

State of South Dakota

SEVENTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2001

400E0331

SENATE GOVERNMENT OPERATIONS AND AUDIT COMMITTEE ENGROSSED NO. **SB 50** - 01/25/2001

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~~

1 ~~proprietary funds, special assessment funds, and trust funds).~~

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

4 ~~— Proprietary Funds~~

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

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

15 ~~— Fiduciary Funds~~

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

20 ~~— Account Groups~~

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

23 ~~— (9) — "General long-term obligation," to account for the unmatured principal of bonds,~~
24 ~~warrants, notes, or other forms of noncurrent or long-term general obligation~~

1 indebtedness that is not a specific liability of any proprietary fund, special assessment
2 fund, or trust fund. Any accounting system used by any state agency or any
3 component unit of state government shall be designed to meet the financial accounting
4 and reporting requirements of generally accepted accounting principles.

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.

20 Section 4. That chapter 13-52 be amended by adding thereto a NEW SECTION to read as
21 follows:

22 All endowments, gifts, and bequests made directly to any state institution of higher
23 education, and the income therefrom, shall belong to and be used only by that institution. Direct
24 endowments, gifts, and bequests, including those received indirectly by foundations affiliated

1 with an institution, may not be used to reduce its state appropriation. Nothing contained in this
2 section may require the continuation of programs or program levels achieved as the result of
3 those endowments, gifts, and bequests, nor may it apply to state appropriated funds.