

PUBLIC ENTITY POOL FOR LIABILITY



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 Public Entity Pool for Liability (PEPL) was created by the 1986 Legislature and became effective on March 1, 1987. The purpose of the pool is "to provide a fund as the sole source for payment of valid tort claims against all member public entities of the state and their officers and employees for all liability they may incur based upon negligence in the operation of motor vehicles or negligence in performing other acts within the employee's scope of employment" and federal claims, which are not avoidable under the US Constitution. (SDCL 3-22-1)

Where does the revenue come from?

All departments in the Executive, Judicial, and Legislative branches, including boards and commissions, pay into the PEPL fund.

Has the original purpose of the fund changed?

No, the general purpose has not changed. However, in 1993, national guard claims were excluded.

What spending restrictions exist on the fund?

The Public Entity Pool for Liability fund is used to pay claims pursuant to SDCL 3-22 and the personal services and operating expenses for the management and operation of the public entity pool for liability. Any money in the fund shall be continuously appropriated and expenditures shall be made on vouchers approved by the commissioner of administration. The money in the fund shall retain the interest earned. (SDCL 3-22-12)

The money collected in this fund falls under the federal A-87 guidelines and should not be transferred out for purposes other than what it was collected for. An actuarial evaluation is performed annually on the fund. This actuarial evaluation suggests a minimum surplus based on risk and the A-87 reconciliation determines a billing rate to meet those needs.

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

Yes, it is on the state accounting system and the fiscal year runs the same as the state fiscal year which is from July 1 to June 30.

What oversight exists?

Legislative Audit performed an audit of the Risk Pool Fund for the fiscal year ending June 30, 2005. The Appropriations Committee has an annual budget hearing for the Bureau of Administration, including the PEPL Fund. The informational budget of the PEPL Fund is included in the Governor's budget request and the General Appropriations Bill, which is acted on by the Legislative Body. The fund also receives considerable federal oversight through the A-87 reconciliation. The Bureau also contracts for expert assistance including the actuarial determination and claims adjustment services.

2007 Government Operations and Audit Committee "Blue Book" Other Fund Information

Bureau of Administration
State Accounting System - Other Fund Balances
Company 8315 - Public Entity Pool for Liability

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	9,154,054.92	11,461,628.06	11,846,989.46	11,058,485.08
2 Total Assets	9,154,054.92	11,461,628.06	11,846,989.46	11,058,485.08
3				
4 Due to Other Funds	-	-	-	-
5 Total Liabilities	-	-	-	-
6				
7 Reserve for Encumbrances	825.00	2,950.00	-	-
8 Unreserved Fund Balance	9,153,229.92	11,458,678.06	11,846,989.46	11,058,485.08
9 Total Fund Equity	9,154,054.92	11,461,628.06	11,846,989.46	11,058,485.08
10 Total Liabilities and Fund Equity	9,154,054.92	11,461,628.06	11,846,989.46	11,058,485.08
11				
12				
13 Use of Money and Property	461,379.32	286,138.02	240,315.77	322,202.67
14 Sales and Services	2,251,542.56	3,773,933.84	2,733,758.00	1,385,812.50
15 Other Revenue	28,151.00	1,084,941.35	4,551.37	15,126.00
16 Total Operating Revenue	2,741,072.88	5,145,013.21	2,978,625.14	1,723,141.17
17				
18 Personal Services and Benefits	201,367.29	210,629.47	272,626.65	299,946.42
19 Travel	29,409.17	24,894.79	16,132.44	33,360.15
20 Contractual Services	2,071,836.93	1,811,834.72	1,873,637.69	1,996,476.46
21 Supplies and Materials	10,202.88	8,728.36	4,207.97	3,230.26
22 Capital Outlay	7,397.98	6,805.49	18,678.48	30.00
23 Insurance Claims	2,658,311.07	774,547.24	407,980.51	178,602.26
24 Total Operating Expenditures/Expenses	4,978,525.32	2,837,440.07	2,593,263.74	2,511,645.55
25				
26 Transfers In	140,701.72	-	-	-
27 Transfers Out	-	-	-	-
28 Net Transfers In (Out)	140,701.72	-	-	-
29				
30 Net Change	(2,096,750.72)	2,307,573.14	385,361.40	(788,504.38)
31				
32 Beginning Fund Equity	11,250,805.64	9,154,054.92	11,461,628.06	11,846,989.46
33 Ending Equity	9,154,054.92	11,461,628.06	11,846,989.46	11,058,485.08

Company: 8315

Company Name: Public Entity Liability Pool

Fund Name: Public Entity Pool for Liability

Fund Type: Enterprise

Purpose: SDCL 3-22-1 created a fund for public entity pool for liability. Source: Billings to state agencies. Use: Payment of valid tort claims against all member public entities of the state and their officers and employees for all liability they may incur based upon negligence in the operation of motor vehicles or negligence in performing other acts within an employee's scope of employment and federal claims.

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

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

**BUREAU OF ADMINISTRATION
PUBLIC ENTITY LIABILITY POOL
CONDITION STATEMENT (8315)**

	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008
TOTAL RECEIPTS	\$2,978,625	\$1,723,141	\$460,000
TOTAL DISBURSEMENTS	\$2,593,264	\$2,511,646	\$2,500,000
Net (Receipts less Disbursements)	\$385,361	(\$788,504)	(\$2,040,000)
BEGINNING CASH BALANCE	\$11,461,627	\$11,846,988	\$11,058,484
ENDING CASH BALANCE	\$11,846,988	\$11,058,484	\$9,018,484

Prepared by the Bureau of Finance and Management

10/15/2007