



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

September 16, 2013

To: Government Operations and Audit Committee

From: Bob Christianson

Subject: Listing of Funds with No or Minimal Activity

At the August 21, 2013 meeting of the Government Operations and Audit Committee, the GOAC requested that I provide a listing of funds with minimal or no activity for the past two years. The GOAC also asked for an explanation of what would happen if the funds would no longer function. On pages 2-4 I've identified nine funds that have been created in statute for which a fund does not exist on the state's accounting system. These funds do not appear in the Blue Book as there has been no recent activity associated with them. Some of these funds had activity at one time, such as the Commemorative Medallion Fund and others were created in the event funds were received by the department, such as the Department of Agriculture Promotion Fund or the Environmental Impact Statement Preparation Fund. I contacted the agencies regarding these funds and included any responses.

On pages 5-8 I prepared a listing of funds with minimal or little usage over the last two years. This was further separated into funds with minimal activity, new funds with minimal activity and active but small funds. In preparing the listing, I excluded trust and agency funds such as the permanent funds at School and Public Lands. For the funds with minimal activity, I provided a further description of the sources and uses of the funds. The new funds with minimal activity represented many of the funds that were created and funded with the distribution of the Building South Dakota Fund at the end of FY2013 and as such, did not have activity beyond receiving the distribution. The active but small funds represent the funds with \$10,000 or less in expenses in either of the last two years. Typically, these are small funds that do not have large receipts or disbursements. The question of what would happen if any of these funds would no longer exist or function would vary depending on how or why they were created. Certain funds, such as the Reclamation funds at DENR or the HMC Natural Resources Restoration Fund at G,F&P have underlying restrictions on the funds that extend beyond the capability of the State to change.

Bureau of Administration

1-6-23. Creation of commemorative medallion fund.

Proceeds from the minting and selling of commemorative medallions shall be placed in the commemorative medallion fund which is hereby created and dedicated to the State Centennial Heritage Center.

Source: SL 1986, ch 9, § 7; SL 1987, ch 3, § 6; SL 1988, ch 5, § 10.

Department of Tourism

1-22-11. Art for state buildings fund--Use and derivation of funds.

A special revolving fund is established within the state treasury to be known as the art for state buildings fund. The fund shall be budgeted and expended in accordance with Title 4 on warrants drawn by the state auditor on vouchers approved by the secretary of tourism and shall be used for acquisition of art as provided in §§ 1-22-9 to 1-22-17, inclusive, and for expenses incurred in the administration of §§ 1-22-9 to 1-22-17, inclusive. The fund may derive income from:

- (1) Repealed by SL 2005, ch 15, § 2
- (2) Grants;
- (3) Gifts; or
- (4) Other appropriations made by the Legislature.

Source: SL 1989, ch 14, § 3; SL 2003, ch 272 (Ex. Ord. 03-1), § 81; SL 2005, ch 15, § 2; SL 2011, ch 1 (Ex. Ord. 11-1), § 68, eff. Apr. 12, 2011.

Agency Response Regarding Fund:

Likely that this fund was set up in case grants or gifts were received for artwork.

Department of Agriculture

38-1-18.1. Grants and donations for promotion of and service to agriculture--Deposit and expenditure of funds.

The secretary of agriculture is hereby authorized to accept and receive grants, devises, bequests, donations, or gifts, in the form of money, for the purpose of establishing a fund to be used for the promotion of and provide service in agriculture.

All moneys received by the secretary of agriculture under this section shall be deposited with the state treasurer and credited in a fund designated as "the Department of Agriculture promotion fund." All moneys in said fund are hereby appropriated for the promotion of agriculture and to provide service in agriculture. Said fund shall be paid out on warrants drawn by the state auditor on vouchers approved by the secretary of agriculture.

Source: SL 1970, ch 223.

38-20-33. Deposit of contributions in grasshopper control fund--Use of fund.

Funds received under § 38-20-32 together with the available federal funds shall by the secretary of agriculture be deposited with the state treasurer in the fund to be designated as grasshopper control fund, and which fund shall be paid out on warrants of the state auditor on vouchers duly approved by the secretary.

Source: SL 1951, ch 3, § 2; SDC Supp 1960, § 4.0104-1.

38-33-7. Assessment--Collection--Deposit.

An assessment not to exceed 0.45 percent of the market value of each swine when sold is imposed by the commission upon all swine sold in the state by a South Dakota resident. However the commission

may enter into reciprocal agreements with other states that also have a swine checkoff fee to remit the assessment to the state where the swine were grown.

Any purchaser of swine shall collect the assessment imposed by §§ 38-33-1 to 38-33-12, inclusive, by deducting the assessment from the purchase prices of all swine subject to the assessment.

Moneys collected from checkoff fees shall be deposited in a special revolving fund created in the state treasury and are continuously appropriated to the commission.

Source: SL 2001, ch 219, §§ 9, 10, 11.

41-22-4. Tree nursery reserve fund.

There is hereby established the tree nursery reserve fund for the purpose of depositing proceeds from any agreement entered into pursuant to this chapter. All funds deposited in this fund shall be invested by the state investment officer. At the end of the lease or lease-purchase agreement the balance of the fund shall revert to the state general fund.

Source: SL 1986, ch 358, § 4.

Department of Health

21-25B-5. Health care services arbitration account created--Payment required of claimant prior to commencement of arbitration action--Credit to account.

There is hereby created a health care services arbitration account of the general fund in the state treasurer's office. Prior to the commencement of any arbitration action before the health care services arbitration panel, the claimant shall remit the sum of one hundred dollars to the state treasurer who shall credit such funds to the health care services arbitration account.

Source: SL 1976, ch 155, §§ 8, 18.

Department of Education

13-13-12. Foundation program fund established--Moneys included--Custody of state treasurer.

There is hereby established the foundation program fund which shall consist of money appropriated by the State Legislature for distribution according to the provisions of §§ 13-13-10.1 to 13-13-41, inclusive, and any other source receipts which may become available to be included in this fund. All appropriations to the fund and resources of the fund shall be maintained in the custody of the state treasurer and shall be distributed to school districts as provided by §§ 13-13-10.1 to 13-13-41, inclusive.

Source: SL 1959, ch 67; SDC Supp 1960, § 15.2246 (3); SL 1961, ch 76, § 1; SL 1963, ch 77; SL 1969, ch 44, § 3; SL 1989, ch 30, § 38.

Agency Response Regarding Fund:

Regarding the Foundation Program Fund – that statute is very old and has not been used in the memory of anyone here at DOE. The funding formula has since been changed so it appears this statute is obsolete.

Department of Environment and Natural Resources

34A-9-12.1. Establishment of environmental impact statement preparation fund--Source of fund--Administration--Appropriation and expenditures.

There is hereby established in the state treasury a special revolving fund to be designated as the environmental impact statement preparation fund. This fund shall consist of all moneys from all lawful public and private sources including legislative appropriations, federal grants, gifts, fees received

pursuant to § 34A-9-4, and interest on investments made on money in the fund. The fund shall be maintained separately for each environmental impact statement and be administered by the agency in order to retain consulting and professional services and to defray such other expenses as are reasonable and necessary in order to prepare the environmental impact statement. All fees assessed by the agency requiring the environmental impact statement under § 34A-9-4 shall be payable to the agency for deposit in the environmental impact statement preparation fund established pursuant to this section. Moneys may be deposited in the fund on an ongoing basis and this fund shall be expended for the purposes of chapter 34A-9 and shall be appropriated by the Legislature through the normal budget process.

Source: SL 1992, ch 254, § 78.

Agency Response Regarding Fund:

34A-9-12.1 - Establishment of environmental impact statement (EIS) preparation fund, while little used must remain as a separately identified fund in case it is deemed necessary to require and complete a state EIS for a proposed project. Generally, DENR considers our normal permitting processes sufficient to consider the environmental impacts of proposed projects, and therefore rarely has asked for an EIS under state law. This position was affirmed in January 2013 by the State Supreme Court which overruled the Sierra Club and instead supported the decisions of DENR and the Board of Minerals and Environment to not require an EIS for the proposed Hyperion Energy Center in Union County. However, in the event a future project is put forth using an untested technology or other process which DENR considers not adequately assessed through our normal permitting process, DENR may require a separate EIS to evaluate the project before approving or issuing any permits. This fund allows DENR to cost recover the full cost of the EIS from the developer, which is to the state's benefit because preparing an EIS can be a lengthy and expensive project. This fund should remain in place, even though it will likely continue to be rarely used.

Fund Name	Blue Book Page	Pooled Cash & Investments		Revenue		Expenses		Net Transfers In (Out)		
		FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	
Funds with Minimal Activity										
01 - Governor's Office										
Company 3015 - Private Activities Bond Fund	13	67,265.41	73,044.99	6,236.51	3,540.33	-	-	-	2,239.25	
<i>This fund receives a fee from bond issuances at the Housing Authority and Value Added Finance Authority. Monies accumulated are transferred to other state funds, typically the General Fund.</i>										
0105 - Governor's Office of Economic Development										
Company 6527 - South Dakota Energy Infrastructure Authority	24	312.11	312.11	-	-	-	-	-	-	
<i>This fund was created in the 2005 Session and was appropriated and received \$57,000 in FY2009. Their website does not show meetings after June 2009.</i>										
03 - Department of Agriculture										
Company 3151 - Livestock Disease Emergency Fund	114	3,006,910.38	3,204,355.23	201,196.76	197,444.85	-	-	-	-	
<i>This fund receives 10% of the license and renewal fees and the inspection fees paid by livestock auction agencies, and any net repayments pursuant to chapter 13-49 (veterinary student tuition reimbursement). Available for use to the Animal Industry Board only pursuant to determination of the Governor that an emergency exists and an order from the Governor authorizing the use of said funds for the eradication and control of virulent diseases among livestock. SDCL 13-49-20.6 states that the Governor may utilize all funds in excess of two hundred thousand dollars in the livestock disease emergency fund to provide for reserved veterinary slots or grants in out-of-state schools. The cash balance at 6/30/90 was \$286,297.57. Since FY1989 \$269,404.25 has been spent from this fund. The veterinary student grant program was established in chapter 13-49 and is administered by the Board of Regents. Funding is received from the tax imposed by 10-45-16.1 on endoparasiticides and ectoparasiticides which states that is shall be deposited in the veterinary student tuition and animal disease research and diagnostic laboratory fund to be used for veterinary student tuition grants and the operations and activities conducted by the State Animal Disease Research and Diagnostic Laboratory</i>										
06 - Department of Game, Fish and Parks										
Company 3122 - HMC Natural Resources Restoration Fund	128	267,439.19	273,640.72	8,622.05	6,201.53	-	-	-	-	
<i>This fund is accounted for in the Game and Fish Fund per the memorandum of agreement between DENR, G,F&P and the US Department of the Interior. Source: State's share of settlement agreement with Homestake Mining Company for pollution in the Black Hills area. Use: Per the Final Conceptual Restoration and Compensation Plan for Whitewood Creek and the Belle Fourche and Cheyenne River Watersheds, South Dakota, the monies are to be used to restore, replace and/or acquire equivalent trust natural resources and lost services within the Whitewood Creek and the Belle Fourche and Cheyenne River watersheds for perpetual protection and conservation management.</i>										
108 - South Dakota Retirement System										
Company 3090 - SDRS Supplemental Retirement Admin	189	191,331.26	197,247.82	6,742.15	5,916.56	-	-	-	-	
<i>The money all came from the Supplemental and Special Pay Retirement plans within the SDRS. Presently SDRS does not have budget authority to spend the money in these accounts, but is exploring options as to ways to use the money for its intended purpose.</i>										
20 - Department of Environment and Natural Resources										
Company 3075 - Environmental Livestock Cleanup Fund	256	1,167,480.45	1,205,099.76	29,158.65	37,619.31	28,321.00	-	38,204.79	-	
Company 3075 - Reclamation Fund	258	7,671,217.07	16,288,997.00	-	8,617,779.93	-	-	245,907.03	-	
Company 3075 - Well Rehabilitation and Plugging Subfund	260	6,644.66	6,797.62	-	152.96	-	-	174.26	-	
<i>The Environmental Livestock Cleanup Fund receives monies from civil actions related to damage to the environment, including actions for administrative expense</i>										

Fund Name	Blue	Pooled Cash & Investments		Revenue		Expenses		Net Transfers In (Out)	
	Book								
	Page	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013

recoveries, civil penalties, compensatory damages, and money paid pursuant to any agreement, stipulation, or settlement in such actions or proceedings. The fund is continuously appropriated for the cleanup of discharges.

The Reclamation Fund receives surety forfeiture proceeds conducted pursuant to § 45-6B-66 and the proceeds of the disposal of any property pursuant to § 45-6B-67. The fund is continuously appropriated to the board for the reclamation of affected lands which were obligated to be reclaimed under the permits for which such surety has been forfeited. The proceeds of any surety remaining after completion of reclamation according to the approved plan shall be returned to the operator or the surety company, whichever is appropriate.

The Well Rehabilitation and Plugging Subfund receives all money collected in the enforcement of the provisions of Title 46, chapter 34A-2A, or in any other action, proceeding or settlement based upon violation of the state's water laws, excluding criminal proceedings for criminal fines notwithstanding the provisions of § 34A-12-15. This subfund is appropriated to rehabilitate wells that were not constructed pursuant to board rules governing well construction, to rehabilitate wells that a well driller has refused to correct or to plug abandoned wells or uncontrolled flowing wells.

28 - Legislative Research Council

Company 3024 - Legislative Capitol Renovation

Fund	281	221,533.86	221,533.86	-	-	12,885.05	-	-	-
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This is an administratively created fund that received an appropriation of \$1,308,000.00 in FY2008 from the Public Buildings Fund for the renovation of the fourth floor of the Capitol building. Most of the money was spent in FY2009 and FY2010. On the accounting system this was treated as a special appropriation that expired at 6/30/12. The balance has been appropriated in FY2014.

30 - School and Public Lands

Company 3108 - Escheated Personal Property

Fund	293	608,177.93	499,980.30	7,290.45	6,749.77	-	-	-	-
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Company 5018 - Human Services

Fund	294	583,199.73	2,550,658.38	163,024.81	1,967,458.65	-	-	-	-
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The Escheated Personal Property Fund holds monies received from a court proceeding for individuals who die without any known heirs. The monies and/or property is held for ten years at which time it is transferred to the Common School Fund. The fund does at times incur costs to maintain escheated property and pays for those costs with the revenue in the fund. There had been a build-up of cash related to escheated farmland revenue that has yet to be transferred.

The Human Services fund is part of the S&PL Permanent Fund. Although I excluded agency and permanent funds from the analysis since by their nature they do not incur expenses, I included this fund here due to the increase in cash associated with the sale of land that was authorized by 2011 House Bill 1232. Section 4 of the bill stated that the proceeds from the sale of the real estate and other property under the control of the Human Services Center shall be deposited into the permanent fund established by Article VIII, Section 7, of the South Dakota Constitution for the use and benefit of the Human Services Center.

New funds with minimal activity. These funds were created in the last two years and would not be considered fully operational.

0105 - Governor's Office of Economic Development

Company 3186 - Economic Development

Partnership Fund	18	-	1,050,000.00	-	-	-	-	-	1,050,000.00
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Company 3187 - Local Infrastructure

Improvement Grant Fund	19	-	1,750,000.00	-	-	-	-	-	1,750,000.00
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Company 3188 - SD Housing Opportunity Fund

Fund	20	-	2,094,750.00	-	344,750.00	-	-	-	1,750,000.00
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Company 9012 - Research Proof-of-Concept

Fund	26	-	500,000.00	-	-	-	-	-	500,000.00
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011 - Bureau of Finance and Management

Company 3005 - Critical Teaching Needs

Scholarship Program	30	-	-	-	-	-	-	-	1,500,000.00
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Fund Name	Blue Book Page	Pooled Cash & Investments		Revenue		Expenses		Net Transfers In (Out)	
		FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013
Company 3005 - SD Need-Based Grant Fund	31	-	-	-	-	-	-	-	1,500,000.00
Company 9016 - Building South Dakota Fund	34	-	-	-	-	-	-	-	-
10 - Department of Labor and Regulation									
Company 3183 - South Dakota Appraisal Management Companies Fund	171	87,000.00	165,134.02	87,000.00	87,333.73	-	8,798.50	-	(401.21)
Company 6503 - Boxing Commission	176		95,000.00		-		-		95,000.00
12 - Department of Education									
Company 3189 - Workforce Education Fund	210	-	2,100,000.00	-	-	-	-	-	2,100,000.00

Funds with minimal activity that will be closing. These funds had \$10,000 or less in expenses in either of the last two years but have been or will be spent out.

012 - Bureau of Administration									
Company 3007 - Department of Corrections Building Improvement Fund and the Department of Human Services Building Improvement Fund	36	1,444.14	1,477.88	46.99	33.74	-	-	-	-
Company 3007 - Memorial Maintenance Fund	39	14,125.10	-	-	-	-	14,125.10	-	-

Active but Small Funds. These were funds that had \$10,000 or less in expenses in either of the last two years but typically do not have significant revenue or expense activity.

03 - Department of Agriculture									
Company 3050 - Honey Industry Fund	92	6,783.59	6,478.32	6,855.81	6,753.05	6,870.94	7,058.32	-	-
08 - Department of Social Services									
Company 8311 - Unclaimed Funds Account	146	2,703.54	423.09	2,703.54	423.09	-	2,703.54	-	-
12 - Department of Education									
Company 3138 - Postsecondary Technical Credentialing Fund	205	31,898.43	29,630.46	1,725.00	2,772.50	2,610.00	5,040.47	-	-
Company 3146 - State Library	209	35,236.88	33,125.81	4,039.98	337.30	39,028.00	2,448.37	-	-
16 - Department of the Military									
Company 3147 - National Guard Museum and State Weapons Collection Fund	225	150,019.71	150,081.40	5,161.30	3,634.39	8,440.94	3,572.70	-	-
Company 3149 - Veterans' Freedom Memorial Fund	227	7,631.25	7,302.10	293.92	784.43	569.01	1,113.58	-	-
17 - Department of Veterans Affairs									
Company 3149 - Veterans Affairs Division Special Revenue Fund	231	89,542.78	86,938.11	3,416.00	1,799.68	725.00	4,404.35	-	-
18 - Department of Corrections									
Company 5008 - City/County M&R	236	76,869.12	70,204.86	12,350.98	1,796.97	5,306.01	8,461.23	-	-

Fund Name	Blue Book Page	Pooled Cash & Investments		Revenue		Expenses		Net Transfers In (Out)	
		FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013
19 - Department of Human Services									
Company 3046 - Fund for Registration of Interpreters for the Deaf	239	9,688.09	4,927.16	3,654.22	5,362.91	4,174.76	10,123.84	-	-
Company 6508 - DHS Canteen Fund	246	76,663.24	77,887.74	2,558.40	1,804.33	759.81	579.83	-	-
26 - Public Utilities Commission									
Company 8316 - Telecommunication Investigation Fund	271	(6,595.93)	(2,339.27)	44,689.60	10,395.97	18,658.57	6,130.31	-	-
27 - Unified Judicial System									
Company 8303 - Other	279	15,973.43	11,372.56	14,392.43	3,466.97	6,244.54	8,067.84	-	-
28 - Legislative Research Council									
Company 6501 - Postage Administration	282	-	-	5,137.92	5,641.28	5,137.92	5,641.28	-	-

Active but Small Funds. This fund had \$10,000 or less in expenses in either of the last two years but has activity in a loan program to conservation districts.

03 - Department of Agriculture									
Company 3061 - Conservation District Special Revenue Fund	110	55,380.97	29,918.99	3,715.02	4,316.82	-	-	-	-