

State Cash Flow



Legislative Advisory Commission

July 12, 2010

Cash Flow Update

- Year-end Cash Balances
- Fiscal Year 2010 Actual Data
- Fiscal Year 2011 Projections
- Fiscal Year 2011 Cash Management Options
- Short Term Borrowing Authority

Ending FY 2010 Cash Balances

June 30, 2010

(dollars in millions)

Total Invested Treasurers Cash	\$5,431	Inter-Fund Borrowing	Payment Delays
Statutory General Fund	2,428	<i>Amounts borrowed / Repaid by year-end</i>	
General Fund	670	1,050	501
Health Impact Fund	2	(100)	
Special Rev. Fund	364	(385)	
Health Care Access	288	(200)	
MNSCU	525	(365)	
All Other Funds	581	-0-	

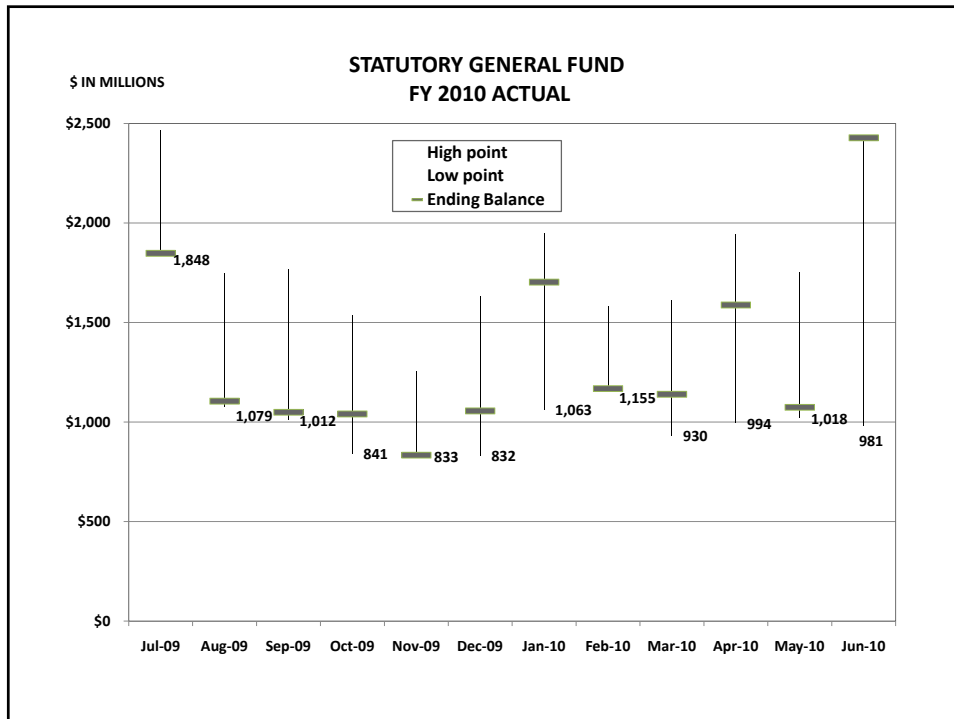
FY 2009 – June 30, 2009

(dollars in millions)

Total Invested Treasurers Cash	\$5,248	Inter-Fund Borrowing	Payment Delays
Statutory General Fund	2,415	<i>Amounts borrowed / Repaid by year-end</i>	
General Fund	837	950	-0-
Health Impact Fund	-0-	(125)	
Special Rev. Fund	358	(375)	
Health Care Access	306	(350)	
MNSCU	421	(100)	
All Other Funds	493	-0-	

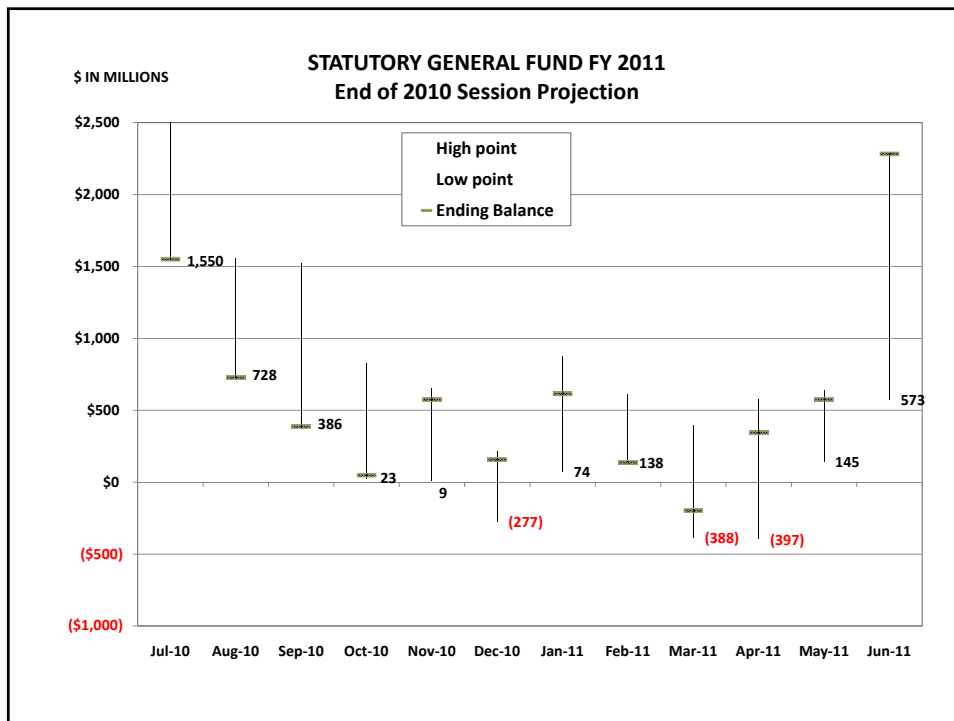
FY 2010 Cash Management Results

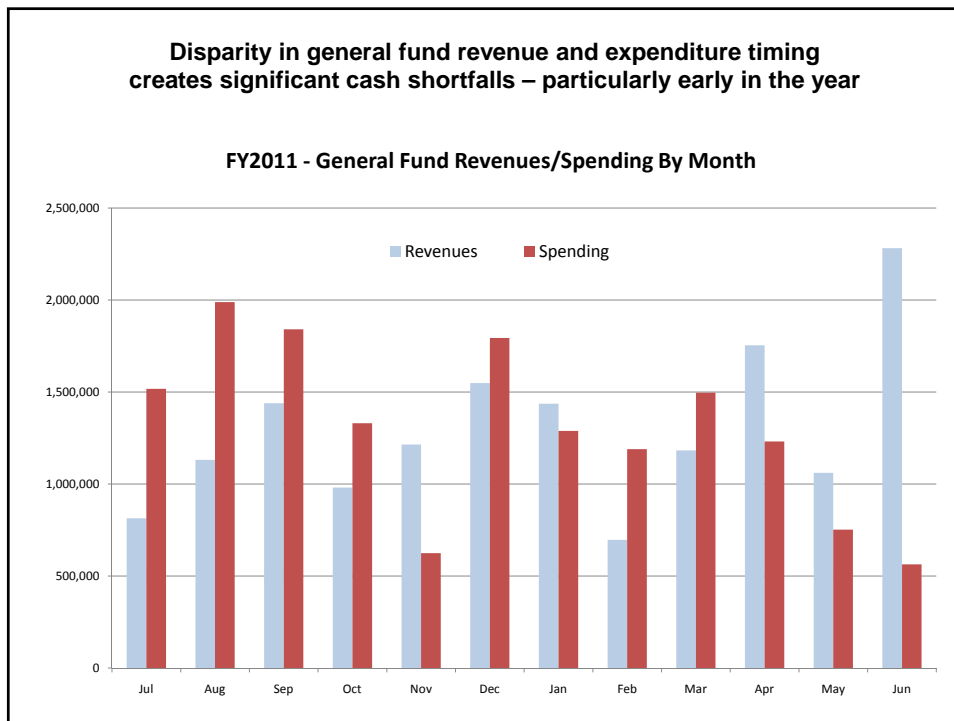
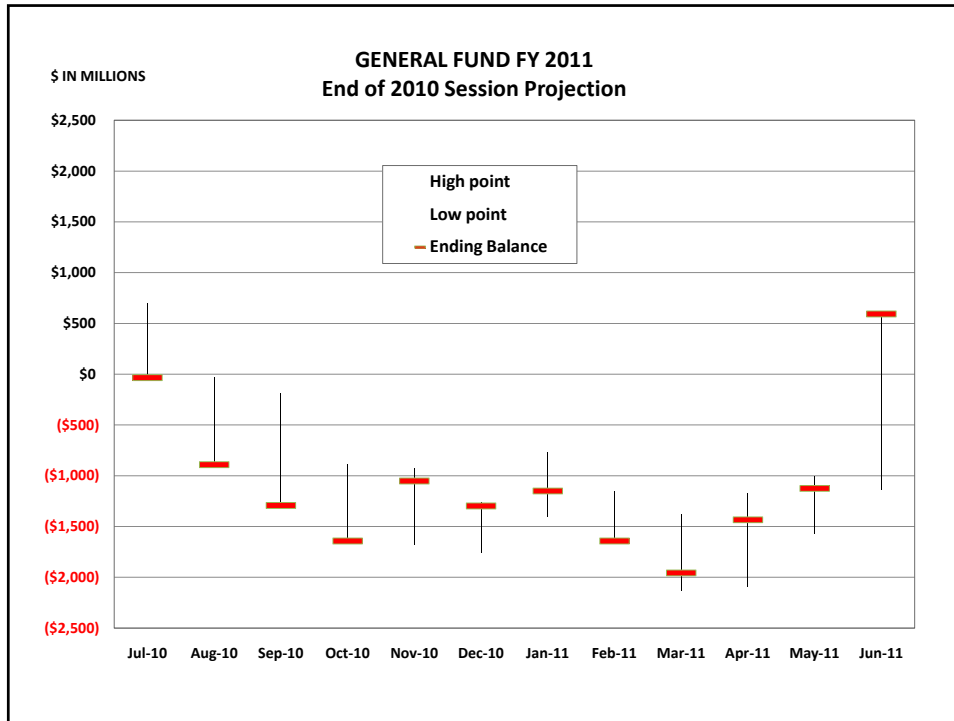
- Low points in statutory general fund occurred Oct-Dec and Mar-April
- \$830 million was the minimum cash balance reached
- General fund inter-fund borrowing reached high of **\$1.050 billion**
- March - April low points managed with administrative authorities
- Administrative payment delays totaled **\$501 million**
 - Three payments to school districts **\$422 million**
 - One payment to the University of MN **\$52 million**
 - Sales and Corporate refunds delayed **\$150 million** in fall **\$40 million** in spring



FY 2011 Cash Outlook

- Budget-balancing did not significantly improve cash flow
- School shift causes significant increase in early payments in August-October
- General fund cash will be exhausted by end of July
- \$400 million working capital is target for *Statutory General Fund* for managing daily cash needs..
- Forecast monthly low points highlight cash management challenges:
 - September \$ +386 January \$ (74)
 - October \$ + 23 March \$ (388)
 - November \$ + 9 April \$ (397)
 - December \$ (277)
- Available administrative tools will assist in reducing anticipated cash shortfalls





Statutory Authorities Delaying Cash Payments

- **Higher Education** (MS 16A.152, subd. 7)
special taxing districts / higher education systems
- **School Districts** (MS 127A.46)
change in payments to school districts
- **Tax Refunds** (MS 289A.56) tax refunds, interest

Short Term Borrowing Authority Line of Credit Contingency

- Proposals for maximum \$600 million line of credit or private placement received last February
- Line of credit offers maximum flexibility to draw and repay as needed
- Line of credit does not require comprehensive disclosure documents or procuring credit ratings
- Current path anticipates closing agreement by September 1, 2010
- Plan will provide access to short term cash loans, if needed, through June 30, 2011.