



General Fund Financial Status

The General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's 2005-2007 budget recommendations. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

The revenue portion of the Status shows the net General Fund tax receipts for the current fiscal year and the next biennium that were adopted by the Economic Forecasting Advisory Board at its meeting in October 2004. The net receipts projected for the following biennium were presented to the Tax Rate Review Committee in November of 2004 by the Legislative Fiscal Office.

Certain transfers to the General Fund are proposed in both FY 2005-06 and FY 2006-07: Tobacco Products Administration Cash Fund – \$6.0 million; Securities Act Cash Fund – \$16.0 million; Insurance Cash Fund – \$3.0 million; and, Department of Motor Vehicles Cash Fund – \$1.5 million.

Transfers to the General Fund totaling \$1,085,378 are proposed in FY 2005-06 only from Community Improvements Cash Fund, Local Monitoring Committee Cash Fund, LLRW Cash Fund, and Rebates Federal Cash Fund.

It is recommended that the excess revenue of \$199 million in the Cash Reserve Fund be used: 1) to assist in rebuilding the 2005-2007 biennium ending General Fund balance in order to meet the three percent reserve requirement, and 2) to make a \$145.8 million low-level radioactive waste settlement payment on August 1, 2005. This is accomplished by making net transfers from the Cash Reserve to the General Fund for fiscal years 06, 07, 08, and 09 of \$53 million; a transfer of \$145.8 million from the Cash Reserve Fund to a newly created Low-Level Payment Cash Fund. Total net transfers recommended by the Governor from the Cash Reserve Fund are \$198.8 million.

Legislation is proposed to create a Local Investment Funds Tax (LIFT) credit program which will reduce net General Fund tax receipts by \$3.0 million beginning in FY 2008-09.

The appropriations shown for the current fiscal year 2004-05 are those adopted during the 2003 regular session and further amended during the 2004 regular session of the 98th Legislature. The Status also reflects recommended FY 2004-05 budget adjustments and an allocation for the 2005 claims bill for consideration during this 2005 session of the 99th Legislature. The Governor's budget recommendations for FY 2005-06 and FY 2006-07 of the next biennium are also shown.

The ending balance portion of the Status shows the projected General Fund balance at the end of each fiscal year and biennium based upon current tax receipt forecasts, other projected revenue, and 100 percent expenditure of appropriated General Funds. For the next biennium, the biennial period for which the Governor is making recommendations, structural balance (receipts exceed appropriations) is attained. In addition, the projected ending General Fund balance exceeds the statutory minimum requirement of three percent.

The planning estimates for the following biennium 2007-2009 indicate a continuance of the aid adjustment factor and the \$1.05 maximum levy limit for purposes of determining TEEOSA school aid. These estimates also indicate that future spending growth will be no greater than five percent. These are important considerations that provide for continued structural balance and a three percent reserve in the State's General Fund budget in the following biennium.

General Fund Financial Status

General Fund Financial Status	Current	Next Biennium		Following Biennium	
	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
<u>Beginning Balance</u>					
Beginning Cash Balance	\$176,438,014	\$126,834,728	\$158,842,875	\$182,633,297	\$195,292,533
Cash Reserve Fund transfer-Automatic	(108,727,007)	(90,520,885)			
Carryover obligations from FY2003-04	(95,953,260)				
Reduce FY04 carryover obligations (2005 Session)	16,758,165				
Allocation for potential deficits		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	(11,484,088)	31,313,843	153,842,875	177,633,297	190,292,533
<u>Receipts</u>					
Net Receipts (Certified; NEFAB; LFO Hist. Avg.)	2,775,479,115	2,962,000,000	3,071,000,000	3,279,000,000	3,485,000,000
Additional Receipts (NEFAB, Oct.)	90,520,885				
General Fund transfers-out	(1,640,000)	(1,640,000)	(1,640,000)	(3,140,000)	(140,000)
General Fund transfers-in	In Receipts				
Cash Reserve Fund transfers-current	26,000,000			(5,727,707)	
Tobacco Products Admin. Cash transfer-in		6,000,000	6,000,000		
Securities Act Cash transfer-in		16,000,000	16,000,000		
Insurance Cash transfer-in		3,000,000	3,000,000		
DMV Cash transfer-in		1,500,000	1,500,000		
DEQ Low-Level Funds transfers-in		1,085,378			
Cash Reserve Fund transfers-new		52,000,000	21,000,000	(10,000,000)	(10,000,000)
Revenue Legislation					(3,000,000)
General Fund Net Receipts	2,890,360,000	3,039,945,378	3,116,860,000	3,260,132,293	3,471,860,000
<u>Appropriations</u>					
Appropriations per 2004 Session	2,758,082,724	2,758,082,724	2,758,082,724	2,758,082,724	2,758,082,724
Claims Bill	598,959				
Deficit Recommendations	(6,640,499)				
Budget Recommendations		153,876,489	329,058,877	329,058,877	329,058,877
Low-Level Settlement Payment		Cash Fund			
Allocation for A-Bills		457,133	927,977	927,977	927,977
Available Growth - following biennium				154,403,479	316,527,132
TEEOSA - Needs adj./95 cent LER sunset					0
General Fund Appropriations	2,752,041,184	2,912,416,346	3,088,069,578	3,242,473,057	3,404,596,710
<u>Ending Balance</u>					
Dollar ending balance	126,834,728	158,842,875	182,633,297	195,292,533	257,555,823
Biennial Reserve (%)	2.33%	-	3.04%	-	3.87%
Variance from Minimum Reserve	(34,307,974)	-	2,251,184	-	56,158,962
Minimum Reserve @ 3%	161,142,702	-	180,382,113	-	201,396,862
Annual Spending Growth w/out Deficits		5.6%	6.0%	5.0%	5.0%
Two Year Average Growth		-	5.8%	-	5.0%