

# SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY



*South Dakota Legislative Research Council*

## Frequently Asked Questions

The purpose of this FAQ sheet is to provide information to the Joint Committee on Appropriations regarding *Informational Budgets* in the South Dakota budgetary system. The information was compiled by the Legislative Research Council with assistance from the Department of Legislative Audit and the Government Operations and Audit Committee.

## When and why was this fund created?

The Science and Technology Authority Fund was created by the 2004 Legislature for the purpose of acquiring the Homestake Mine located in Lead, South Dakota, and converting it into a deep underground science and engineering laboratory (DUSEL). (2004 SB216; SDCL 1-16H).

## Where does the revenue come from?

The Legislature has made substantial appropriations to this fund during two sessions. The first came in the 2004 Legislative session in the amount of \$3,500,000. The amount was appropriated in SB201 for the purpose of securing liability insurance for the mine and provide for operating expenses of the Authority. Also appropriated, through SB200, in 2004 was \$10,000,000 in general funds for the purpose of funding an indemnification fund; \$800,000 in general funds for the purpose of funding a mine closure fund; and \$10,000,000 in federal fund expenditure authority to maintain the physical integrity of the mine (dewatering).

On October 14, 2005, the Governor called a Special Session for the purpose of securing funding for an interim laboratory. The Legislature appropriated \$19,887,630 from the general fund.

As of 6-30-2007, the Authority reported federal expenditures of \$367,324 leaving \$9,632,676 federal dollars at the end of FY2007 and \$33,186,365 available in general funds.

## Has the original purpose of the fund changed?

The original purpose was to accept the mine as a donation from the Barrick Gold Corporation and release them from any further liability in relation to the mine. That was accomplished and since then, the Authority has marked several milestones, most notably being chosen by the National Science Foundation as the "preferred site" of a national underground science laboratory. This decision does not guarantee Homestake will be a national laboratory; however, the Authority will receive \$15M in federal funds over

three years to develop a plan for a DUSEL. The actual construction of a DUSEL at Homestake could cost \$300 million. It also would require the approval of the National Science Foundation, the National Science Board, the White House and Congress. The process will take years. Also of note is that a \$70M donation from a Sioux Falls philanthropist will allow construction and experiments to begin soon. The Governor reported that the "DUSEL" at Homestake will be officially known as the "SUSEL", or the Sanford Underground Science and Engineering Laboratory.

## What spending restrictions exist on the fund?

The fund is continuously appropriated and must submit an informational budget annually. When the laboratory is fully functional, the committee could consider eliminating the continuous appropriation and informational budget, but until that time, the need for flexibility is great.

## Is the fund on the state accounting system? What is the timing of the Fiscal Year?

The fund is on the state accounting system, however, the Authority spends its cash through a local bank account. The fiscal year runs the same as the State Fiscal Year which is from July 1 to June 30.

## When was the last audit or review completed on this fund?

The South Dakota Department of Legislative Audit has audited the financial statements of the South Dakota Science and Technology Authority as of June 30, 2006. The audit did not include donated capital assets (the Homestake Mine) and related depreciation expenses. The Appropriations Committee has an annual budget hearing for the Department of Tourism and State Development including the Science and Technology Authority. The informational budget of the Authority is included in the Governor's budget request and the General Appropriations Bill which is acted on by the Legislative Body.

## 2007 Government Operations and Audit Committee "Blue Book"

## Other Fund Information

**Department of Tourism****State Accounting System - Other Fund Balances****Company 6518 - Science and Technology Authority**

	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>
1 Cash Pooled with State Treasurer	13,623,068.00	13,676,555.31	34,370,895.01	33,186,365.13
2 Total Assets	13,623,068.00	13,676,555.31	34,370,895.01	33,186,365.13
3				
4 Accounts Payable	-	-	-	-
5 Total Liabilities	-	-	-	-
6				
7 Reserve for Encumbrances	-	-	-	-
8 Unreserved Fund Balance	13,623,068.00	13,676,555.31	34,370,895.01	33,186,365.13
9 Total Fund Equity	13,623,068.00	13,676,555.31	34,370,895.01	33,186,365.13
10 Total Liabilities and Fund Equity	13,623,068.00	13,676,555.31	34,370,895.01	33,186,365.13
11				
12				
13 Use of Money and Property	-	53,487.31	306,163.70	763,920.64
14 Other Revenue	-	-	200,000.00	367,323.53
15 Total Operating Revenue	-	53,487.31	506,163.70	1,131,244.17
16				
17 Personal Services and Benefits	-	-	-	-
18 Travel	-	-	-	-
19 Contractual Services	-	-	-	480,774.05
20 Supplies and Materials	-	-	-	-
21 Grants and Subsidies	-	670,546.00	445,000.00	1,835,000.00
22 Capital Outlay	-	-	-	-
23 Total Operating Expenditures/Expenses	-	670,546.00	445,000.00	2,315,774.05
24				
25 Transfers In	13,623,068.00	670,546.00	20,633,176.00	1,055,168.12
26 Transfers Out	-	-	-	(1,055,168.12)
27 Net Transfers In (Out)	13,623,068.00	670,546.00	20,633,176.00	-
28				
29 Net Change	13,623,068.00	53,487.31	20,694,339.70	(1,184,529.88)
30				
31 Beginning Fund Equity	-	13,623,068.00	13,676,555.31	34,370,895.01
32 Ending Equity	13,623,068.00	13,676,555.31	34,370,895.01	33,186,365.13

**Company:** 6518**Company Name:** South Dakota Authorities**Fund Name:** Science and Technology Authority**Fund Type:** Component Unit – Business Type

**Purpose:** SDCL 1-16H-4 created the South Dakota Science and Technology Authority as a body corporate and politic. Source: Presently, the only source of income has been \$13,623,068 in appropriations from the legislature. Uses: To foster and facilitate scientific and technological investigation, experimentation, and development by creating a mechanism through which laboratory, experimental, and development facilities, both nonprofit and for-profit, both governmental and nongovernmental, may be acquired, developed, constructed, funded, maintained, and operated.

**Budget Information:** Included in the General Appropriations Bill as an informational budget.

Condition Statement Prepared by the Bureau of Finance and Management 10/15/2007

**DEPARTMENT OF TOURISM AND STATE DEVELOPMENT  
SCIENCE AND TECHNOLOGY AUTHORITY FUND  
CONDITION STATEMENT (6518-549)**

	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008
<b>TOTAL RECEIPTS</b>	<b>\$21,139,340</b>	<b>\$2,186,412</b>	<b>\$1,245,463</b>
<b>TOTAL DISBURSEMENTS</b>	<b>\$445,000</b>	<b>\$3,370,942</b>	<b>\$0</b>
NET (Receipts less Disbursements)	\$20,694,340	(\$1,184,530)	\$1,245,463
BEGINNING CASH BALANCE	\$13,676,555	\$34,370,895	\$33,186,365
<b>ENDING CASH BALANCE</b>	<b>\$34,370,895</b>	<b>\$33,186,365</b>	<b>\$34,431,828</b>