



Cash Reserve Fund Status

The Cash Reserve Fund was created in 1983 to provide a source of funds for temporary transfers to the State General Fund when balances are not sufficient to process expenditure transactions. The original balance in the Cash Reserve Fund was accumulated through the imposition of an increase in the sales tax. The movement of monies between the Cash Reserve Fund and the General Fund for cash management purposes has been governed by a variety of legislation over the life of the Fund. Also, there have been several instances in which money was moved to and from the Cash Reserve Fund to accomplish policy initiatives that were not related to cash management.

Current law provides that actual General Fund revenues in excess of the certified forecast at the end of the fiscal year are to be transferred to the Cash Reserve Fund. The most recent such transfer occurred in July of 2004 when approximately \$ 108.7 million was moved from the General Fund to the Cash Reserve Fund. The June 30, 2005 balance in the Cash Reserve Fund is the highest ever ending balance in this Fund. The Nebraska Economic Forecasting Advisory Board at its October 2004 meeting increased its net General Fund tax receipt forecast for FY 2004-05 by \$90.5 million. This amount is revenue in excess of the certified forecast for FY 2004-05 and is shown as transferred to the Cash Reserve Fund in July of FY 2005-06.

Transfers to/from the Cash Reserve Fund scheduled under current law include: \$26 million to the General Fund on or before June 2005, and a total of \$4,971,900 to the Nebraska Capital Construction Fund in fiscal years 05, 06, and 07. A "repayment" of prior transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund totaling \$5,727,707 is made from the General Fund to the Cash Reserve Fund in fiscal year 08.

The Governor recommends 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 that Fund's three percent reserve requirement, and 2) to make a \$145.8 million low-level radioactive waste settlement payment on August 1, 2005. To accomplish those two purposes, the Governor proposes net transfers from the Cash Reserve to the General Fund for fiscal years 06, 07, 08, and 09 of \$53 million, and 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.

The projected FY 2008-09 balance of \$70.4 million in the Cash Reserve Fund is equal to two percent of annual General Fund appropriations.

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Cash Reserve Fund Status	Current FY2004-05	Next Biennium FY2005-06 FY2006-07		Following Biennium FY2007-08 FY2008-09	
Beginning Balance	87,028,337	177,167,720	67,447,913	44,663,497	60,391,204
Transfer Amounts Above Forecasts	108,727,007	90,520,885			
To/From Gen Fund per Current Law	(26,000,000)			5,727,707	
Cigarette tax/stamps, MV sales tax	8,170,556				
To NCCF for Eastern NE Vets Home	(758,180)	(2,429,304)	(1,784,416)		
To/From Gen Fund (2005 Session)		(52,000,000)	(21,000,000)	10,000,000	10,000,000
To Low-Level Settlement Payment Fund		(145,811,388)			
Ending Balance	177,167,720	67,447,913	44,663,497	60,391,204	70,391,204