

*FISCAL YEAR 2024  
BUDGET HEARING  
JANUARY 11, 2023*

# BUREAU OF FINANCE AND MANAGEMENT

# BUREAU OF FINANCE AND MANAGEMENT (BFM)

**JIM TERWILLIGER**  
COMMISSIONER



Jim most recently served for 3 years as the Secretary for the Department of Revenue under Governor Noem. In his 16 years of public finance service for the State of South Dakota, he also held the titles of Deputy Commissioner for the Bureau of Finance and Management and State Economist. Jim graduated from Guthrie Center (Iowa) High School in 1998. He chose to make South Dakota his home when attending the University of South Dakota, where he obtained a bachelor's in mathematics and a master's in business administration.

Steven Kohler was most recently the Chief Financial Officer for the Department of Human Services. Prior to that role, he served in multiple positions within the Bureau of Finance and Management for 9 years, including the Director of the Executive Management Finance Office and Chief Budget Analyst. Steven holds a bachelor's degree in business economics from South Dakota State University and a master of business administration degree from the University of South Dakota.



**STEVEN KOHLER**  
DEPUTY COMMISSIONER

# BUREAU OF FINANCE & MANAGEMENT TEAM



**MORGAN GRUEBELE**

CHIEF BUDGET ANALYST

Assist state agencies in all matters relating to the state budget, from the request process to the execution of the budget appropriated by the Legislature.



**COLIN KEELER**

FINANCIAL SYSTEMS DIRECTOR

Manages and supports the state's centralized financial systems such as the accounting, budget, financial reporting, and payroll systems, as well as the financial transparency website [OpenSD](#).



**KEITH SENER**

FINANCIAL REPORTING DIRECTOR

Prepares the State's Annual Comprehensive Financial Report (ACFR), assists with the preparation of the Single Audit Report, and sets statewide financial accounting and reporting policies.

# BUREAU OF FINANCE & MANAGEMENT TEAM CONTINUED



**RACHEL WILLIAMS**

EXECUTIVE MANAGEMENT  
FINANCE OFFICE DIRECTOR

Performs the day-to-day financial functions for the state internal service bureaus (BFM, BOA, BIT, and BHR).



**DEREK JOHNSON**

STATE ECONOMIST

Forecasts all general fund revenue sources based on the economic situation of the state and makes recommendations to the Governor and Legislature regarding the adoption of revenue estimates.



**ALLYSEN KERR**

STATEWIDE INTERNAL  
CONTROL OFFICER

Advises the State Board of Internal Control (SBIC) on matters relating to internal control. Also serves as the main point of contact between state government and the SBIC.

# AGENDA



**OVERVIEW OF  
PROGRAMS  
AND SERVICES**



**WORKFORCE**



**GOVERNOR'S  
FY2024 BUDGET  
RECOMMENDATION**



**FY2023 BUDGET  
AMENDMENTS  
AND SPECIAL  
APPROPRIATIONS**



**BUREAU  
OUTLOOK**

# OVERVIEW OF PROGRAMS AND SERVICES



ENSURE THE EFFICIENT AND  
RESPONSIBLE MANAGEMENT OF  
STATE GOVERNMENT, AND ADVISE  
THE GOVERNOR ON OVERALL  
FISCAL POLICY.

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Bureau Mission

# PROGRAMS AND SERVICES

Budget Analysis

Revenue and  
Economic  
Forecasting

Executive  
Management  
Finance Office

Financial Systems  
and Operations

Accounting  
Analysis and  
Financial  
Reporting

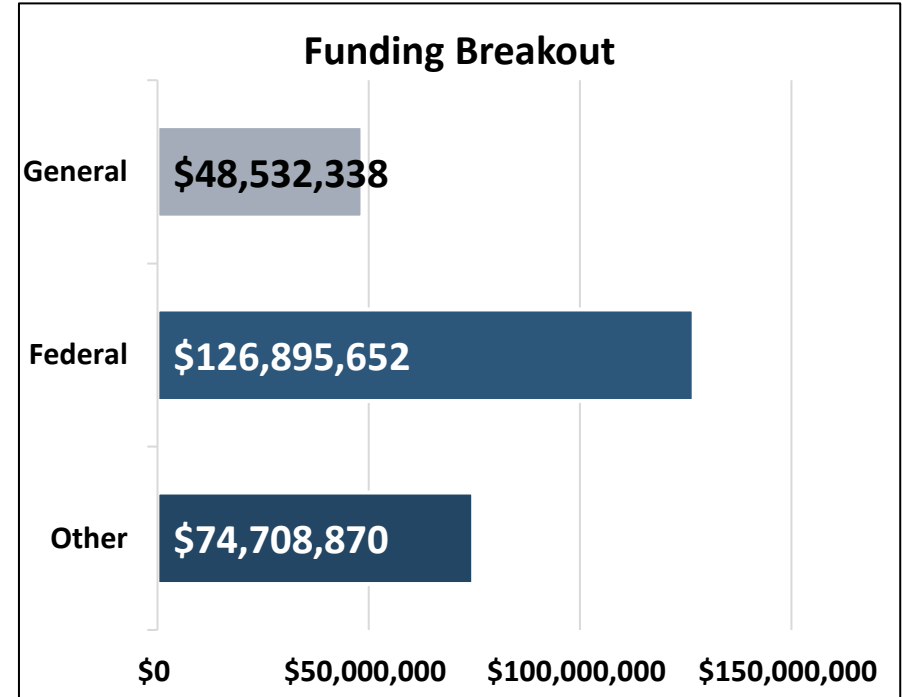
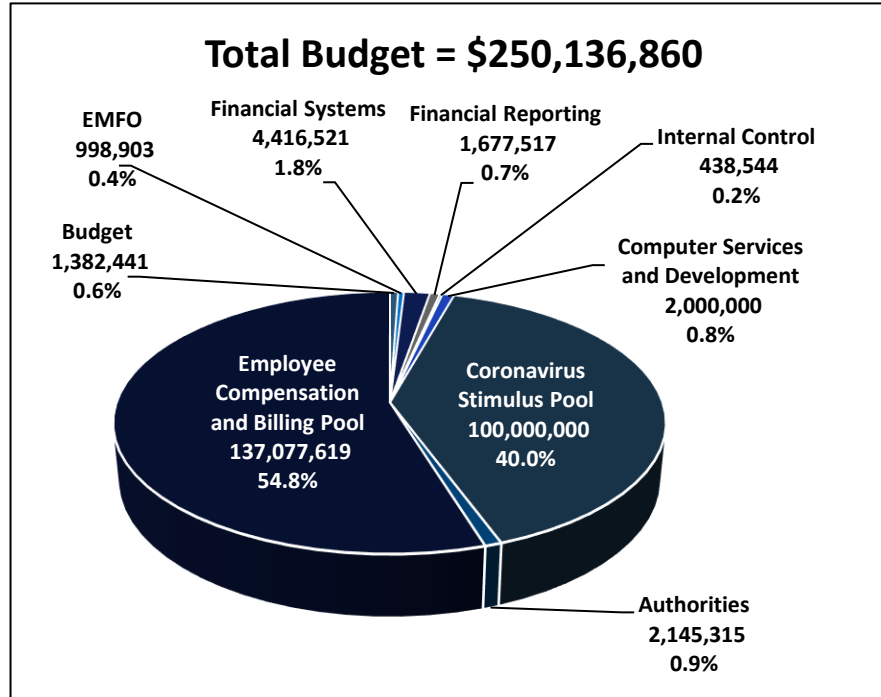
Statewide Internal  
Control Office

Authorities



# BUREAU OF FINANCE AND MANAGEMENT

## - FISCAL YEAR 2024 RECOMMENDED BUDGET -



# BUDGET ANALYSIS

- Produces [budget book, summary book, and budget-in-brief](#)
- Assists state agencies on budget matters
- Reviews [budget transfers](#)
- Prepares fiscal notes
- Works with state agencies on [fiscal year-end](#)
- Reviews budget carryovers
- Develops [Long-Term Financial Plans](#)
- Publishes monthly [financial metrics & dashboards](#)
- Provides expenditure information to bond rating agencies
- [SDCL 4-7](#); [SDCL 4-8](#)

January 11, 2022

## STATE OF SOUTH DAKOTA GOVERNOR'S BUDGET FISCAL YEAR 2024

OUR 134<sup>TH</sup> YEAR OF A BALANCED BUDGET



KRISTI NOEM, GOVERNOR

# REVENUE AND ECONOMIC FORECASTING

- Estimates, tracks, and reports general fund revenue
- Monitors the South Dakota economy
- Leads the [Governor's Council of Economic Advisors](#)
- Develops [Long-Term Financial Plans](#)
- Manages [fiscal year-end revenue information](#)
- Posts monthly [revenue dashboards](#) on BFM's website
- Provides presentations on state economic conditions, general fund revenues, and the budget to the public
- [SDCL 4-7](#); [SDCL 4-8](#)

# EXECUTIVE MANAGEMENT FINANCE OFFICE (EMFO)

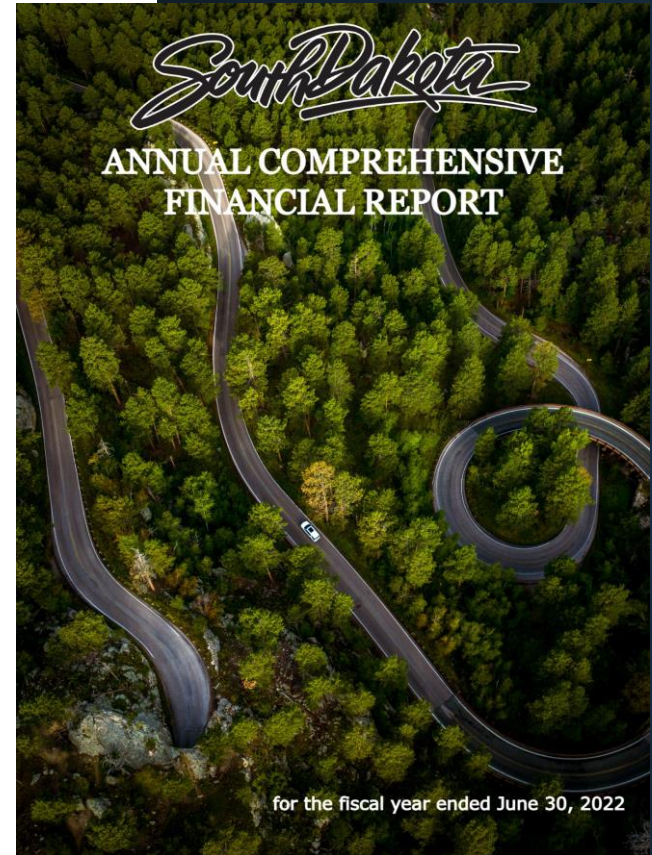
- Prepares bureau financial statements
- Establishes bureau billing rates
- Manages the budget of the four bureaus
  - ✓ Finance and Management
  - ✓ Administration
  - ✓ Information and Telecommunications
  - ✓ Human Resources
- Prepares Statewide Cost Allocation Plan (SWCAP)
- Monitors and prepares the Treasury-State Agreement
- Oversees general accounting functions specific to the four bureaus
- [SDCL 4-7](#)

# FINANCIAL SYSTEMS AND OPERATIONS

- Manages daily, weekly, monthly, and annual fiscal cycles
- Assists and trains users of the state's central financial systems
- Performs the W-9 review and issuance of IRS forms 1099
- Manages the technical operation of central payroll and the associated human resource information systems
- Provides reporting tools for agencies to access a wide variety of financial data used by state government
- Oversees the Computer System and Development Pool
- Manages and creates publicly available financial information ([OpenSD](#))
- [SDCL 4-7](#) ; [SDCL 3-8-6.2](#)

# ACCOUNTING ANALYSIS AND FINANCIAL REPORTING

- Publishes the [Annual Comprehensive Financial Report \(ACFR\)](#)
- Prepares over 200 fund financial statements
- Establishes statewide accounting policies and procedures
- Provides technical assistance to state agencies on accounting best practices and new accounting standards
- Serves as the liaison between state agencies and the Department of Legislative Audit
- Prepares the Schedule of Expenditure and Federal Awards
- [SDCL 4-4-4](#); [SDCL 4-4-6](#)





# STATEWIDE INTERNAL CONTROL OFFICE

- Reviews, researches, interprets, and advises all state agencies on internal control
- Manages the implementation of the state internal control framework
- Produces [annual internal control report](#)
- Staffs the [South Dakota Board of Internal Control](#)
- [SDCL 1-56](#)

# BUREAU OF FINANCE & MANAGEMENT AUTHORITIES

## SOUTH DAKOTA BUILDING AUTHORITY

- Provides low-cost financing for buildings owned by the State
- Issues bonds for public facilities, which results in substantial savings on capital projects
- [SDCL 5-12](#)

## SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES

- Provides low-cost financing for educational facilities and healthcare projects for the state
- Issues bonds for health and educational institution construction and authorized activities to promote health, education, and welfare in the state
- [SDCL 1-16A](#)

## EDUCATIONAL ENHANCEMENT FUNDING CORPORATION

- Organized under the SD Building Authority
- State sold Tobacco Settlement Revenues and issued bonds, which allowed for a revenue stream into the Education Enhancement Trust Fund
- [SDCL 5-12](#)



# WORKFORCE



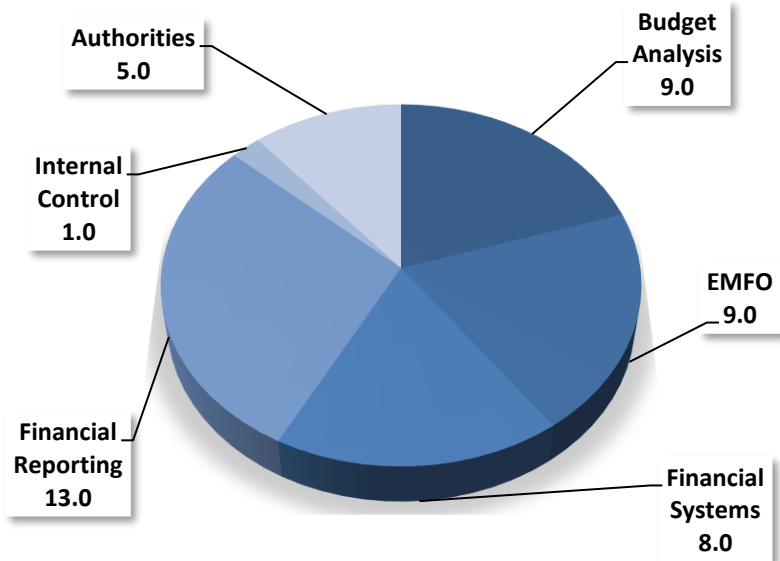


# WORKFORCE

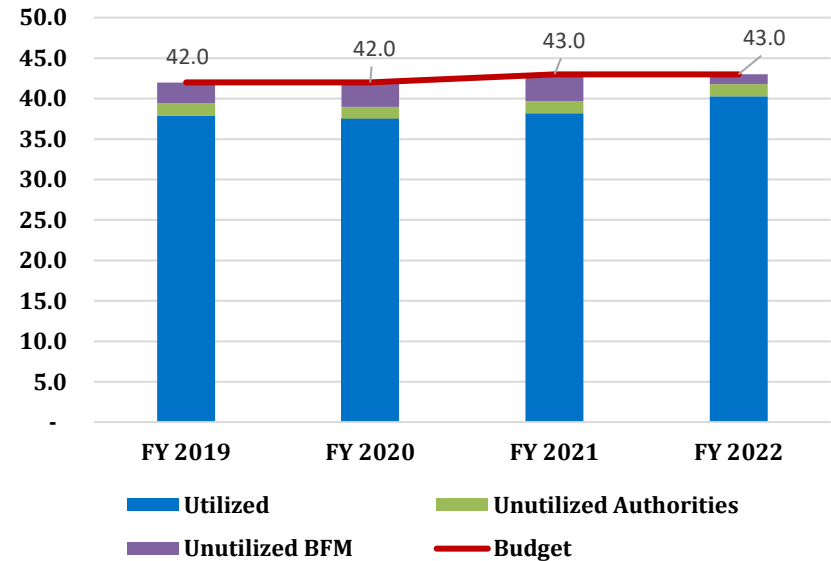
- FY2023 budget includes 45.0 FTE (5.0 FTE within Authorities)
- Becoming increasingly difficult to recruit staff into such specialized roles on a small team
- A small staff is responsible for many different operations
- Continued work on succession planning is critical to maintain operations

# FULL-TIME EQUIVALENT (FTE)

## FY2023 Budget



## Historical FTE Utilization



# GOVERNOR'S FY2024 BUDGET RECOMMENDATION



# FISCAL YEAR 2024 RECOMMENDED BUDGET

| Budget                    | FTE         | General           | Federal            | Other             | Total              |
|---------------------------|-------------|-------------------|--------------------|-------------------|--------------------|
| FY2023 Base Budget        | 45.0        | 1,290,586         | 100,000,000        | 19,645,190        | 120,935,776        |
| FY2024 Recommended Budget | <u>48.0</u> | <u>48,532,338</u> | <u>126,895,652</u> | <u>74,708,870</u> | <u>250,136,860</u> |
| Change                    | 3.0         | \$47,241,752      | \$26,895,652       | \$55,063,680      | \$129,201,084      |

| Recommended Budget Changes            | FTE        | General      | Federal      | Other         | Total         |
|---------------------------------------|------------|--------------|--------------|---------------|---------------|
| State Employee Compensation Plan      |            | 45,975,196   | 26,540,388   | 52,062,049    | 124,577,633   |
| Bureau Billings and Captive Insurance |            | 1,174,701    | 355,264      | 2,355,254     | 3,885,219     |
| Consultant Services                   |            |              |              | 375,000       | 375,000       |
| Finance Professional Positions        | 3.0        | 91,855       |              | 187,594       | 279,449       |
| Computer System Maintenance           | <u>0.0</u> | <u>0</u>     | <u>0</u>     | <u>83,783</u> | <u>83,783</u> |
| Total Recommended Budget Changes      | 3.0        | \$47,241,752 | \$26,895,652 | \$55,063,680  | \$129,201,084 |

# STATE EMPLOYEE COMPENSATION PLAN

- \$124,577,633 in total funds
  - General - \$45,975,196
  - Federal - \$26,540,388
  - Other - \$52,062,049
- Recommended as a pool in BFM to be distributed to agencies following the passage of the General Appropriations Act

# BUREAU BILLINGS AND CAPTIVE INSURANCE

- \$3,885,219 in total funds
  - ✓ General - \$1,174,701
  - ✓ Federal - \$355,264
  - ✓ Other - \$2,355,254
- Recommended as a pool in BFM to be distributed to agencies following the passage of the General Appropriations Act

# CONSULTANT SERVICES

## Financial Reporting - \$250,000 in other funds

- Contract with an accounting firm to aid with the preparation of the State's financial statements

## Statewide Internal Control - \$125,000 in other funds

- Consultant assistance with implementing statewide internal controls pursuant to SDCL 1-56-6



# FINANCE PROFESSIONAL POSITIONS

## Financial Systems

- 2.0 FTE and \$187,594 in other funds
- Additional staff to work with agencies on their enterprise resource planning requirements and interface needs

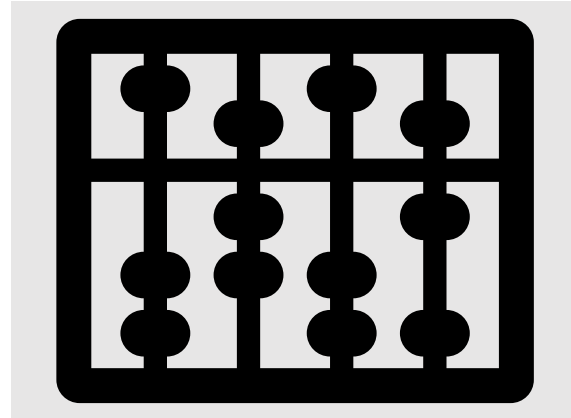
## Budget Analyst

- 1.0 FTE and \$91,855 in general funds
- Address increasingly complex budgetary analysis

# COMPUTER SYSTEM MAINTENANCE

- \$83,783 in other funds
- Needed to cover the rising costs of current financial systems maintenance contracts and other lease expenses

# **FY2023 BUDGET ADJUSTMENTS AND SPECIAL APPROPRIATIONS**



# BUREAU BILLINGS

- \$2,810,940 in total funds
  - ✓ General - \$1,076,592
  - ✓ Federal - \$304,801
  - ✓ Other - \$1,429,547
- Recommended as a pool in BFM to be distributed to agencies following the passage of the amendment to the FY2023 General Appropriations Act

|                                |                           |                         |
|--------------------------------|---------------------------|-------------------------|
| BUY ENTITY : SDPP              | PO NO. : 21c2379298       | PO LINE NO : 0001       |
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| PRT ITM SPCS : Y               | PRT REQ SPCS : N          | PHRS TBL CD : _____     |
| CATALOG NO. : _____            | ITEM NO. : BATCHPO        | ECN : _____             |
| QUOTE NO. : _____              | ITEM SEQ NO : _____       | SERVICE CD : S          |
| ITEM DSC : SDPP PURCHASE ORDER |                           |                         |
| VEND ITM NO. : BATCHPO         |                           |                         |
| VEND ITM DSC : DOCK            |                           |                         |
| QUANTITY UOP : 1               | UNIT PRICE : 498.00000    | PRICE TYPE : _____      |
| UOP : EA                       | SKU CONV FAC : 1.0000000  | SKU : EA                |
| TAX/VAT CODE : _____           | TAX/VAT COST : _____      |                         |
| ADD COST CD : _____            | ADD COST : _____          |                         |
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| VAR IND : _____                | CNTRCT/PROP# : _____      | CONTRCT DT : 04/28/2021 |
| GL COMPANY : 1000              | CHRG ACCT : 52c79011      | EFF DT : 04/28/2021     |

## ENTERPRISE RESOURCE PLANNING

- \$70,000,000 in general funds and 45.0 FTE
- 35-year-old mainframe accounting system
- Many disjointed system platforms and technologies have been patched together over time
- This critical system is at risk of failure from - lack of vendor support, obsolete technology, and staffing

# BUREAU OUTLOOK



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# BUREAU OF FINANCE AND MANAGEMENT