

Selected Non-General Funds

FEBRUARY, 2007 FORECAST

FUND STATEMENTS

This document presents fiscal information from several major non-general funds as updated in the February 2007 forecast. Typically, forecast information focuses on the impact to the General Fund, which supports more than 60% of state activities. It is hoped that the following information helps to explain changes in other major state revenue and spending funds that may impact significant sources of state activity.

For more information on the state's finances, please visit <http://www.budget.state.mn.us> to see other documents including the Consolidated Fund Statement that provides information on all state funds.

BACKGROUND ON STATE FORECASTS

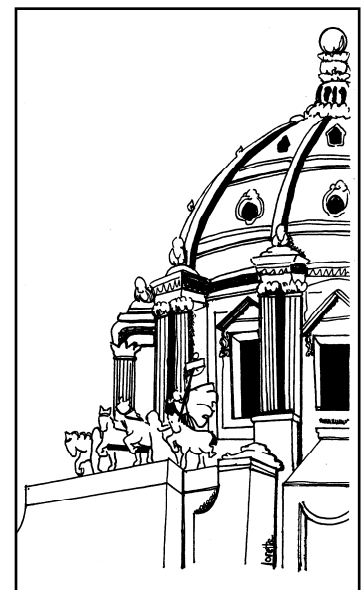
The Department of Finance prepares formal forecasts of state revenues and expenditures in November and February each year as required by state law. Quarterly Economic Updates are also prepared in January, April, July and October each year. These updates are not formal forecast but report on year-to-date revenue collections compared to previous forecasts, and make note of any significant economic or revenue developments that have occurred since the last formal forecast.

The February forecast establishes the basis for FY 08-09 budget considerations. It contains revised revenue and expenditure estimates for the 2006-07 biennium based on the most recent information about the national and state economic outlook, caseloads, enrollments, and cost projections.

The forecast does not reflect the governor's budget recommendations or potential legislative action, only current law. A forecast increase in spending for any area in the current biennium or the next biennium does not preclude the governor or the legislature from proposing budget changes that would lead to significantly different spending levels than are shown in this forecast.

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Health Care Access Fund

PURPOSE OF FUND

The health care access fund (HCAF) was created to increase access to health care for the uninsured, contain health care costs and improve the quality of health care services.

PRIMARY REVENUE SOURCES

Money in the fund comes from the following sources:

- 2% tax on providers;
- 1% gross premium tax;
- the state share of MinnesotaCare enrollee premiums;
- investment income from money in the fund; and
- federal match on administrative costs.

In addition, federal Medicaid and S-CHIP funds are used to support selected activities. While not directly deposited to or spent from this fund, this money offsets \$ 260 million in expenses in FY2008-09.

PRIMARY EXPENDITURES AND USES

Most expenditures from the fund are made by the MinnesotaCare program, which provides lower cost health care services to eligible individuals and families who do not have access to affordable health insurance. Other expenditures out of the fund support health care access and quality improvement initiatives. Appropriations from this fund go to several state agencies including the departments of Health, Human Services and Revenue. Other governmental organizations receiving funds include: University of Minnesota, the Legislature and the Board of Dentistry.

FUND BALANCE AND RESERVE CHANGES

The fund does not maintain a formal reserve. At the November 2006 forecast, the HCAF balance at the end of FY 2009 was projected to be \$188 million. The current forecast projects decreased revenues and expenditures from November. Revenue estimates are down \$5.7 million in FY 2006-07 and \$12.5 million in FY 2008-09 from previous projections. The provider tax forecast is down from November due to a downward adjustment in the Global Insights growth rate. The premium tax projections are lower than previously estimated due to lower returns for FY 2007.

Estimated expenditures fall below November estimates by \$21.4 million in FY 2006-07 and \$78.85 million in FY 2008-09. MinnesotaCare enrollment is lower across all MinnesotaCare populations and fewer than anticipated GAMC enrollees are shifting to MinnesotaCare.

(\$ in thousands)	Closing FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Closing FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	53,938	115,522	141,134	185,845	-	-	15,703	49,416
Revenues								
2% Provider Tax	382,818	407,608	433,587	461,695	-	(824)	(1,087)	(414)
1% Gross Premium Tax	69,201	69,300	74,800	80,800	-	(4,500)	(5,100)	(6,000)
State Share of MnCare Premiums	20,670	18,705	19,427	19,480	-	(539)	(1,382)	(1,523)
Investment Income	4,797	6,463	5,861	7,861	-	204	915	2,061
Federal Match on administrative Costs	4,196	5,129	4,219	4,092	-	-	-	-
Revenue Refunds	(11,039)	(11,000)	(11,000)	(11,000)	-	-	-	-
Other Revenues	26	70	70	70	-	-	-	-
Total Revenues	470,669	496,275	526,964	562,998	-	(5,659)	(6,654)	(5,876)
Expenditures & Uses								
MinnesotaCare direct appropriation	251,614	278,993	372,827	373,350	-	(20,773)	(38,986)	(36,959)
Other DHS	40,831	52,915	48,985	46,358	-	(539)	(1,382)	(1,523)
Department of Health	5,703	8,384	6,279	6,279	-	-	-	-
University of MN (TR Out)	2,157	2,157	2,157	2,157	-	-	-	-
State Government	1,662	1,902	1,782	1,782	-	-	-	-
Interest on Tax Refunds	496	500	550	600	-	(50)	-	-
Transfers Out	106,622	125,812	49,672	48,000	-	-	-	-
Total Uses	409,085	470,663	482,252	478,526	-	(21,362)	(40,368)	(38,482)
Ending Balance	115,522	141,134	185,845	270,317	-	15,703	49,416	82,022

STRUCTURAL BALANCE

The chart below shows the projected structural balance of the HCAF for FY 2006-11. The term “current year resources” refers to revenues and transfers received within a fiscal year. Balances or deficits from prior years are excluded. When compared with projected total uses, the difference highlights the “structural” balance – how much more is being collected than spent.

**Structural Analysis of the Health Care Access Fund
February 2007 Forecast
(\$ in thousands)**

	Closing FY 06	Budgeted FY 07	Projected FY 08	Projected FY 09	Projected FY 10	Projected FY 11
Current Year Resources	470,669	496,275	526,964	562,998	603,473	648,063
Total Uses	409,085	470,663	482,252	478,526	486,224	504,518
Difference	61,584	25,612	44,712	84,472	117,249	143,545
Adjusted Resources	470,669	496,275	526,964	562,998	603,473	648,063
Limited Time Transfers	(49,413)	(58,695)	0	0	0	0
Adjusted Uses	359,672	408,436	480,580	478,526	486,224	504,518
Structural Balance	110,997	87,839	46,384	84,472	117,249	143,545

Temporary Assistance for Needy Families

PURPOSE OF FUND

The Temporary Assistance for Needy Families (TANF) fund was established to segment the TANF block grant from other federal funds for budgeting and reporting purposes. The purpose of the TANF grant is to increase the flexibility of states in providing assistance to needy families to move them toward self-sufficiency.

PRIMARY REVENUE SOURCES

Temporary Assistance for Needy Families (TANF) replaced the federal Aid to Families with Dependent Children (AFDC) entitlement program when the federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act, was enacted in 1996. Minnesota receives federal Temporary Assistance for Needy Families (TANF) block grant funds based on the state's historical expenditures for AFDC and related programs.

PRIMARY EXPENDITURES AND USES

TANF expenditures primarily fund the Minnesota Family Investment Program (MFIP), the Diversionary Work Program (DWP) and Support Services Grants. MFIP and DWP grants pay for cash assistance for eligible families and food assistance for families participating in MFIP. Support Services Grants provide employment, education, training and other support services to help low-income families. Transfers are made out of the TANF to the federal Title XX and Child Care and

Development funds. Transfers are also made to the general fund for the Working Family Tax Credit.

FUND BALANCE AND RESERVE CHANGES

At the November forecast the TANF balance at the end of FY 2009 was projected to be \$90.1 million. The TANF balance is relatively unchanged from November, up \$8.7 million by the end of FY 2009. The majority of this change is due to increasing the general fund share of expenditures for MFIP and decreasing the TANF-financed portion of MFIP expenditures. This is necessary because a decrease in general fund MFIP Child Care expenditures requires an increase in general fund MFIP expenditures to maintain our maintenance of effort requirement.

(\$ in thousands)	Closing FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Closing FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	81,439	82,074	50,364	74,652	-	0	4,088	6,287
Revenues								
Block Grant	263,434	263,434	263,434	263,434	-	-	-	-
Performance Award	13,399	-	-	-	-	-	-	-
Katrina Relief	114	-	-	-	-	-	-	-
Total Revenues	276,947	263,434	263,434	263,434	-	-	-	-
Expenditures & Uses								
MFIP/DWP + CS Pass-through	105,309	82,221	73,587	73,295	0	(4,407)	(2,623)	(2,691)
Support Services Grants	91,800	113,676	102,632	102,632	0	(0)	-	-
Other DHS	8,074	9,125	7,728	7,728	0	-	-	-
Health Department	6,000	6,000	6,000	6,000	-	-	-	-
Economic Development	13,552	0	0	0	0	-	-	-
Transfers	52,025	85,122	50,199	50,587	-	319	424	323
Total Uses	276,760	296,144	240,146	240,242	0	(4,088)	(2,199)	(2,368)
Cancellation		(1,000)	(1,000)	(1,000)				
Ending Balance	81,626	50,364	74,652	98,844	(0)	4,088	6,287	8,655

Environmental Fund

PURPOSE OF THE FUND

The Environmental Fund uses the revenues from environmentally related fees, taxes, and activities to monitor and control environmental problems.

PRIMARY REVENUE SOURCES

Major sources of revenues to the fund in FY2008-09 include the following:

- Solid Waste Tax (54% of revenue)
- Air/Water Permit Fees (20%)
- Motor Vehicle Transfer Fee (14% of revenue)
- Hazardous Waste Fees (6% of revenue)

PRIMARY EXPENDITURES AND USES

Money in the fund is used to address environmental problems, including air and water pollution, hazardous and solid waste, and other pollutants. The Pollution Control Agency receives the largest share of the fund for permitting and enforcement activities, environmental monitoring, pollution prevention, emergency response, public education and financial assistance programs.

Several state agencies including the departments of Revenue (DOR), Public Safety (DPS) and the Attorney General's Office also receive appropriations from this fund. DOR and DPS receive appropriations for administrative costs for collecting certain tax revenues deposited into the fund. The Attorney General's Office is compensated for its enforcement and litigation activities.

FORECAST COMPARISON

FY 2007 transfers into the Remediation Fund from the Environmental Fund are estimated to be \$3.5 million below the previous forecast while program expenditures decline by \$2.7 million. In FY 2008, transfers to the Remediation Fund increase by \$5.3 million over the November forecast with a corresponding increase in program of expenditures of \$5.7 million. Changes in project priorities and scheduling in the land program account for some of these changes.

MOTOR VEHICLE TRANSFER FEE

Prior to 2003, motor vehicle transfer fees (MVT) were deposited as non-dedicated receipts in the environmental fund and appropriated to the PCA for pollution prevention and remediation programs. From FY 2004- FY2007 all MVT proceeds were transferred to the general fund as part of the budget solution. The 2005 legislature increased the MVT fee by \$6 and restored PCA's appropriation beginning in FY 2008-09. This fee will generate approximately \$23.5 million in revenue for the fund during the FY 2008-09 biennium.

(\$ in thousands)	Actual FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Actual FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	31,812	35,914	15,253	10,592	-	-	3,194	(2,160)
Revenues								
Solidwaste Mgmt Tax	43,280	45,543	46,755	48,178	-	(124)	(201)	(206)
Departmental Earnings	22,146	22,899	35,425	35,500	-	34	-	10
Other Taxes	2,224	2,238	2,238	2,238	-	-	-	-
Other (Inv Inc, Fines, NonCash Assets)	1,754	3,105	1,852	1,503	-	603	570	194
Transfers from Other Funds	546	-	-	-	-	-	-	-
Total Revenues	69,950	73,785	86,270	87,419	-	513	369	(2)
Expenditures & Uses								
PCA	51,750	63,308	58,505	58,505	-	797	378	378
Other Agencies	276	567	486	486	-	(1)	(1)	(1)
Transfer to Remediation Fund	13,688	27,142	31,940	29,547	-	(3,477)	5,346	(796)
Transfer to General Fund	134	3,429	-	-	-	-	-	-
Total Expenditures	65,848	94,446	90,931	88,538	-	(2,681)	5,723	(419)
Ending Balance	35,914	15,253	10,592	9,473	-	3,194	(2,160)	(1,743)

Remediation Fund

PURPOSE OF THE FUND

The fund was created to provide a reliable source of public money for response and corrective actions to releases of hazardous substances, pollutants or contaminants, agricultural chemicals, petroleum, and for actions at qualified landfill facilities for which the agency has assumed such responsibility.

PRIMARY REVENUE SOURCES

Revenue sources to the fund include superfund reimbursements and penalties, insurance claims settlements, interest earnings, other fines and fees charged for remediation of specific sources of environmental damages. Revenue sources to the Remediation Fund in FY 2006 included the following:

- Closed Landfill Insurance Recovery (64.5%)
- Superfund Reimbursements (16%)
- Investment Income (9%)

PRIMARY EXPENDITURES AND USES

The fund is used for closure and post-closure care of certain mixed municipal solid waste disposal facilities for a 30-year period; to address incidents involving releases of agricultural chemicals and petroleum; to reimburse local government units for eligible costs to remediate methane at closed disposal facilities; to clean up sites that have been contaminated due to dry-cleaning operations; and for related administrative, enforcement, and cost recovery actions.

FORECAST COMPARISON

Receipts from legal settlements are usually not projected for current or future fiscal years. In a year when proceeds from a settlement are received and deposited to the Remediation Fund, the difference between forecast to actual receipts can be significant. Forecasted annual receipts are projected to decrease an average of 27% per year, from \$13.7 million in FY2006 to \$4.2 million in FY2009.

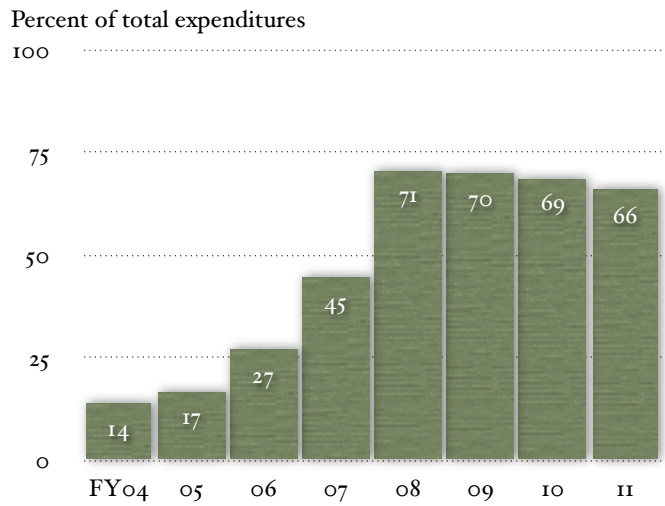
FY 2007 transfers to the Remediation Fund from the Environmental Fund are estimated to be \$3.5 million less than projected in the November 2006 forecast, largely as a result of delayed or reprioritized projects. Total FY2007 expenditures are projected to be \$449,000 more than the previous forecast, while FY 2008 expenditures are projected to increase by \$5.7 million. Changes in planning for and prioritizing remediation projects in MPCA's Land Program account for most of the estimated spending increase.

(\$ in thousands)	Actual FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Actual FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	32,773	23,192	6,609	7,018	-	3,146	150	179
Revenues								
Net Receipts	13,720	6,792	4,546	4,571	-	930	343	349
Transfers:								
Environmental Fund	13,688	27,142	31,940	29,547	-	(3,477)	5,346	(796)
Petro Tank Release Cleanup Fund	9,340	9,241	8,616	8,616	-	-	-	-
Total Revenues	36,748	43,175	45,102	42,734	-	(2,547)	5,689	(447)
Expenditures & Uses								
Pollution Control Agency	42,716	48,852	40,118	37,671	-	447	5,660	(487)
Other Expenditure	3,567	10,858	4,575	4,596	-	-	-	-
Transfers to other funds	3,605	48	-	-	-	2	-	-
Total Expenditures	49,888	59,758	44,693	42,267	-	449	5,660	(487)
Ending Balance	19,633	6,609	7,018	7,485	-	150	179	219

STRUCTURAL BALANCE

The Remediation Fund relies on transfers from the Environmental fund to maintain structural balance. The 2005 legislature authorized transfers from the Environmental Fund “...as necessary for the purposes of the remediation fund...” The current forecast shows an increasing reliance on transfers from the Environmental Fund. In FY 2006, transfers from the Environmental Fund totaled 27% of Remediation fund expenditures. That number will reach more than 70% of total fund expenditures by the FY 2008-09 biennium. Forecasted transfers begin to decrease in the out years as the Closed Landfill Program moves from construction to permanent maintenance activities.

Transfers from the Environmental Fund are a Major Portion of Remediation Fund Expenditures



Natural Resources Fund

PURPOSE OF THE FUND

The Natural Resources Fund provides the resources needed to manage and maintain public recreational facilities like trails and public water access points. It also provides funds for the acquisition and development of land, and for improving the state's fish and wildlife.

PRIMARY REVENUE SOURCES

Most of the funding is provided directly by users of the state's recreational facilities through boat and motor vehicle license registration fees. The fund also derives significant revenue indirectly, through gasoline taxes and lottery proceeds. Investment earnings are also credited to the fund.

PRIMARY EXPENDITURES AND USES

Money in the fund is spent on operations and maintenance of state parks, development and maintenance of motorized and non-motorized trails, certain forestry, ecology, and minerals management programs designed to preserve, protect and enhance the state's natural resources. This fund also provides the money to maintain 1,500 public boat access sites, over 275 fishing piers and shorefishing sites across the state, and to pay for enforcement of natural resources rules and laws.

FORECAST COMPARISON

Spending and revenues show little change from the November 2006 forecast. The fund balance slightly declines over the FY 2008-09 biennium (i.e. 3.8% in FY 2008 and 3.5% in FY 2009). Overall revenues in FY2006-07 increased by \$704,000 over the previous forecast and spending increased by \$1.9 million. Most of the increased spending reflects transfers from the Minerals Management Account in the Natural Resources fund to the Permanent School and Permanent University funds as required by statute. Forecasted mineral revenues earned on state trust lands were above November estimates by \$1.7 million.

Twenty percent of all mineral revenues earned on state lands are deposited into the Minerals Management Account to manage state trust lands for mineral rents, royalties and leases. This account was established for the 2006-07 biennium only to fund DNR management activities on state trust lands. Current law limits the amount of the account fund balance to \$3 million. All revenues in excess of that amount are transferred from the account to the respective trust funds earning the revenue. The account expires June 30, 2007.

STRUCTURAL BALANCE

The DNR has become increasingly dependent on fee income to provide services. Fee increases have helped sustain the fund, but long-term demographic trends may affect future health of the fund. DNR data show that per capita outdoor recreational use is declining. Population increases will make up for some of this loss, but at less than historical rates.

Forecast Comparison
February 2007 to November 2006

(\$ in thousands)	Closing FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Closing FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	22,301	32,806	29,652	30,466	-	-	554	(1,193)
Revenues								
Departmental earnings	41,024	43,654	37,433	37,622	-	605	-	-
Sales Tax	10,588	10,073	10,267	10,342	-	-	-	-
Federal Grants	3,400	1,240	825	820	-	-	-	-
Other (Inv Inc, Fines, other)	2,575	2,308	2,142	2,176	-	99	-	-
Transfer from HUTD Fund	15,157	14,755	15,120	15,195	-	-	-	-
Transfer from Perm Sch Fund	4,415	4,450	4,450	4,450	-	-	-	-
Transfer from Spec Rev Fund	2,430	2,251	2,251	2,251	-	-	-	-
Transfer from General Fund	88	85	85	85	-	-	-	-
Transfer from Agency Fund	35	35	35	35	-	-	-	-
Transfer From Other Funds	-	8	4	4	-	-	-	-
Total Revenues	79,712	78,859	72,612	72,980	-	704	-	-
Expenditures & Uses								
Trails and Waterways	21,229	29,987	23,786	23,786	-	300	-	-
Parks and Recreation Mgmt	13,625	14,571	13,896	13,896	-	(150)	-	-
Forest Management	10,347	10,400	10,377	10,376	-	-	-	-
Enforcement	6,428	7,764	7,015	7,015	-	-	-	-
Other Agencies	4,705	4,705	4,705	4,705	(1)	(1)	32	32
Ecological Services	3,573	3,472	3,237	3,237	-	-	-	-
Operations Support	2,807	3,408	2,160	2,160	-	-	-	-
License Center	2,105	3,141	2,321	2,330	-	-	-	-
Land and Minerals	2,001	2,459	182	182	-	-	-	-
Fisheries Management	1,360	591	567	566	(1)	-	-	-
Wildlife Management	94	581	2	2	-	(0)	-	-
Minnesota Conservation Corps	490	490	490	490	-	-	-	-
Statewide Indirect	355	346	346	345	-	-	-	-
Waters Resource Mgmt	276	284	280	280	-	-	-	-
Transfer to Gen Fund	-	4	-	-	-	1	-	-
Transfer to Debt Srv	11	10	10	10	-	-	-	-
Transfer to Perm Sch Fund	-	-	1,597	-	-	-	1,044	-
Transfer to Perm Univ Fund	-	-	1,027	-	-	-	671	-
Total Expenditures	69,405	82,213	71,998	69,380	(2)	150	1,747	32
Ending Balance	32,606	29,452	30,266	34,066	1	554	(1,193)	(1,225)

Highway User Tax Distribution Fund

PURPOSE OF FUND

The Highway User Tax Distribution Fund (HUTD) was established by the Minnesota Constitution to be used solely for highway purposes. The fund receives revenue from taxes on motor vehicles, motor fuels, and sales tax on motor vehicles for transfer to various highway related funds. An amendment to the constitution passed in 2006 will fully dedicate the sales tax on motor vehicles to transportation purposes by FY2012, with the HUTD to receive no more than 60% of the full dedication.

PRIMARY EXPENDITURES

The Minnesota Constitution requires that 95 percent of the revenues deposited into the Highway User Tax Distribution Fund be distributed as follows: 62 percent to the Trunk Highway Fund (TH), 29 percent to the County State Aid Highway Fund (CSAS), and 9 percent to the Municipal State Aid Street Fund (MSAS). The remaining 5 percent of Highway User Tax Distribution Fund revenues are distributed to the same three funds in accordance with a formula that the legislature periodically establishes.

SOURCE OF FUNDING

Revenues are from motor vehicle related taxes and fees, including motor vehicle license tax, motor vehicle sales tax (MVST), and gasoline and special fuels taxes.

All interest and profits from the investments of the fund must be credited to the highway user tax distribution fund.

FORECAST COMPARISON

The three major sources of revenue for the HUTD are tab fees, gas tax, and MVST. The forecast for tab fees and gas tax is unchanged from that made in November 2006 for the entire forecast period of FY2007 to FY2011. The forecast for MVST is increased about 2% for FY2007 (the current fiscal year) and lower by about 1% for each of the FY 2008-09 and FY 2010-11 biennia.

(\$ in thousands)	Closing FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Closing FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	1,684	3,677	-	-	-	-	-	-
Revenues								
Tab fees	491,406	477,060	482,141	486,962	-	-	-	-
MVST	161,346	156,510	158,848	166,688	-	2,760	(2,944)	(800)
MVST amendment	-	-	31,025	63,810	-	-	(575)	(307)
Gas tax	646,837	650,589	654,455	658,382	-	-	-	-
Other	2,378	2,959	3,009	3,059	-	-	-	-
Total Revenues	1,301,967	1,287,118	1,329,478	1,378,901	-	2,760	(3,519)	(1,107)
Expenditures & Uses								
Agency expenditures	8,923	11,059	11,136	11,136	-	-	-	-
Transfers:non transportation	17,233	16,808	17,201	17,281	-	-	-	-
Transfers: flexible highway acct	63,691	63,146	65,057	67,524	-	138	(176)	(55)
Transfers: MSAS	108,911	107,980	111,248	115,466	-	236	(300)	(95)
Transfers: CSAH	350,937	347,937	358,464	372,058	-	760	(970)	(305)
Transfers: TH	750,279	743,865	766,372	795,435	-	1,626	(2,073)	(652)
Total Expenditures	1,299,974	1,290,795	1,329,478	1,378,901	-	2,760	(3,519)	(1,107)
Ending Balance	3,677	-	-	-	-	-	-	-

Trunk Highway Fund

PURPOSE OF FUND

The Trunk Highway Fund was established by the Minnesota Constitution for highway construction, improvement and maintenance.

SOURCE OF FUNDING

The Trunk Highway Fund receives 62 percent of Highway User Tax Distribution Fund revenues (aside from the 5 percent of HUTD revenues that are distributed in accordance with a formula that the legislature periodically establishes), money from the federal government as aid in construction and maintenance of trunk highways, and other sources of direct income. Trunk Highway Bond proceeds from the sale of bonds as authorized by Article XIV of the constitution are deposited in a separate TH bond fund.

FORECAST COMPARISON

The Trunk Highway fund has two major sources of revenues: the distribution of state revenues from the Highway User Tax Distribution Fund and Federal Aid agreements, primarily for construction contracts.

Compared to November 2006 estimates, state funds in FY2007 are up \$1.6 million and \$2.7 million lower for FY2008-09 due to smaller transfers from the HUTD. These changes are due to the forecast for MVST in the February 2007 forecast; no change is made in the gas tax and tab fee estimates.

LAC REVIEW

An appropriation change by Mn/DOT was approved by the Governor and reviewed by the Legislative Advisory Commission (LAC) in December 2006. This change is reflected in Federal aid agreements of \$39.64 million being recognized in FY2007 instead of FY2008, and an additional appropriation of \$80.27 million in FY2007.

EXPENDITURE FORECAST

There are essentially no changes in expenditures other than technical items such as a re-estimation of debt service for existing Trunk Highway bonding.

FUND BALANCE

The ending fund balance for FY2007 is \$16.28 million, reflecting the impact of the LAC action. The fund balance at the end of FY2009 is forecast to be \$36.6 million.

(\$ in thousands)	Closing FY 06	February Forecast			Change from November Forecast			
		Budget FY 07	FY 08	FY 09	Closing FY 06	Budget FY 07	FY 08	FY 09
Beginning Balance	40,643	139,497	16,280	(66,517)	-	-	(39,108)	(80,950)
Revenues								
HUTD transfer	750,279	743,865	766,372	795,435	-	1,626	(2,073)	(652)
Federal aid agreements	361,175	495,640	231,463	394,442	-	39,640	(39,640)	-
Other income	154,045	100,129	97,744	98,204	-	(0)	(0)	-
Total Revenues	1,265,499	1,339,634	1,095,579	1,288,081	-	41,266	(41,713)	(652)
Expenditures & Uses								
MnDOT	1,089,231	1,332,121	1,050,783	1,057,017	-	80,270	-	-
DPS and other	69,067	76,978	74,554	74,554	-	104	-	-
Debt service	36,347	53,752	53,039	53,354	-	-	129	(329)
Reserve for bal forward	68,465	-	-	-	-	-	-	-
Total Expenditures	1,263,110	1,462,851	1,178,376	1,184,925	-	80,374	129	(329)
Ending Balance	43,032	16,280	(66,517)	36,639	-	(39,108)	(80,950)	(81,273)

State Funds

Aside from the general fund, which accounts for roughly 60% of state spending, there are over 130 other funds that have designated revenues for specific purposes. The legislature designates certain revenues to be deposited into the fund and certain types of payments the fund can make. The purpose of a fund is that it allows the legislature to monitor money and ensure that it is being spent for intended purposes.

Some funds are administered by one agency, which has all their spending activity allocated to the particular fund. These types of funds are often referred to as agency funds. Other funds are referred to as shared funds because many agencies will deposit money and spend from the fund. Additionally, there are also separate 'accounts' within a fund that have even more specified depositing and spending rules.

Most funds are held in the State Treasury. The Commissioner of Finance and the State Board of Investment have the responsibility to invest the money deposited into these funds. However, only the Commissioner of Finance can authorize money to be deposited into a fund or to be transferred out of a fund.

There are eight different types of funds that have been identified for sound accounting administration including: the general fund, special revenue funds, capital projects funds, debt service funds, permanent funds, enterprise funds, internal service funds, and trust and agency funds.

Expanded definitions of these funds can be found at: http://www.budget.state.mn.us/budget/summary/fund_inventory/index.shtml

CONSOLIDATED FUND STATEMENT, FEBRUARY 2007 FORECAST

A more detailed document providing information about revenue and expenditures by fund and omnibus bill can be found at:

http://www.budget.state.mn.us/budget/summary/fund_statements/070228_con_fund_state.pdf