

Budget Update

September 2018

Legislative Appropriation (HB 209 and HB 2):	\$6,822,204.00
FY 2018 (7/1/17-6/30/18) Appropriation:	\$3,403,336.00
FY 2018 Revenue Received to Date:	\$3,631,279.46
FY 2018 Awards Made to Date:	\$2,976,073.00
FY 2018 Balance of Available Revenue Less Appropriation:	\$439,564.00
FY 2019 (7/1/18-6/30/19) Appropriation:	\$3,418,868.00
FY 2019 Revenue Availabe to Date:	\$1,146,245.96
FY 2019 Awards Made to Date:	\$0.00
Total Funds Returned:	\$12,301.00
Revenue Reported:	\$1,585,809.96
<i>Recommended to Award this meeting:</i>	<i>\$439,564.00</i>

Budgeting vs Accounting

Budgeting Cycle

- Department budget preparation
- We use the estimated revenue to determine the appropriation needed
- This information is put into the budget and presented to the legislature in HB2
- The legislature either approves HB2 or amends it
- The legislature might amend the amount of revenue to be received by the Coal Board. In the past regular session, they amended the percentage from 2.9% to 5.8%

Budgeting Cycle

- If the legislature increases the revenue, they will need to increase the appropriation in HB2 or create another bill with appropriation authority. In the last regular session, HB 209 was the bill that provided the appropriation to match the estimated revenue increase

Types of Appropriations

- Annual-this **appropriation** is available for one fiscal year. If we don't obligate this **appropriation** by June 30 of that fiscal year, the **appropriation** goes away
- Biennial-this **appropriation** can be used for both years. There is an amount allocated to the first fiscal year. If we don't obligate all of it, it will carry forward to the next fiscal year. In the second year, if we don't obligate all of the **appropriation**, the **appropriation** goes away

Accounting

- Revenue is recorded when received except on June 30. For the first 3 quarters, cash is also received
- At fiscal year end, Department of Revenue estimates what the 4th quarter revenue is going to be and they record it on SABHRS. This is called a revenue accrual
- Cash is not received for the 4th quarter revenue until later in the fall
- The cash will not be the same as the revenue that was recorded. It could be less or it could be more

Methodology for awarding grants

- Cash vs appropriation-your appropriation is available on July 1 of each fiscal year. The goal is that the revenue that comes in for the whole fiscal year will be as much as the appropriation. You will receive cash to pay for the appropriation on a quarterly basis
- Awarding grants for the amount of the cash available ensures that if the revenue doesn't come in, we can pay for the grants we have awarded

Year end challenges

- The 4th quarter revenue is estimated and we don't know how much cash will actually be collected in the fall
 - DOR provides the revenue amounts at any time after July 1
- The appropriation might end on June 30, depending on how the legislature funded it. If it ends and we have not obligated the funds, we lose the appropriation. By not obligating the funds, we might have to go into the legislature for a supplemental appropriation to use the cash, which we have done once
- Possibility that awards can be made contingent upon available funds

Advice from an accounting perspective

- Award grants based on the amount of cash you have available for the first 3 quarters of the year
- If there is an appropriation that ends on June 30, award grants up to that amount and obligate the funds
- If the appropriation is going to continue to the next year, wait to award grants until you know what the revenue was for the 4th quarter
- The last year of the biennium, analyze the revenue and how much appropriation you have left. You should obligate the remaining appropriation with the understanding that if the cash doesn't come in, you will have to use the revenue from the next biennium to pay for the difference
- You can not obligate or award funds that have not been authorized by the legislature