

SOUTH DAKOTA GAMING COMMISSION FUND



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 South Dakota Gaming Commission Fund was created by the 1989 Legislature in an act that permitted the City of Deadwood to provide limited card games and slot. The city deposits proceeds from the gaming tax, license stamp fees, license fees, application fees, the net proceeds generated by the operation of the five-cent slot machines.

Where does the revenue come from?

Proceeds from the gaming tax, license stamp fees, license fees, application fees, and net proceeds generated by the operation of the five-cent slot machines in the City of Deadwood. The fund collected \$14,400,722 and \$15,990,536 in FY2006 and FY2007 respectively. The accumulated balance in the fund as of 6/30/2007 was \$786,590, which was an increase from FY2006 of approximately \$12,000. The balance has remained relatively low when compared to the annual revenue (4.9%) and when compared to the annual distributions (5.2%). The administration expenses account for 8.6% of the distributions made from the fund.

Has the original purpose of the fund changed?

The original purpose was to accept the above mentioned proceeds and fees, which has not changed. The specifics of the games, however, have changed. The most notable change has been the maximum bet limit. Originally the limit was \$5 in 1989. That maximum limit was raised to \$100 through an initiated measure, approved on November 7, 2000, effective November 16, 2000.

What spending restrictions exist on the fund?

The fund is continuously appropriated and must submit an informational budget annually. The fund must be disbursed according to SDCL 42-7B-48, 42-7B-48.1 and 42-7B-48.3.

The distribution for FY2007 was as follows:

\$2,936,340	1) 40% is transferred to the State Tourism Promotion Fund (SDCL 42-7B-48);
734,085	2) 10% is transferred to Lawrence County (SDCL 42-7B-48);
1,314,683	3) Pay for the expenses of the commission for administration and operation (SDCL 42-7B-48);
100,000	4) \$100,000 transferred to the State Historical Preservation Loan and Grant Fund (SDCL 42-7B-48);
30,000	5) \$30,000 for gaming addiction treatment and counseling programs (SDCL 42-7B-48.3);
6,800,000	6) The remaining proceeds shall be transferred to the City of Deadwood for deposit in the Deadwood Historic Restoration and Preservation Fund, but not to exceed \$6,800,000. In 1995, this maximum amount was established and the following distribution of the excess of \$6.8 in remaining proceeds was added (SDCL 42-7B-48.1):
2,308,543	a. 70% transferred to the State General Fund;
329,792	b. 10% distributed to municipalities in Lawrence County (except Deadwood), pro rated according to their population;
329,792	c. 10% distributed to school districts located in whole or in part, in Lawrence County prorated according to average daily membership;
320,712	d. 10% deposited in the Deadwood Historic Restoration and Preservation Fund.
\$15,203,946	Total Distribution from the Gaming Fund

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

The fund is included in the state's accounting system and uses the same fiscal year as state government, which is from July 1 to June 30. The informational budget is included in the Department of Revenue and Regulation's section of the budget.

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 Gaming Commission Fund as of June 30, 2006. The Appropriations Committee has an annual budget hearing for the Department of Revenue and Regulation including the South Dakota Gaming Commission. The informational budget of the commission 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 Revenue and Regulation
State Accounting System - Other Fund Balances
Company 3037 - South Dakota Gaming Commission Fund

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	682,508.79	749,056.64	774,342.48	786,590.08
2 Total Assets	682,508.79	749,056.64	774,342.48	786,590.08
3				
4 Accounts Payable	-	-	-	-
5 Total Liabilities	-	-	-	-
6				
7 Reserve for Encumbrances	850.00	-	2,064.48	-
8 Unreserved Fund Balance	681,658.79	749,056.64	772,278.00	786,590.08
9 Total Fund Equity	682,508.79	749,056.64	774,342.48	786,590.08
10 Total Liabilities and Fund Equity	682,508.79	749,056.64	774,342.48	786,590.08
11				
12				
13 Taxes	6,201,268.42	6,772,737.38	7,086,954.48	7,700,607.09
14 Licenses, Permits and Fees	6,113,301.25	6,208,045.98	6,510,346.72	7,462,594.98
15 Fines, Forfeits and Penalties	2,745.00	9,000.00	7,000.00	430.00
16 Use of Money and Property	61,187.28	50,337.96	47,262.58	52,555.28
17 Sales and Services	-	13.50	6.50	6.50
18 Other Revenue	-	138.07	94.66	-
19 Total Operating Revenue	12,378,501.95	13,040,272.89	13,651,664.94	15,216,193.85
20				
21 Personal Services and Benefits	727,889.66	683,208.20	689,930.19	796,532.80
22 Travel	82,136.47	60,390.91	58,304.06	86,013.83
23 Contractual Services	355,341.98	316,688.84	350,304.99	388,463.97
24 Supplies and Materials	89,277.30	36,920.36	31,314.34	28,915.38
25 Grants and Subsidies	7,718,068.00	8,028,627.09	8,170,256.64	8,514,381.03
26 Capital Outlay	7,544.70	23,162.73	14,846.87	14,516.11
27 Other Expense	3,424.52	155.94	2,887.56	240.64
28 Total Operating Expenditures/Expenses	8,983,682.63	9,149,154.07	9,317,844.65	9,829,063.76
29				
30 Operating Transfers In	-	-	-	-
31 Operating Transfers Out	(3,386,059.57)	(3,824,570.97)	(4,308,534.45)	(5,374,882.49)
32 Net Transfers In (Out)	(3,386,059.57)	(3,824,570.97)	(4,308,534.45)	(5,374,882.49)
33				
34 Net Change	8,759.75	66,547.85	25,285.84	12,247.60
35				
36 Beginning Fund Equity	673,749.04	682,508.79	749,056.64	774,342.48
37 Ending Equity	682,508.79	749,056.64	774,342.48	786,590.08

Company: 3037

Company Name: S D Gaming Commission Fund

Fund Name: South Dakota Gaming Commission Fund.

Fund Type: Special Revenue

Purpose: SDCL 42-7B-48 created the South Dakota Gaming Commission Fund. Sources: Proceeds from the gaming tax, license stamp fees, license fees, application fees, the net proceeds generated by the operation of the five-cent slot machines. Use: Moneys are continuously appropriated. Per 42-7B-48, 40% of the gaming tax collected is transferred to the tourism promotion fund and 10% is paid to Lawrence county, expenses of commission. All funds remaining after above payments less \$100,000 transferred to the historical preservation loan and grant fund (in company 3145) shall be disbursed to the City of Deadwood.

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

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

**DEPARTMENT OF REVENUE AND REGULATION
GAMING COMMISSION FUND
CONDITION STATEMENT (3037)**

	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008
TOTAL RECEIPTS	<u>\$13,651,665</u>	<u>\$15,216,194</u>	<u>\$14,562,000</u>
TOTAL DISBURSEMENTS	<u>\$13,626,379</u>	<u>\$15,203,946</u>	<u>\$14,556,475</u>
NET (Receipts less Disbursements)	<u>\$25,286</u>	<u>\$12,248</u>	<u>\$5,525</u>
BEGINNING CASH BALANCE	\$749,057	\$774,342	\$786,590
ENDING CASH BALANCE	<u>\$774,342</u>	<u>\$786,590</u>	<u>\$792,115</u>