

State of South Dakota

SEVENTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2001

400E0331

SENATE BILL NO. 50

Introduced by: The Committee on Government Operations and Audit at the request of the
Bureau of Finance and Management

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding the state's accounting
2 systems and the financial statements prepared by the Bureau of Finance and Management.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 4-4-4 be amended to read as follows:

5 4-4-4. ~~The following types of funds and account group entities shall be used by the state and~~
6 ~~local governments except higher education.~~

7 ~~—Governmental Funds~~

8 ~~—(1)—"General fund," to account for all financial resources except those required to be~~
9 ~~accounted for in another fund.~~

10 ~~—(2)—"Special revenue funds," to account for the proceeds of specific revenue sources~~
11 ~~(other than special assessments, expendable trusts, or for major capital projects) that~~
12 ~~are legally restricted to expenditure for specified purposes.~~

13 ~~—(3)—"Capital projects funds," to account for financial resources to be used for the~~
14 ~~acquisition or construction of major capital facilities (other than those financed by~~
15 ~~proprietary funds, special assessment funds, and trust funds).~~

1 ~~— (4) "Debt service funds," to account for the accumulation of resources for, and the~~
2 ~~payment of, general long-term debt principal and interest.~~

3 ~~— Proprietary Funds~~

4 ~~— (5) "Enterprise funds," to account for operations that are financed and operated in a~~
5 ~~manner similar to private business enterprises--where the intent of the governing body~~
6 ~~is that the costs (expenses, including depreciation) of providing goods or services to~~
7 ~~the general public on a continuing basis be financed or recovered primarily through~~
8 ~~user charges or where the governing body has decided that periodic determination of~~
9 ~~revenues earned, expenses incurred, or net income is appropriate for capital~~
10 ~~maintenance, public policy, management control, accountability, or other purposes.~~

11 ~~— (6) "Internal service funds," to account for the financing of goods or services provided~~
12 ~~by one department or agency to other departments or agencies of the governmental~~
13 ~~unit, or to other governmental units, on a cost-reimbursement basis.~~

14 ~~— Fiduciary Funds~~

15 ~~— (7) "Trust and agency funds," to account for assets held by a governmental unit in a~~
16 ~~trustee capacity or as an agent for individuals, private organizations, other~~
17 ~~governmental units, and other funds. These include expendable trust funds,~~
18 ~~nonexpendable trust funds, pension trust funds, and agency funds.~~

19 ~~— Account Groups~~

20 ~~— (8) "General fixed assets," to account for all fixed assets except those accounted for in~~
21 ~~proprietary funds or trust funds.~~

22 ~~— (9) "General long-term obligation," to account for the unmatured principal of bonds,~~
23 ~~warrants, notes, or other forms of noncurrent or long-term general obligation~~
24 ~~indebtedness that is not a specific liability of any proprietary fund, special assessment~~

1 ~~fund, or trust fund.~~ Any accounting system used by any state agency or any
 2 component unit of state government shall be designed to meet the financial accounting
 3 and reporting requirements of generally accepted accounting principles issued by the
 4 Governmental Accounting Standards Board.

5 Section 2. That § 4-4-4.1 be repealed.

6 ~~4-4-4.1. Institutions of higher education shall use the following types of funds:~~

7 ~~Current Funds~~

8 ~~(1) "Unrestricted current funds," to account for all resources expended for short-term~~
 9 ~~operating purposes which have no purpose stipulated by the donor or other external~~
 10 ~~agency;~~

11 ~~(2) "Restricted current funds," to account for all resources expended for short-term~~
 12 ~~operating purposes which are limited by the donor or other external agency to~~
 13 ~~specified purposes, programs, departments, or schools;~~

14 ~~Loan Funds~~

15 ~~(3) "Loan funds," to account for the resources available for loans to students, faculty, and~~
 16 ~~staff;~~

17 ~~Endowment and Similar Funds~~

18 ~~(4) "Endowment funds," to account for funds for which the terms of the gift instrument~~
 19 ~~creating the fund stipulated that the principal of the fund is not expendable;~~

20 ~~(5) "Term endowment funds," to account for those funds that are like endowment funds~~
 21 ~~except that all or part of the principal may be used after a stated period of time or~~
 22 ~~upon the occurrence of a certain event;~~

23 ~~(6) "Quasi-endowment funds," to account for those funds that the governing board of the~~
 24 ~~institution, rather than a donor or other external agency, determined to retain and~~

1 invest;

2 ~~— Annuity and Life Income Funds~~

3 ~~— (7) "Annuity funds," to account for those funds acquired by an institution under an~~
4 ~~agreement that makes money or other property available to the institution on~~
5 ~~condition that it bind itself to pay stipulated amounts periodically to the donor or~~
6 ~~other designated individual until the time specified in the agreement for the payments~~
7 ~~to terminate;~~

8 ~~— (8) "Life income funds," to account for those funds acquired by an institution under an~~
9 ~~agreement that makes money or other property available to the institution on~~
10 ~~condition that it bind itself to pay the income earned by the donated assets periodically~~
11 ~~to the donor or other designated individual, usually for the lifetime of the income~~
12 ~~beneficiary;~~

13 ~~— Agency Funds~~

14 ~~— (9) "Agency funds," to account for funds held by the institution as custodian or fiscal~~
15 ~~agent for individual students, faculty, staff members, and organizations;~~

16 ~~— Plant Funds~~

17 ~~— (10) "Unexpended plant funds," to account for unexpended resources derived from various~~
18 ~~sources to finance the acquisition of long-lived plant assets and their associated~~
19 ~~liabilities;~~

20 ~~— (11) "Funds for renewals and replacements," to account for the renewal and replacement~~
21 ~~of plant fund assets as distinguished from additions and improvements to plant;~~

22 ~~— (12) "Funds for retirement of indebtedness," to account for the accumulation of resources~~
23 ~~for interest and principal payments and other debt service charges, including~~
24 ~~contributions for sinking funds, relating to plant fund indebtedness;~~

1 ~~(13) "Investment in plant," to account for all long-lived assets in the service of the~~
2 ~~institution and all construction in progress, as well as all associated liabilities except~~
3 ~~for long-lived assets held as investments in endowment and similar funds, or~~
4 ~~construction in progress carried in the unexpended plant funds and funds for renewals~~
5 ~~and replacements subgroups until completion of the project.~~

6 ~~In addition to these fund groups, institutions of higher education may use such additional~~
7 ~~fund groups as may be necessary to report their fiscal condition in conformity with generally~~
8 ~~accepted accounting principles.~~

9 ~~All endowments, gifts, and bequests made directly to any state institution of higher~~
10 ~~education, and the income therefrom, shall belong to and be used only by that institution. Direct~~
11 ~~endowments, gifts, and bequests, including those received indirectly by foundations affiliated~~
12 ~~with an institution, may not be used to reduce its state appropriation. Nothing contained in this~~
13 ~~section may require the continuation of programs or program levels achieved as the result of~~
14 ~~those endowments, gifts, and bequests, nor may it apply to state appropriated funds.~~

15 Section 3. That § 4-4-6 be amended to read as follows:

16 4-4-6. The Bureau of Finance and Management shall annually prepare financial statements
17 for the State of South Dakota. The financial statements shall ~~include all funds and account~~
18 ~~groups of the state and shall~~ be prepared in accordance with generally accepted accounting
19 principles issued by the Governmental Accounting Standards Board.