

Lessard-Sams Outdoor Heritage Council

MEMO: Agenda Item #2
DATE: September 7, 2018
SUBJECT: Preliminary Allocation Target, ML 2019/FY 2020
PRESENTER: Mark Johnson, Executive Director

Suggested Action:

By consensus or motion and vote, the council should agree upon a target figure for FY2020 allocation recommendations. This figure will guide members' allocation recommendations that are due to LSOHC staff by Friday, September 14, 2018.

Staff recommends Council consider the allocation target of \$119,961,000. This reflects a reserve target of 6% to accommodate potential downward forecast fluctuations in the December 2018 and February 2019 revenue forecasts.

Background:

During 2017, MN Statute 97a.056 was amended with subd. 24, "In any fiscal year, at least five percent of that year's projected tax receipts determined by the most recent forecast for the outdoor heritage fund must not be appropriated."

MMB will provide an updated forecast at the Council's December 11, 2018 meeting. Ultimately, the Council's total allocation recommendation is required to fall within the "most recent" (February 2019) forecast and the statutorily mandated 5% reserve. As a result, staff recommends Council utilize a reserve target of 6% to accommodate potential downward forecast fluctuation.

Contingencies for reserve monies exceeding a February forecast 5% reserve could be:

- a. Excess reserve funds could remain in the OHF and available for allocation the following fiscal year (fy2021)
- b. Council could provide a note to Leadership requesting any additional funds over the statutory 5% reserve be allocated to an appropriation pre-determined by the Council.
- c. IF IN DEFECIT, Council could provide a note to Leadership requesting any shortage of funds be removed from an appropriation pre-determined by the Council.

The following are 7%, 6%, and 5% reserve scenarios:

- 7% reserve amounts to approximately 118.8 million available for appropriation
- 6% reserve amounts to approximately 119.9 million available for appropriation
- 5% reserve amounts to approximately 121.1 million available for appropriation

(\$ thousands)

Unobligated Carry Forward from Prior Year
 Sales Tax Receipts
 Investment Income & Other Revenue
 Transfers from other Funds
Total Resources
Total Uses
 Budgetary Balance

End of 2018 Session Enacted	
FY18	FY19
7,531	12,695
105,212	110,615
2,046	2,046
510	406
115,299	125,762
102,604	115,881
12,695	9,881

Estimate of Amount Available to Appropriate		
End of 2018 Session Forecast		
FY20		
		9,881
		114,930
		2,046
		-
		126,857
		-
		126,857
5% Reserve	6% Reserve	7% Reserve
5,747	6,896	8,045
121,111	119,961	118,812

Estimated Remaining Amount Available to Appropriate