and \$493,500 to the Department of Human Services to serve clients on waiting lists.
- ^K The state aid figure for FY2002 includes an additional \$10.2 million to move from 25%-30% property tax relief. This is consistent with SB225, passed during the 1996 legislative session that provides the Commissioner of the Bureau of Finance and Management the ability to transfer monies available from the Property Tax Reduction Fund to the general fund as necessary to provide property tax relief through state aid to education.
- ^L The general bill for FY2004 reflects the passage of SB1, passed during the special session of the 2003 legislature. This bill amended the FY2004 appropriation bill, spending an additional \$500,000 in general funds for a risk pool for health insurance purposes.
- ^M The federal government provided South Dakota \$66.3 million in fiscal relief for FY2004. The 2004 legislature will be asked to reduce the FY2004 General Appropriations Act by this amount. Revenues from the Property Tax Reduction Fund will also be reduced by the \$66.3 million.
- ^N HB1099, passed by the 2003 legislature, accelerated the proration of interest earnings in the cash flow fund by having 90% of the estimated proration due to the general fund for the next fiscal year transferred to the general fund in the year in which the interest is earned. This results in one year (FY2004) where the general fund will receive two years of earnings deposits. This is estimated to result in additional one-time revenue of \$12.2 million. HB1069, passed by the 2003 legislature, transferred \$15 million to the Petroleum Release Compensation Fund. These funds were transferred to the highway fund during the 2002 legislative session to cover an expected deficit in matching federal highway dollars. This shortfall never occurred; therefore, HB1069 moved the dollars back to the Petroleum Release Compensation Fund. HB1283, the general appropriations bill, transferred the \$15.0 million from the Petroleum Release Compensation Fund to the general fund in FY2004.
- ^O This figure includes a one-time transfer of \$3.0 million from the video lottery operating fund to the general fund, and \$4.6 million in one-time receipts from a securities global settlement.
- ^P HB1197, passed by the 2002 legislature, transferred \$6.6 million from the budget reserve to the general fund to help balance the FY2002 deficit.
- ^Q HB1197, passed by the 2002 legislature, transferred \$6.6 million from the Property Tax Reduction Fund to the general fund to help balance the FY2002 deficit. In FY2003, \$10.5 million was transferred from the

Property Tax Reduction Fund to the general fund to help balance the FY2003 deficit. In FY2005, it is projected that \$16.6 million in one-time receipts from the Property Tax Reduction Fund will need to be transferred to the general fund to balance the budget.