

OFFICE OF THE  
LEGISLATIVE  
FISCAL  
ANALYST

JONATHAN C. BALL  
DIRECTOR

**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Steven Allred, Deputy Director  
**DATE:** May 8, 2012  
**SUBJECT:** Assignment of LFA In-Depth Budget Review

Joint Rule 3-2-502 states that, “each year, the Executive Appropriations Committee shall select a state agency, institution, or program to be the subject of an in-depth budget review.” Usually the committee tasks the LFA to carry out the study and report back to the committee.

For 2012 we recommend a five year fiscal sustainability review to help you as decision makers assess the state’s economic condition. The report would be roughly based on guidelines currently under development by the Governmental Accounting Standards Board (GASB). Those guidelines would require state and local governments to include a fiscal sustainability assessment in annual financial reports. Because Utah is known for early adoption of good financial practices, we propose to prepare a sustainability report this year. The primary goal of the report will be to provide useful information to you, while at the same time testing to see if GASB’s guidelines are practicable.

Our report will likely include five elements as suggested by GASB, but for General and Education Funds only. The five elements are:

1. Projections of cash inflows;
2. Projections of cash outflows;
3. Projections of total financial obligations (bonds, pensions, post-employment benefits, and contracts);
4. Projections of annual debt service payments; and
5. Discussion of major intergovernmental service interdependencies.

Contingent on your approval, LFA will carry out the study over the interim period and provide a report to you prior to the 2013 General Session.

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