Cash Management Improvement Act Agreement
between
The State of South Dakota
and
The Secretary of the Treasury,
United States Department of the Treasury

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and State of South Dakota (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the State of South Dakota shall be the Jason Dilges, Chief Financial Officer, State of South Dakota in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference herein. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2014 and shall remain in effect until 06/30/2015.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the State's FY 2013 Single Audit Report for fiscal year ending 06/30/2013.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is $14,527,921.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
12.401 National Guard Military Operations and Maintenance (O&M) Projects
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.106 Airport Improvement Program
20.205 Highway Planning and Construction
66.458 Capitalization Grants for State Revolving Funds
66.468 Capitalization Grants for Drinking Water Revolving Fund
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program

4.3 The following programs fall below the State's threshold but have been required to be covered by FMS in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are currently no programs listed for Section 4.3.

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

14.182 Lower Income Housing Assistance Program -- Section 8 New Construction/Substantial Rehabilitation --- Exclusion:Non-State
14.228 Community Development Block Grants/State's Program --- Exclusion:Non-State
14.239 HOME Investment Partnerships Program --- Exclusion:Non-State
84.038 Federal Perkins Loan Program -- Federal Capital Contributions --- Exclusion:Non-State
84.063 Federal Pell Grant Program --- Exclusion:Non-State
84.268 Federal Direct Student Loan --- Exclusion:Non-State
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) --- Exclusion:Federal Statute - Full Exemption

5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section

4.0 of this Agreement:

Education
Environment & Natural Resources
Health
Labor & Regulation
Military
Social Services
Transportation

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in the Section 4.0 of this Agreement:

First National Bank 66.458 Capitalization Grants for State Revolving Funds
First National Bank 66.468 Capitalization Grants for Drinking Water Revolving Fund
eFunds 10.551 Supplemental Nutrition Assistance Program

6.0 FUNDING TECHNIQUES

6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:
Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:
Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request
A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request
The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal
Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process
Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for

Administration.

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.1

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Capitalization Grants for State Revolving Funds

The State shall request funds to minimize the time between the drawdown of funds from Treasury and their deposit into the revolving fund. The timing of the drawdown of Federal funds for deposit to the revolving fund is subject to the interest provisions of 31 CFR Part 205, however there is an interest exemption for the interest the State earns once the funds are deposited into the revolving fund.The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be for the amount of the funds to be used for immediate program purposes. The State will not incur an interest liability for interest earned on revolving fund loans. This funding technique is interest neutral.

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Admin/Tech Grants for State Revolving Funds

The state shall request funds such that they are deposited by electronic payment to the State Revolving Fund Trustee, which in turn deposits the funds by electronic payment in a state account. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I. The amount of the request shall be based upon expenditure reports from state' s accounting system and the State Revolving Fund grants. This funding technique is interest neutral.

Allocated Administrative Costs - Weekly

The State, for the Department of Labor, shall request funds on Tuesdays for expenditures posted the previous Friday, and shall request funds on Fridays for expenditures posted the previous Tuesday. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I.

The State, for the Department of Social Services, shall request funds on the first business day of the week, such that they are deposited ACH in a State account on the second business day of the week, to fund the allocated costs charged to the program during the prior week. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I. The amount of the request shall be 1/13 of the actual cost allocation of the prior quarter(s). If necessary, the State shall adjust the drawdown to the actual allocation at the end of the quarter. This funding technique is interest neutral.

Direct Costs - Weekly

The State shall request funds on the first business day of the week, such that they are deposited ACH in a State account on the second business day of the week, to fund the actual direct costs charged to the program during the prior week. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Modified ACH

The State shall request funds such that they are deposited by ACH in a State account. The State shall request funds on the second business day of the week such that funds are deposited on the third business day of the week to fund all non-cash transactions with a settlement date the prior week. The State shall request Administrative ACH transactions on Tuesdays and Fridays such that they are deposited the following business day. The request shall be based on payment reports issued by the State's accounting system. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the amount of funds that clear the States account on the settlement date.

The settlement date of payments issued by the State is the effective date of interagency transfers, journal vouchers, or other accounting system transactions made by the State to pay out funds for program purposes. This funding technique is interest neutral.

Modified Average Clearance

The State shall request funds such that they are deposited by ACH on:

* The dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II; or,

* The effective date of interagency transfers, journal vouchers, or other accounting system transactions made by the State to pay out funds for program purposes.

The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be rounded to the nearest dollar or the exact amount of the disbursement. This funding technique is interest neutral.

Modified Electronic Benefit Transfer

eFunds , under a contractual agreement with the Department of Social Service, shall request funds via Fedwire as a same day, cash drawdown for Electronic Benefit Transfers. The funds will be deposited directly to the account of eFunds. The drawdown of funds shall be the same day that retailers are paid for transactions made at electronic point of sale machines. The funds shall always be drawn on the same day that settlement funds are paid out. This funding technique is interest neutral.

Modified Weekly Costs CFDA 17.225

The State, for the Department of Labor, shall request funds on Fridays to be received on the following Monday to cover expenditures from the prior week. Draws will only be made when the expenditures from the week are over $5,000. This funding technique is interest neutral.

Modified ZBA - ACH

The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the amount of funds that clear the State's account on the settlement date.

The settlement date of payments issued by the State is:

* The settlement date of ACH payments (also called Direct Deposit payments) made by the State to pay out funds for program purposes; or,

* The effective date of interagency transfers, journal vouchers, or other accounting system transactions made by the State to pay out funds for program purposes.

The State shall request funds on the first business day of the week, such that they are deposited on the second day of the week, to fund all non-cash transactions with a settlement date during the prior week. This funding technique is interest neutral.

Modified ZBA - Same Day Payment

The State shall request funds the same day it pays out funds, in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. A Federal agency will deposit funds in a State account the same day as requested. The amount of the request shall be for the amount of funds that clear the State's account that day, less the amount of returns received on the prior banking day. This funding technique is interest neutral.

National Guard Reimbursable Costs

The State shall request funds such that they are deposited by electronic payment. The request shall be made in accordance with the appropriate Federal agency cut off time specified in Exhibit I. The request for reimbursable expenses shall be based off the monthly expenditure report and shall not be requested prior to the issuance of the monthly expenditure report. The request for reimbursable expenses shall be based on the expenditure report issued by the State's accounting system and shall be made on a monthly basis. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Social Services
% of Funds Agency Receives: 100.00
Component: Electronic Benefit Transfer
Technique: Modified Electronic Benefit Transfer
Average Day of Clearance: 0 Days

10.555 National School Lunch Program
Recipient: Education
% of Funds Agency Receives: 1.46
Component: Interagency Transfers
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 98.54
Component: Program ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Health
% of Funds Agency Receives: 2.09
Component: Administrative ACH
Technique: Modified ACH
Average Day of Clearance: 1 Day

Recipient: Health
% of Funds Agency Receives: 4.92
Component: Interagency Transfer
Technique: Modified ACH
Average Day of Clearance: 1 Day

Recipient: Health
% of Funds Agency Receives: 4.69
Component: Administrative Warrants
Technique: Modified Average Clearance
Average Day of Clearance: 6 Days

Recipient: Health
% of Funds Agency Receives: 16.35
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Health
% of Funds Agency Receives: 71.95
Component: Vouchers
Technique: Modified ZBA - Same Day Payment
Average Day of Clearance: 0 Days

12.401 National Guard Military Operations and Maintenance (O&M) Projects
Recipient: Military

% of Funds Agency Receives: 100.00
Component: Reimbursable and Project Costs
Technique: National Guard Reimbursable Costs
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Labor & Regulation
% of Funds Agency Receives: 25.57
Component: Direct Vouchers
Technique: Allocated Administrative Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Labor & Regulation
% of Funds Agency Receives: 16.30
Component: Interagency Transfers
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Labor & Regulation
% of Funds Agency Receives: 58.13
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Labor & Regulation
% of Funds Agency Receives: 100.00
Component: Benefits
Technique: Modified Weekly Costs CFDA 17.225
Average Day of Clearance: 1 Day

20.106 Airport Improvement Program
Recipient: Transportation
% of Funds Agency Receives: 39.97
Component: Program Warrants
Technique: Modified Average Clearance
Average Day of Clearance: 5 Days

Recipient: Transportation
% of Funds Agency Receives: 60.03
Component: Program ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

20.205 Highway Planning and Construction

Recipient: Transportation
% of Funds Agency Receives: 0.27
Component: Direct Costs
Technique: Direct Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Transportation
% of Funds Agency Receives: 35.41
Component: Program Warrants
Technique: Modified Average Clearance
Average Day of Clearance: 6 Days

Recipient: Transportation
% of Funds Agency Receives: 62.41
Component: Program ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Transportation
% of Funds Agency Receives: 1.91
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

66.458 Capitalization Grants for State Revolving Funds
Recipient: Environment & Natural Resources
% of Funds Agency Receives: 3.00
Component: Admin/Tech Costs
Technique: Admin/Tech Grants for State Revolving Funds
Average Day of Clearance: N/A

Recipient: Environment & Natural Resources
% of Funds Agency Receives: 97.00
Component: Program Grants
Technique: Capitalization Grants for State Revolving Funds
Average Day of Clearance: 2 Days

66.468 Capitalization Grants for Drinking Water Revolving Fund
Recipient: Environment & Natural Resources
% of Funds Agency Receives: 6.00
Component: Admin/Tech Costs
Technique: Admin/Tech Grants for State Revolving Funds
Average Day of Clearance: N/A

Recipient: Environment & Natural Resources
% of Funds Agency Receives: 94.00

Component: Program Grants
Technique: Capitalization Grants for State Revolving Funds
Average Day of Clearance: 2 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: Education
% of Funds Agency Receives: 0.06
Component: Direct Costs
Technique: Direct Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 1.62
Component: Program Warrants
Technique: Modified Average Clearance
Average Day of Clearance: 7 Days

Recipient: Education
% of Funds Agency Receives: 1.20
Component: Interagency Transfers
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 96.83
Component: Program ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 0.29
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

84.027 Special Education -- Grants to States
Recipient: Education
% of Funds Agency Receives: 0.39
Component: Direct Costs
Technique: Direct Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 8.92
Component: Program Warrants
Technique: Modified Average Clearance

Average Day of Clearance: 9 Days

Recipient: Education
% of Funds Agency Receives: 85.63
Component: Grant Payments
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 2.90
Component: Interagency Transfers
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Education
% of Funds Agency Receives: 2.16
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

93.558 Temporary Assistance for Needy Families
Recipient: Social Services
% of Funds Agency Receives: 27.01
Component: Allocated Costs
Technique: Allocated Administrative Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 22.16
Component: Direct Costs
Technique: Direct Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 1.01
Component: Regular ADC Payroll Warrant
Technique: Modified Average Clearance
Average Day of Clearance: 11 Days

Recipient: Social Services
% of Funds Agency Receives: 44.03
Component: Regular ADC Payroll ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 5.79

Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

93.568 Low-Income Home Energy Assistance
Recipient: Social Services
% of Funds Agency Receives: 1.07
Component: Allocated Costs
Technique: Allocated Administrative Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 4.86
Component: Direct Costs
Technique: Direct Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 6.10
Component: LIHEAP Payroll Warrant
Technique: Modified Average Clearance
Average Day of Clearance: 7 Days

Recipient: Social Services
% of Funds Agency Receives: 85.73
Component: LIHEAP Payroll ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 2.24
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

93.767 Children's Health Insurance Program
Recipient: Social Services
% of Funds Agency Receives: 0.77
Component: Allocated Costs
Technique: Allocated Administrative Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 0.03
Component: Direct Costs
Technique: Direct Costs - Weekly

Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 0.02
Component: MMIS Payroll Warrants
Technique: Modified Average Clearance
Average Day of Clearance: 6 Days

Recipient: Social Services
% of Funds Agency Receives: 11.31
Component: Direct Costs ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 85.51
Component: MMIS Payroll ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 2.36
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

93.778 Medical Assistance Program
Recipient: Social Services
% of Funds Agency Receives: 1.04
Component: Allocated Costs
Technique: Allocated Administrative Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 10.47
Component: Direct Costs
Technique: Direct Costs - Weekly
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 0.02
Component: MMIS Payroll Warrants
Technique: Modified Average Clearance
Average Day of Clearance: 6 Days

Recipient: Social Services
% of Funds Agency Receives: 3.47

Component: Direct Costs ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 83.34
Component: MMIS Payroll ACH
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

Recipient: Social Services
% of Funds Agency Receives: 1.66
Component: State Payroll
Technique: Modified ZBA - ACH
Average Day of Clearance: 1 Day

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

None

6.4 State Draws for all Funding Techniques:
The State shall have the option to defer any draw or draws which do not exceed $1,000. When the State defers the drawing of funds they can include the amount or amounts with the next draw. The State considers this procedure to be interest neutral.

7.0 CLEARANCE PATTERNS

7.1 The State shall develop separate clearance patterns for each of the following:

The State shall use the same methodology to develop a separate clearance pattern for each program under the State Departments, Education, Health, Labor, Social Services and Transportation.

7.2 The following shall develop the State's clearance patterns:

The Bureau of Finance and Management shall develop the State's clearance patterns.

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

The State shall use the following method to develop clearance patterns for System warrants:

For a three month period, all checks or warrants issued shall have their dates compared to check or warrant clearance dates. From this information, dollar-weighted average clearance patterns shall be developed. For calculation purposes, all checks and warrants will be deemed cleared when 99% of the checks or warrants have been cleared.

For payroll, the following will be used on a statewide basis.

All state payroll will be drawn to be received on the 1st and 16th of each month. If a payday falls on a Saturday or Sunday, the payday will be moved up to the first working day before the 1st or 16th. This will differ for the month of

January, when the payday will be the first working day of the calendar year, January 3rd.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

None

The State shall also adjust each clearance pattern to reflect:

None

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Admin/Tech Grants for State Revolving Funds
Allocated Administrative Costs - Weekly
Capitalization Grants for State Revolving Funds
Direct Costs - Weekly
Modified ACH
Modified Average Clearance
Modified Electronic Benefit Transfer
Modified Weekly Costs CFDA 17.225
Modified ZBA - ACH
Modified ZBA - Same Day Payment
National Guard Reimbursable Costs

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:
(1) amount of the issuance
(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the State shall track each payment from the date it is paid out of a State account to the date Federal funds are subsequently credited to a State account to cover that outlay. The Federal interest liability on each payment shall be based on the difference in whole days between the two events. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

Based on statements provided by its financial institution, or other appropriate source, the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF.

At the end of the States fiscal year, the State shall calculate the percentage of its total unemployment compensation expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The State shall calculate the actual interest earnings and the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the actual interest earnings and the related banking costs of the account as a whole. The States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings attributable to such funds less the related banking costs attributed to such funds.

The State shall determine the average daily cash balance of its unemployment compensation benefit payment account for its fiscal year. The State shall calculate the average daily cash balance of Federal funds by multiplying the Federal % by the average daily cash balance of the benefit payment account on the whole. The States liability for interest on funds withdrawn from the FECA and EUCA (and any other benefit accounts of Federal funds in the UTF from which the State draws funds) shall be the average daily cash balance of Federal funds multiplied by the annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during the States fiscal year.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds.

8.4.4 There is no interest liability on WIC rebates, as per 1994 Appropriation Act, if used for program purposes.

For the Medical Assistance Program, each week the state shall deduct all posted refunds and/or adjustments made during the prior week against medical assistance payroll. The draw shall be based on the current weeks medical assistance payroll less any refunds and/or adjustments posted the prior week. This procedure will be considered interest neutral.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

8.6.2.1 Measuring Time Funds Are Held

To determine the total time Federal funds are held, the State shall measure the time between the date Federal funds are received and credit to a State's account and the date those funds are debited from the State's account.

8.6.2.2 Source of Data

Bank or Agency:
The time period from deposit date to clearance date shall be determined from information captured by each agency.

8.6.2.3 Standards Applied

Census (Average Daily Balance):
The average daily cash balance of Federal Funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

8.6.2.4 Calculation Procedure

I = ADB x R, where

I = State's total interest liability

ADB = Average Daily Balance of cash in a program's account, measured from deposit to clearance

R = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the program falls below the State's threshold.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

Developing and maintaining clearance patterns,
Performing the actual calculation of interest,
Compiling and analyzing data related to interest calculation,

Preparing the Annual report,
Programming and computer time related to clearance patterns
and interest calculations.

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Jason C. Dilges
Chief Financial Officer, State of South Dakota

Signature: (b) (6) Date Signed: 6/13/14

Date Submitted 06/05/2014

Kristine S. Conrath
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: Darrell A. McSmith Date Signed: 7/10/14

Exhibit I - Funds Request and Receipt Times Schedule
State of South Dakota

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture-FNS	ACH	11:59 PM	1 day
Agriculture-FNS	Fedwire	5:45 PM	0 day
Agriculture-FS	ACH	3:00 PM	1 day
Air National Guard	ACH	12:00 PM	15 days
Army National Guard	ACH	12:00 PM	15 days
Commerce-NOAA	ACH	2:00 PM	1 day
Dept of Homeland Security (FEMA)	Fedwire	2:00 PM	0 day
Dept of Homeland Security (ODP)	ACH	2:00 PM	2 days
Dept of Homeland Security (ODP)	Fedwire	2:00 PM	2 days
EPA	ACH	2:00 PM	2 days
EPA	Fedwire	2:00 PM	0 day
Education	ACH	3:00 PM	1 day
Education	Fedwire	2:00 PM	0 day
Energy	ACH	4:00 PM	1 day
Energy	Fedwire	3:00 PM	0 day
HHS	ACH	6:30 PM	1 day
HHS	Fedwire	3:00 PM	0 day
HUD	ACH	5:30 PM	2 days
HUD	Fedwire	3:00 PM	0 day
Interior-FWS	ACH	11:59 PM	1 day
Interior-FWS	Fedwire	5:45 PM	0 day
Interior-OSM	ACH	3:00 PM	1 day
Interior-OSM	Fedwire	5:45 PM	0 day
Justice	ACH	11:00 PM	6 days
Justice	Fedwire	2:00 PM	2 days
Labor-Non-UTF	ACH	3:00 PM	1 day
Labor-UTF	ACH	3:00 PM	1 day
Labor-UTF	Fedwire	3:00 PM	0 day
National Science Foundation (NSF)	ACH	8:00 PM	1 day
National Science Foundation (NSF)	Fedwire	5:45 PM	0 day
Social Security Administration	ACH	11:59 PM	1 day
Social Security Administration	Fedwire	5:45 PM	0 day
Transportation (FAA)	ACH	2:00 PM	1 day
Transportation (FHWA)	ACH	12:00 PM	3 days
Transportation (FHWA)	Fedwire	12:00 PM	0 day
Transportation (FTA)	ACH	2:00 PM	1 day
Veterans Administration	ACH	12:00 PM	3 days

Exhibit II - State of South Dakota

LIST OF STATE CLEARANCE TIMES

(Rounded Dollar-Weighted Average Day of Clearance)

Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Social Services	100.00	Electronic Benefit Transfer	Modified Electronic Benefit Transfer	0 Days
10.555	National School Lunch Program	Education	1.46	Interagency Transfers	Modified ZBA - ACH	1 Day
10.555	National School Lunch Program	Education	98.54	Program ACH	Modified ZBA - ACH	1 Day
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	71.95	Vouchers	Modified ZBA - Same Day Payment	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	16.35	State Payroll	Modified ZBA - ACH	1 Day
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	4.69	Administrative Warrants	Modified Average Clearance	6 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	4.92	Interagency Transfer	Modified ACH	1 Day
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	2.09	Administrative ACH	Modified ACH	1 Day
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military	100.00	Reimbursable and Project Costs	National Guard Reimbursable Costs	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Labor & Regulation	58.13	State Payroll	Modified ZBA - ACH	1 Day
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Labor & Regulation	16.30	Interagency Transfers	Modified ZBA - ACH	1 Day
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Labor & Regulation	25.57	Direct Vouchers	Allocated Administrative Costs - Weekly	1 Day
17.225S	Unemployment Insurance -- State Benefit Account	Labor & Regulation	100.00	Benefits	Modified Weekly Costs CFDA 17.225	1 Day
20.106	Airport Improvement Program	Transportation	60.03	Program ACH	Modified ZBA - ACH	1 Day
20.106	Airport Improvement Program	Transportation	39.97	Program Warrants	Modified Average Clearance	5 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
20.205	Highway Planning and Construction	Transportation	1.91	State Payroll	Modified ZBA - ACH	1 Day
20.205	Highway Planning and Construction	Transportation	62.41	Program ACH	Modified ZBA - ACH	1 Day
20.205	Highway Planning and Construction	Transportation	35.41	Program Warrants	Modified Average Clearance	6 Days
20.205	Highway Planning and Construction	Transportation	0.27	Direct Costs	Direct Costs - Weekly	1 Day
66.458	Capitalization Grants for State Revolving Funds	Environment & Natural Resources	97.00	Program Grants	Capitalization Grants for State Revolving Funds	2 Days
66.458	Capitalization Grants for State Revolving Funds	Environment & Natural Resources	3.00	Admin/Tech Costs	Admin/Tech Grants for State Revolving Funds	N/A
66.468	Capitalization Grants for Drinking Water Revolving Fund	Environment & Natural Resources	94.00	Program Grants	Capitalization Grants for State Revolving Funds	2 Days
66.468	Capitalization Grants for Drinking Water Revolving Fund	Environment & Natural Resources	6.00	Admin/Tech Costs	Admin/Tech Grants for State Revolving Funds	N/A
84.010	Title I Grants to Local Educational Agencies	Education	0.29	State Payroll	Modified ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Education	1.20	Interagency Transfers	Modified ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Education	96.83	Program ACH	Modified ZBA - ACH	1 Day
84.010	Title I Grants to Local Educational Agencies	Education	1.62	Program Warrants	Modified Average Clearance	7 Days
84.010	Title I Grants to Local Educational Agencies	Education	0.06	Direct Costs	Direct Costs - Weekly	1 Day
84.027	Special Education -- Grants to States	Education	2.16	State Payroll	Modified ZBA - ACH	1 Day
84.027	Special Education -- Grants to States	Education	2.90	Interagency Transfers	Modified ZBA - ACH	1 Day
84.027	Special Education -- Grants to States	Education	85.63	Grant Payments	Modified ZBA - ACH	1 Day
84.027	Special Education -- Grants to States	Education	8.92	Program Warrants	Modified Average Clearance	9 Days
84.027	Special Education -- Grants to States	Education	0.39	Direct Costs	Direct Costs - Weekly	1 Day
93.558	Temporary Assistance for Needy Families	Social Services	5.79	State Payroll	Modified ZBA - ACH	1 Day
93.558	Temporary Assistance for Needy Families	Social Services	44.03	Regular ADC Payroll ACH	Modified ZBA - ACH	1 Day
93.558	Temporary Assistance for Needy Families	Social Services	1.01	Regular ADC Payroll Warrant	Modified Average Clearance	11 Days
93.558	Temporary Assistance for Needy Families	Social Services	22.16	Direct Costs	Direct Costs - Weekly	1 Day
93.558	Temporary Assistance for Needy Families	Social Services	27.01	Allocated Costs	Allocated Administrative Costs - Weekly	1 Day
93.568	Low-Income Home Energy Assistance	Social Services	2.24	State Payroll	Modified ZBA - ACH	1 Day
93.568	Low-Income Home Energy Assistance	Social Services	85.73	LIHEAP Payroll ACH	Modified ZBA - ACH	1 Day
93.568	Low-Income Home Energy Assistance	Social Services	6.10	LIHEAP Payroll Warrant	Modified Average Clearance	7 Days
93.568	Low-Income Home Energy Assistance	Social Services	4.86	Direct Costs	Direct Costs - Weekly	1 Day
93.568	Low-Income Home Energy Assistance	Social Services	1.07	Allocated Costs	Allocated Administrative Costs - Weekly	1 Day
93.767	Children's Health Insurance Program	Social Services	2.36	State Payroll	Modified ZBA - ACH	1 Day

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.767	Children's Health Insurance Program	Social Services	11.31	Direct Costs ACH	Modified ZBA - ACH	1 Day
93.767	Children's Health Insurance Program	Social Services	85.51	MMIS Payroll ACH	Modified ZBA - ACH	1 Day
93.767	Children's Health Insurance Program	Social Services	0.02	MMIS Payroll Warrants	Modified Average Clearance	6 Days
93.767	Children's Health Insurance Program	Social Services	0.03	Direct Costs	Direct Costs - Weekly	1 Day
93.767	Children's Health Insurance Program	Social Services	0.77	Allocated Costs	Allocated Administrative Costs - Weekly	1 Day
93.778	Medical Assistance Program	Social Services	3.47	Direct Costs ACH	Modified ZBA - ACH	1 Day
93.778	Medical Assistance Program	Social Services	1.66	State Payroll	Modified ZBA - ACH	1 Day
93.778	Medical Assistance Program	Social Services	83.34	MMIS Payroll ACH	Modified ZBA - ACH	1 Day
93.778	Medical Assistance Program	Social Services	0.02	MMIS Payroll Warrants	Modified Average Clearance	6 Days
93.778	Medical Assistance Program	Social Services	10.47	Direct Costs	Direct Costs - Weekly	1 Day
93.778	Medical Assistance Program	Social Services	1.04	Allocated Costs	Allocated Administrative Costs - Weekly	1 Day

I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: 6/13/14

Printed Name: Jason C. Dilges

Certifying Signature: (b) (6) [redacted]

Title: Chief Financial Officer