

State of South Dakota

NINETY-THIRD SESSION LEGISLATIVE ASSEMBLY, 2018

751Z0957

SENATE RESOLUTION NO. 5

Introduced by: Senator Nelson

1 A RESOLUTION, To affirm the need for continued involvement of the Department of
2 Legislative Audit in verifying the fiscal and contractual compliance of rail operators on state
3 owned rail lines.

4 WHEREAS, in 2015 the Department of Legislative Audit found shortcomings in fiscal
5 procedures of regional rail authorities; and

6 WHEREAS, the Auditor General recommended that rail authorities verify the revenue
7 figures reported by rail operators; and

8 WHEREAS, the South Dakota Department of Transportation has, for lack of internal
9 expertise, hired a New York firm to conduct a review, but not an audit, of rail operator financial
10 reporting; and

11 WHEREAS, including the direct involvement of the Department of Legislative Audit in that
12 review would equip South Dakota with independent "in-house" expertise in the ongoing need
13 for financial verification of contractual relationships; and

14 WHEREAS, the State Railroad Board, the Government Operations and Audit Committee,
15 the Mitchell-Rapid City Regional Railroad Authority, and local officials have addressed



1 multiple issues involving noncompliance on that rail line for 2016:

2 NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Ninety-Third Legislature
3 of the State of South Dakota, that the 2016 financial report for the Mitchell-Rapid City rail line
4 be the focus of the review by the New York firm:

5 BE IT FURTHER RESOLVED, that the Department of Legislative Audit participate
6 without limitation in auditing all revenue reported by the operator of the Mitchell-Rapid City
7 rail line for 2016; and

8 BE IT FURTHER RESOLVED, that any costs for the participation of the Department of
9 Legislative Audit be paid by the Department of Transportation.