



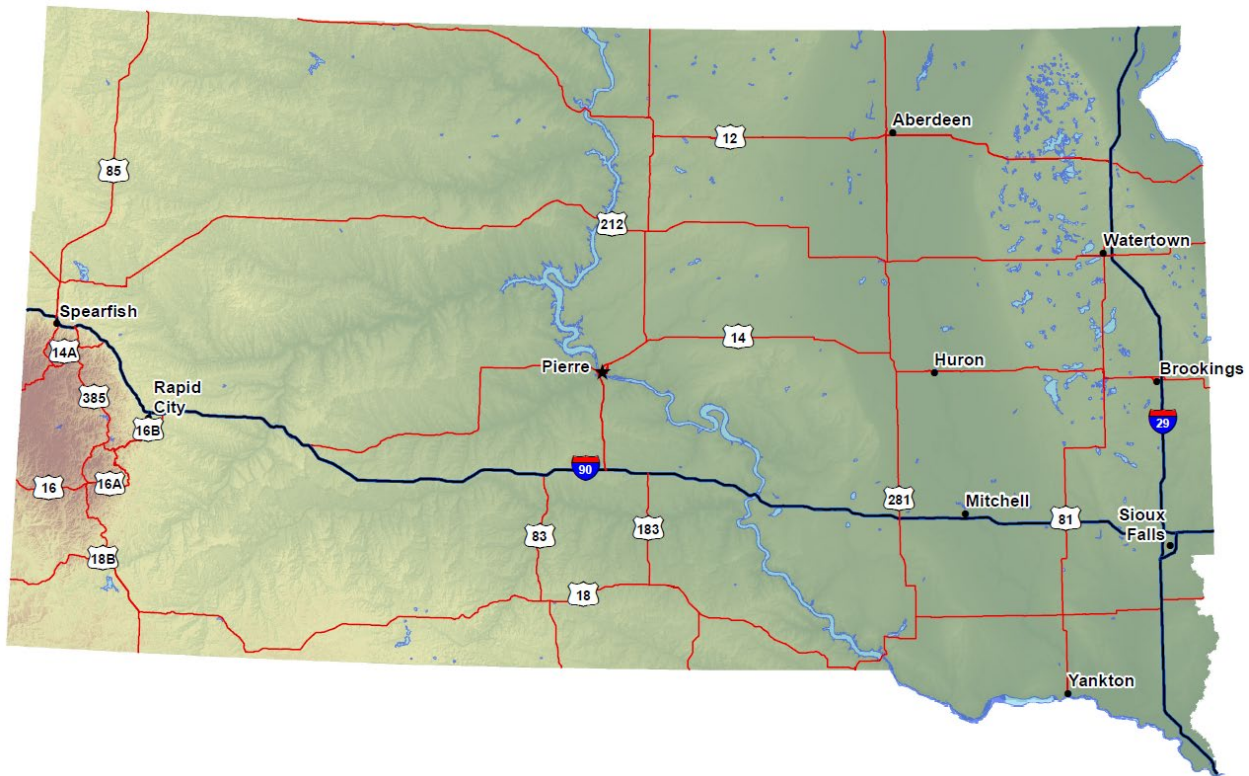
South Dakota

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

for the fiscal year ended June 30, 2023

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023***



KRISTI NOEM, GOVERNOR

LARRY RHODEN, LT. GOVERNOR

***JIM TERWILLIGER, CHIEF FINANCIAL OFFICER
BUREAU OF FINANCE AND MANAGEMENT***

ACKNOWLEDGEMENTS

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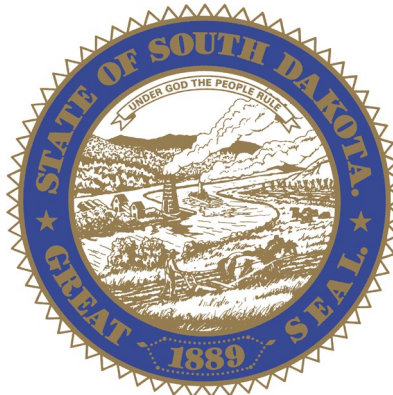
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STATE OF SOUTH DAKOTA
OFFICE OF THE GOVERNOR

KRISTI NOEM | GOVERNOR

December 29, 2023

To the Members of the Legislature and the Citizens of South Dakota,

As Governor of South Dakota, I am proud to present the State's 37th *Annual Comprehensive Financial Report* covering operations for the fiscal year ending June 30, 2023. This report is prepared in accordance with generally accepted accounting principles and includes all agencies of state government and reporting entities for which the state has oversight responsibilities. Like previous reports, this report presents to you, and the financial community, the sound financial condition of South Dakota.

In South Dakota, we remain committed to strong financial principles that build a foundation for the next generation of South Dakotans. We structurally balance our budget each year by ensuring ongoing spending is only supported by ongoing revenue. We avoid the creation of unfunded liabilities and maintain a strong level of reserve funds to address emergencies. We use one-time funds to avoid debt or improve an asset, and we base our budget on honest, conservative projections of revenue and expenses.

This stability has contributed to a growing economy in South Dakota. Nonfarm employment grew 1.8% in fiscal year 2023. The unemployment rate currently stands at 2.0%, among the lowest in the nation. Personal income experienced growth of 5.8% in calendar year 2022 after growing 11.1% in calendar year 2021, further contributing to South Dakota's strong economic growth.

I am committed to maintaining the fiscal integrity for which our state has become known. A well-functioning state government serves as a strong foundation for economic growth. Rooted in fiscal conservatism, my administration will make it a priority to retain our AAA public credit rating, seek budget efficiencies, and improve government transparency without raising taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristi Noem".

Kristi Noem
Governor of South Dakota

South Dakota



GREAT FACES. GREAT PLACES. ©

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INTRODUCTORY SECTION



INTRODUCTORY SECTION



DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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December 29, 2023

**The Honorable Kristi Noem, Governor of the State of South Dakota
The Honorable Members of the South Dakota Legislature
The Citizens of the State of South Dakota**

It is a privilege to present the 37th *Annual Comprehensive Financial Report* (ACFR) for the State of South Dakota (the State) for the fiscal year ended June 30, 2023.

Report. This report is prepared by the Bureau of Finance and Management as required by South Dakota Codified Law 4-4-6. The financial statements and notes to the financial statements contained in the ACFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. We believe the information, as presented, is accurate in all material respects and that all disclosures necessary to enable the readers to gain an adequate understanding of the State's financial affairs have been included.

Independent Auditors. The ACFR has been audited by the South Dakota Department of Legislative Audit (DLA), a division of the legislative branch of State government. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by DLA) includes expressions of opinions on the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2023, and the respective changes in financial position and cash flows, where applicable, for the fiscal year.

In conjunction with the audit of the State's financial statements, DLA also performs audits of major federal and state programs and issues an opinion on the State's compliance with the requirements of major federal programs. The results of the audit of federal and state programs are presented in the *Single Audit Report* for the State.

Internal Controls. Management of the State is responsible for establishing and maintaining an effective system of internal control designed to provide reasonable, but not absolute, assurance the State is achieving its operational, reporting, and compliance objectives. Those objectives include but are not limited to, the safeguarding of assets from loss, theft, or misuse, and ensuring the reliability of financial records for the preparation of financial statements in conformity with GAAP. The system of internal control for the State is designed to meet those objectives. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefit likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

Internal control procedures of the State are considered by DLA during its audits of the State. However, they do not express an opinion on the effectiveness of the State's internal control system.

Management's Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

Structure. The State entered the Union on November 2, 1889, as the 39th or 40th state (with its twin, North Dakota). South Dakota has 75,885 square miles of land and a population estimated to be 0.9 million. As established in Article II of the *Constitution of The State of South Dakota*, the State government is comprised of three distinct and separate branches of government: legislative, executive, and judicial. The State Legislature is composed of a 35-member Senate and a 70-member House of Representatives. Legislators are elected for two-year terms and limited to four consecutive terms for the same seat. The State has a strong executive branch with a bicameral legislative form of government. The Governor may be elected for two consecutive four-year terms. The Governor appoints all heads of state departments who serve at the pleasure of the Governor. The judicial branch is governed by the Unified Judicial System consisting of the Supreme Court, circuit courts, and courts of limited jurisdiction. The State's principal state officials, functions of state government, and organizational chart can be found immediately following this letter.

Services. The state government provides services to citizens that include support for public education, public assistance, health and human services, public safety, building and maintaining state highways, agricultural and environmental services, community and economic development, and other general government services.

State Reporting Entity. The State's reporting entity reflected in the ACFR includes the *primary government* and its *component units*. The *primary government* consists of state departments, bureaus, boards, and commissions within the three separate branches of government. *Component units* are legally separate governmental organizations for which the State is considered to be financially accountable and other organizations for which the nature of their relationship is such that exclusion would cause the State's financial statements to be misleading or incomplete. These relationships are fully described in *Note 1. Summary of Significant Accounting Policies* in the Notes to the Financial Statements. The financial statements emphasize the *primary government* and permit financial statement users to distinguish between the *primary government* and its *component units*. Consequently, this letter of transmittal, the MD&A, and the Basic Financial Statements focus on the *primary government* and its activities. Although information about the *component units* is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position. Higher Education does not have separately issued financial statements but is included as part of the ACFR.

Budget Process. State law requires annual preparation and approval of the State's budget. The Governor presents the annual budget to the State Legislature by the first Tuesday following the first Monday in December. The State Legislature is required to approve a budget by the end of the legislative session. There is no provision for a continuing resolution. The *Constitution of the State of South Dakota* requires the Legislature to pass a balanced annual budget for the General Fund in which expenditures and appropriations may not exceed anticipated revenue. Accumulated General Fund balances may be drawn down to balance an annual budget if the General Fund balance remains positive. The Governor has the power to veto individual line items in the budget approved by the State Legislature. The State budget must remain in balance through the end of the fiscal year. Accordingly, state departments cannot encumber more General Funds than they have been authorized to spend. During the year, the Governor may authorize intradepartmental transfers of funds upon approval of the special committee, as long as total appropriation levels are not exceeded.

Long-term Financial Planning and Financial Policies. The State has implemented the following long-term financial planning and financial policies:

- **Maintaining AAA bond rating.** The State has maintained its AAA public issuer rating from Standard & Poor's, and Fitch Ratings, and Aaa from Moody's for the past seven consecutive fiscal years. This represents the highest rating possible from all three bond rating agencies. This goal was achieved by operating the State government under several basic principles: structurally balanced budget, ample budget reserve balances, low debt, a healthy pension system, no Other Post-Employment Benefits (OPEB) liability, timely and accurate financial reporting, long-term financial planning and budget forecasting, and consistent conservative fiscal operations.
- **Long-term Financial Planning.** To further strengthen the financial practices of the State, state law requires the Bureau of Finance and Management (BFM) to prepare and provide a Long-term Financial Plan, a Capital Expenditure Plan, and a Debt Limitation and Management Policy.

The Long-term Financial Plan contains projections of both revenues and expenditures of the State. The document gives revenue and expenditure history for the most recently completed fiscal year, and forecasts for the current fiscal year, the next fiscal year, and the succeeding two fiscal years. Projections are shown for all general fund revenue sources, as well as general fund budgets for all state agencies.

The Capital Expenditure Plan includes capital projects being considered for the next five fiscal years and separates the projects into three main categories: new construction, expansion, and maintenance and repair. This plan presents a projection of funding sources and costs for each project, as well as provides other detailed information that adds awareness and understanding of the need and scope of each project.

The Debt Limitation and Management Policy lays out policies for the issuance, maintenance, and servicing of debt. State law limits the amount of outstanding debt of the State to 1.2% of South Dakota’s gross domestic product, while debt service payments may not exceed 4% of the total ongoing general fund receipts. This plan outlines the current debt policies, financial analysis, and other metrics to measure compliance with these statutory debt limits.

The long-term planning documents provide an early detection system, help prioritize capital planning, govern and limit indebtedness, and allow for greater transparency. These documents can be found on the Bureau of Finance and Management’s website at <https://bfm.sd.gov>.

- **Balanced Budget.** South Dakota can proudly say that fiscal year 2023 was the 133rd consecutive year the State had a balanced budget. The State has made structurally balanced budgets the norm by using one-time dollars prudently for one-time uses and not to fund ongoing obligations.

The *Constitution of the State of South Dakota* requires the Governor to propose, and the Legislature to pass, an annual budget in which expenditures and appropriations may not exceed anticipated revenue. Additionally, state law requires BFM and the Legislature to prepare separate and independent revenue estimates for the budgeting process and update those during the fiscal year. In years when actual revenues fall short, the State maintains a balanced budget through spending cuts. These steps set a good fiscal example as well as help maintain fiscal responsibility and financial stability in South Dakota.

- **Budget Reserves.** The State has two statutorily created reserve accounts: the Budget Reserve and the General Revenue Replacement Fund. As indicated in the table below, the State has prudently maintained “rainy day” funds of at least 10% of the General Fund expenditures while using the excess to address emergencies, prepay liabilities, and avoid future debt.

Budget Reserves
(Expressed in Millions)

As of June 30	Budget Reserve	General Revenue Replacement Fund	Property Tax Reduction Fund	Total Reserves	General Fund Expenditures	Total Reserves As Percentage of General Fund Expenditures
2014	\$ 105.2	\$	\$ 48.2	\$ 153.4	\$ 1,413.9	10.8%
2015	126.7		44.6	171.3	1,440.0	11.9%
2016	113.4	44.0		157.4	1,514.0	10.4%
2017	121.3	44.0		165.3	1,598.2	10.3%
2018	132.4	44.0		176.4	1,644.4	10.7%
2019	145.1	44.0		189.1	1,678.8	11.3%
2020	169.6	46.3		215.9	1,655.9	13.0%
2021	169.6	137.5		307.1	1,635.8	18.8%
2022	176.8	245.8		422.6	2,016.7	21.0%
2023	201.9	133.7		335.6	2,068.8	16.2%

The combined accrual basis balance of these two reserve accounts for fiscal year 2023 was \$335.6 million, a decrease of \$87.0 million. This decrease from the prior year was a result of Legislative appropriations of \$183.8 million of the General Revenue Replacement Fund for future prison construction offset by required transfers into the reserve funds of \$96.8 million. The transfers as required by law into the Budget Reserve and the GRRF were the result of unspent General Fund appropriations of \$79.7 million and actual revenues exceeding estimates by \$17.1 million. The combined reserve balance of \$335.6 million is approximately 16.2% of the fiscal year 2023 General Fund total expenditures. More information on the State’s reserve accounts can be found in the MD&A.

- **Financially Sound and Well-funded Retirement System.** South Dakota has one of the strongest pension plans in the nation. As illustrated in the table, the long-term experience of the South Dakota Retirement System (SDRS) has been very favorable, resulting in a funded status that exceeds virtually all other state retirement systems.

This high funding status is attributed to three primary factors: 1) the employers and members of SDRS have always made the required contributions to the fund, 2) sound long-term investment returns, and 3) plan benefits and liabilities are managed in accordance with state statute to be sustainable based on the fixed, statutory contribution rates. SDRS is discussed later in this document.

- **Annual Comprehensive Financial Report.** In 1987, the State issued its first ACFR. That report contained an unmodified opinion from the Department of Legislative Audit (the independent auditors). The Independent Auditor's Report included in this report represents the 37th consecutive year South Dakota has received an unmodified opinion on its ACFR.

As of June 30	SDRS	Projected Average of Other State Retirement Systems **
2014	107.3%	77%
2015	104.1%	73%
2016	96.9%	67%
2017	100.1%	70%
2018	100.0%	72%
2019	100.1%	73%
2020	100.0%	70%
2021	105.5%	83%
2022	100.1%	75%
2023	100.1%	75% (est.)

** Wilshire Consulting Report on State Retirement Systems: Funding Levels and Asset Allocation.

- **Internal Controls.** The State has robust internal controls designed to provide reasonable assurance that the State is meeting its operational, reporting, and compliance objectives. This fact has been proven time and again that South Dakota is a leader in operational efficiencies while maintaining sound safeguards of its assets and resources. The State Board of Internal Control's primary responsibility is to establish and maintain guidelines for an effective system of internal control to be implemented by state agencies. To accomplish this, the Board has established a Statewide Internal Control Framework based on the COSO Internal Control Framework. The State is working to implement the framework in all state agencies, providing even more assurance to state leaders and citizens that they are achieving their objectives.

Lottery. The South Dakota Lottery Fund was created during the 1987 legislative session to market instant scratch games. Video lottery was authorized during the 1989 legislative session, and approval for multi-state lotto games was given during the 1990 legislative session. The purpose of the Lottery is to provide the State with additional revenues to fund vital public programs and projects. During fiscal year 2023, the Lottery generated \$182.8 million of income (before transfers) and provided \$181.9 million in transfers to other funds that improve the quality of life in South Dakota. Since its inception in 1987, the Lottery has distributed \$3.6 billion to those funds.

Retirement System. The South Dakota Retirement System (SDRS) provides retirement benefits for State employees and those employees of local governments that participate in the system. Employers and employees contribute equal amounts in the form of a fixed percentage of employee compensation.

Annual SDRS funding is determined based on actuarial assumptions that are more conservative than most public pension plans, including an annual investment return assumption of 6.5% and assumed inflation of 2.5%. The actuarial value of assets is equal to the fair value of assets. The fixed statutory employer and employee contributions support benefits that vary automatically from year to year based on investment returns and the assets available to pay future benefits. Specifically, SDRS COLA increases are tied to inflation and limited to the percentage that if paid in future years, results in an SDRS fair value funded ratio of at least 100%. If after recognizing the automatic benefit adjustments the funded ratio of the system is below 100% or the fixed contributions are not sufficient to support the current benefits, the SDRS Board of Trustees is required by state statute to take immediate corrective action including recommending corrective actions to the Legislature. Therefore, unfunded actuarial accrued liabilities are anticipated only in significant economic downturns and are expected to be temporary.

As previously stated, as of June 30, 2023, SDRS is fully funded with an actuarial value funded ratio and a fair value funded ratio of 100.1%. SDRS currently has no unfunded actuarial accrued liability. During the fiscal year, SDRS experienced a 5.8% (time-weighted) market return, or 0.7% less than the assumed rate of return of 6.5%. Plan investments at fair value in fiscal year 2023 were \$14.5 billion compared to \$10.6 billion in fiscal year 2014.

South Dakota Retirement System is one of the few state government retirement systems in the nation to boast a net pension asset in 9 of the last 10 fiscal years with a relatively small net pension liability in 2016.

South Dakota Retirement System

As of June 30	Total Pension Liability	Plan Fiduciary Net Position	Fair Value Funded Ratio	Primary Government's Proportionate Share	Primary Government's Net Pension Asset (Liability)
2014	\$9.9 billion	\$10.6 billion	107.3%	22.1%	\$159.0 million (FY15)
2015	10.4 billion	10.8 billion	104.1%	22.4%	95.2 million (FY16)
2016	10.8 billion	10.5 billion	96.9%	22.3%	(75.2 million) (FY17)
2017	11.6 billion	11.6 billion	100.1%	21.6%	2.0 million (FY18)
2018	12.2 billion	12.2 billion	100.0%	21.0%	0.5 million (FY19)
2019	12.5 billion	12.5 billion	100.1%	20.7%	2.2 million (FY20)
2020	12.3 billion	12.3 billion	100.0%	20.6%	0.9 million (FY21)
2021	13.9 billion	14.6 billion	105.5%	20.4%	156.6 million (FY22)
2022	14.1 billion	14.1 billion	100.1%	20.6%	1.9 million (FY23)
2023	14.5 billion	14.5 billion	100.1%	20.6%	2.0 million (FY24) *

* Unaudited

Additional information on the State's retirement plans and the related net pension asset (liability) can be found in *Note 7. Retirement Plans* in the Notes to the Financial Statements.

Health and Life Insurance Benefits. The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance. However, an insurance carrier provides claims administration services for health insurance. The Group Insurance Program within the Bureau of Human Resources was established to administer and improve group health, life, and flexible benefit plans for state employees and their dependents. The program provides for the payment of benefits to eligible claimants most efficiently and cost-effectively. Premiums are charged to state funds for all covered employees, while employees share in the costs of premiums, co-pays, deductibles, and dependent costs.

Additional information on the State's health and other insurance benefits can be found in *Note 10. Self-Insurance* in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

Employment growth is an important indicator of the State's economic health. Prior to 2020, South Dakota's employment situation had been stable for about a decade. From 2011-2019, nonfarm employment growth averaged approximately 1% per year. In 2020, nonfarm employment declined 3.3% in South Dakota due to the disruption in the economy but has since rebounded strongly. Employment grew 3.4% in 2021, 2.8% in 2022, and is projected to finish 2023 at 2.2%.

The unemployment rate in South Dakota remained low through fiscal year 2023 and remains among the lowest in the nation. In November 2023, South Dakota's unemployment rate was 2.0%, which was 1.9% lower than the U.S. unemployment rate of 3.9% for the same month.

Income growth is another important indicator of the State's economy. In calendar year 2022, which is the most recent annual data that is available, South Dakota's personal income grew 5.8%, nearly three times higher than the U.S. growth rate of 2.0%. From 2011 to 2019, South Dakota's total personal income growth averaged approximately 4% per year. Growth rates have been much higher in recent years. In 2020, 2021, and 2022, personal income grew by 9.9%, 11.1%, and 5.8%, respectively. Farm income has also been elevated recently. In 2021 and 2022, farm income in South Dakota was \$3.7 billion and \$4.3 billion, respectively. These are the two of the highest figures on record for the state. From 2016 through 2020, farm income averaged \$1.6 billion per year. This compares to the previous five-year average farm income level of \$2.7 billion from 2011 through 2015. South Dakota's per capita personal income was \$68,176 in 2022, 4.1% greater than the U.S. average per capita income of \$65,470. South Dakota's per capita personal income for the second quarter of 2023 is at an annual rate of \$69,574, 1.9% greater than the United States average of \$68,279.

The outlook for South Dakota is for steady economic growth. Employment growth is expected to slow over the next two years, with job growth of approximately 0.9% in 2024 and 0.1% in 2025. Personal incomes are projected to grow in the range of 4% to 5% in 2024 and 2025.

MAJOR INITIATIVES

Governor Noem remains committed to fiscal responsibility, conservative management principles, and respect for freedom. We continue to be responsible stewards of the taxpayers' money with an eye toward future economic growth – and we will always prepare for future challenges. Because of these commitments, South Dakota's financial house is in order and positioned to ensure a safer, stronger, and healthier South Dakota for the future. Listed below are some of the major initiatives Governor Noem has implemented in her fifth year of office.

Fighting Inflation. In 2022, inflation reached a 40-year high resulting in rising prices of food, gas, and consumer goods. To address this, the adopted budget for fiscal year 2024 included the largest tax cut in South Dakota's history, putting over \$100 million back in the pockets of South Dakota taxpayers by reducing state sales tax from 4.5% to 4.2%. It also included a 7% increase for state aid to K-12 education, a 7% increase for market adjustment for state employees, and a 5% increase for medical provider rates. The adopted budget also included a tuition freeze for higher education and technical colleges and 100% tuition assistance offered to National Guard members attending The Board of Regents Universities and Technical Colleges in South Dakota.

Strengthening Families. South Dakota is committed to taking care of those in need throughout all stages of their lives. The adopted budget for fiscal year 2024 provided targeted rate increases for healthcare providers, which increased reimbursement rates to 100% of the targeted methodology. In addition, the Governor recommended, and the legislature supported funding to create a Pregnancy Home Health program to improve pregnancy and postpartum care through enhanced case management and care coordination for mothers in the Medicaid program. The adopted budget also included funding for Regional Behavior Health Centers, which will offer behavioral health crisis stabilization services in communities across South Dakota. This effort will continue to shift mental health crisis services away from our jails and hospitals into more appropriate facilities so that South Dakotans can get the care that they truly need. Lastly, in accordance with the 2022 general election results as approved by the voters, the adopted budget for fiscal year 2024 also includes a plan to administer Medicaid expansion.

Investing in Public Safety and Infrastructure. Governor Noem recommended, and the legislature supported funding to improve public safety and infrastructure by modernizing South Dakota's correctional system, fulfilling infrastructure commitments, enhancing public safety, equipping the National Guard, and upgrading technology infrastructure across state government. This included funding to construct a new women's prison facility and the design and purchase of land for a new men's prison facility. The adopted budget also included inflationary cost overruns for infrastructure projects that the legislature previously approved, upgrades to the State's Emergency Alert System, state radio infrastructure that connects our law enforcement, and funds to upgrade our antiquated core financial system.

AWARDS AND ACKNOWLEDGMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Dakota for its ACFR for the fiscal year ended June 30, 2022. This was the seventh consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this ACFR required the collective efforts of many financial and program personnel throughout the State from various agencies and departments. I sincerely appreciate the dedicated efforts of all these individuals. I would like to recognize and commend the efforts of the accounting staff of each state agency and the staff of the Department of Legislative Audit. I would also like to acknowledge the Bureau of Finance and Management staff, Keith Senger, Amanda Werre, Mark Edwardson, Brian Englund, Randi Olson, Tiffany Ripperda, Victor Ko, Amanda Jandt, Fabricio Rodrigues, Cassandra Ryckman, Stephanie Piroutek, Katie Lowe, Seth Romero, Shenal Premarathna, Allysen Kerr, Robert Norwick, Adam Hansen, Rachel Williams, Mary Keeler, Alan Todd, Dallas Fitzgerald, Lori Billet, Jennifer Neely, Kyle Weinman and Kendra Bly for their talents in making this report possible.

This report continues our commitment to the citizens of the State of South Dakota, the Governor, the Legislature, and the financial community, to maintain the highest standards of accountability and financial reporting.

Respectfully Submitted,



Jim Terwilliger, Chief Financial Officer
Bureau of Finance and Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of South Dakota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

***SOUTH DAKOTA
FY2023 PRINCIPAL STATE OFFICIALS***

EXECUTIVE BRANCH

The Honorable Kristi Noem, Governor
The Honorable Larry Rhoden, Lieutenant Governor

CONSTITUTIONAL OFFICERS

The Honorable Marty Jackley, Attorney General
The Honorable Monae L. Johnson, Secretary of State
The Honorable Josh Haeder, Treasurer
The Honorable Rich Sattgast, Auditor
The Honorable Brock Greenfield, Commissioner, School and Public Lands

PUBLIC UTILITIES COMMISSION

The Honorable Kristie Fiegen, Commissioner
The Honorable Gary Hanson, Commissioner
The Honorable Chris Nelson, Commissioner

LEGISLATIVE BRANCH

The Honorable Lee Schoenbeck
Senate President Pro Tempore

The Honorable Hugh Bartels
Speaker of the House

The Honorable Casey Crabtree
Senate Majority Leader

The Honorable Reynold Nesiba
Senate Minority Leader

The Honorable Will Mortenson
House Majority Leader

The Honorable Oren Lesmeister
House Minority Leader

JUDICIAL BRANCH

The Honorable Steven R. Jensen
Chief Justice

The Honorable Janine M. Kern
Associate Justice

The Honorable Mark E. Salter
Associate Justice

The Honorable Patricia J. DeVaney
Associate Justice

The Honorable Scott P. Myren
Associate Justice

SOUTH DAKOTA FY2023 FUNCTIONS OF STATE GOVERNMENT

GENERAL GOVERNMENT

Executive Management
Revenue
Lottery
Legislature
School and Public Lands
Secretary of State
State Treasurer
State Auditor

HEALTH, HUMAN, AND SOCIAL SERVICES

Social Services
Health
Labor and Regulation
Veterans' Affairs
Human Services
Retirement System

LAW, JUSTICE, PUBLIC PROTECTION, AND REGULATION

Corrections
Unified Judicial System
Attorney General
Public Safety
Military
Appraiser Program
Labor Financial Services
Labor Boards and Commissions
Revenue – Commission on Gaming
Public Utilities Commission

AGRICULTURE AND NATURAL RESOURCES

Agriculture
Game, Fish and Parks
Environment and Natural Resources

TRANSPORTATION

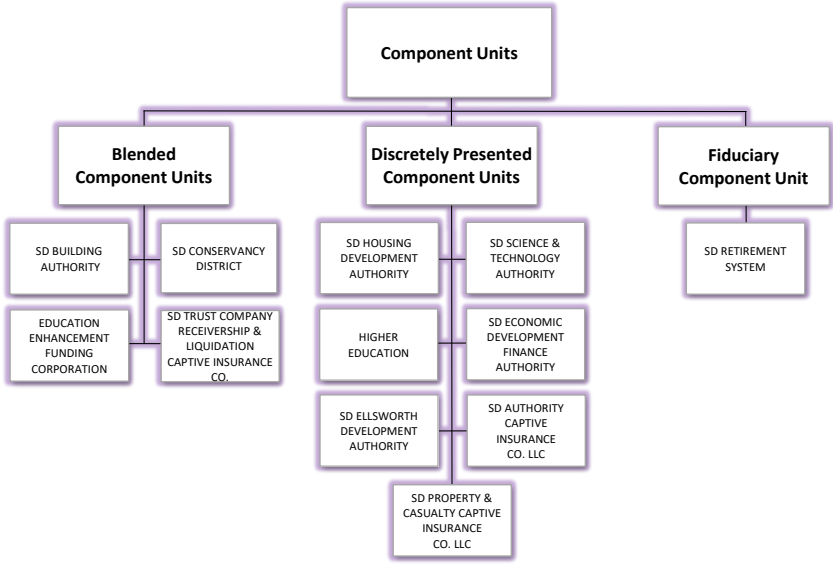
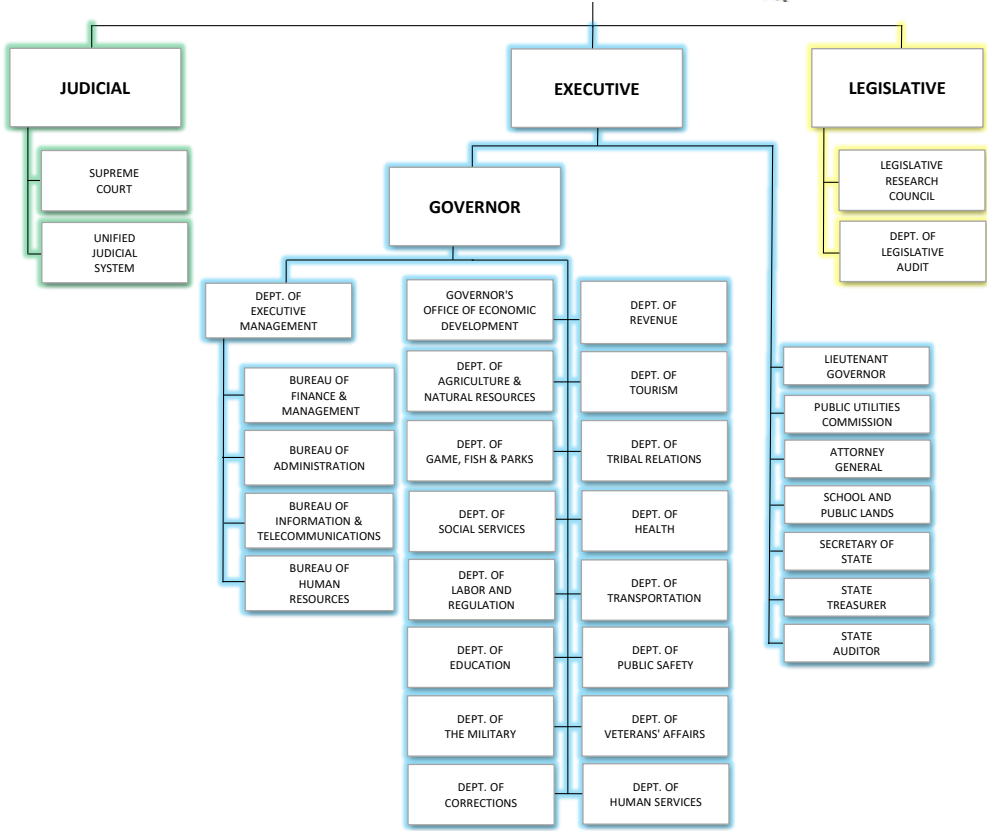
Transportation

EDUCATION

Education
Higher Education
State Aid to Universities

ECONOMIC RESOURCES

Tourism
Economic Development
Tribal Relations





FINANCIAL SECTION



FINANCIAL SECTION



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE, SD 57501-5070
(605) 773-3595

RUSSELL A. OLSON
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Kristi Noem
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota (State), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Science and Technology Authority, the South Dakota Ellsworth Development Authority and foundations of Higher Education. Those financial statements reflect total assets and deferred outflows of resources and revenues and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended as follows:

	<u>Percent of Total Assets*</u>	<u>Percent of Total Revenues/Additions</u>
Government-wide financial statements:		
Business-type activities:		
Unemployment Insurance Fund	14.5%	12.7%

Aggregate discretely presented component units:		
South Dakota Housing Development Authority	39.7%	7.4%
South Dakota Science and Technology Authority	2.7%	4.5%
South Dakota Ellsworth Development Authority	.6%	.7%
Foundations of Higher Education	19.3%	8.3%

Fund financial statements:

Aggregate remaining fund information:		
South Dakota Retirement System	87.6%	30.3%
Unemployment Insurance Fund	1.3%	1.3%

* including deferred outflows of resources

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities and fund, are based solely on the reports of the other auditors. The financial statements of the discretely presented component units (foundations) of Higher Education were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 31, the budgetary comparison schedules on pages 116 through 129, and the Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions on pages 130 through 132 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund financial statements on pages 133 through 168 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections on pages 1 through 10 and 169 through 189 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Russell A. Olson, Auditor General
Pierre, South Dakota

December 29, 2023

The following is a discussion and analysis of the State of South Dakota's (hereinafter referred to as the State) financial performance and position, providing an overview of the State's financial activities for the fiscal year ended June 30, 2023. This document begins with a one-page summary of financial highlights, followed by a more detailed overview of the financial statements and financial analysis. Please read it in conjunction with the transmittal letter found on page 1 in the *Introductory Section* of this report and with the State's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- Total assets and deferred outflows of resources of the State exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$9.2 billion (reported as net position). Of this amount, \$6.9 billion is restricted for specific uses or invested in capital assets. The remaining \$2.3 billion is unrestricted and may be used to meet the government's ongoing obligations. However, certain resources within this unrestricted net position have internally imposed limitations that are discussed within the *Government-wide Financial Analysis* section of this document.
- The State's total net position increased by \$726.0 million, or 8.6% from the prior fiscal year. The net position of Governmental Activities increased by \$667.4 million, or 8.8%, while the net position of Business-type Activities increased by \$58.6 million, or 6.6% from the prior fiscal year.
- Discretely presented component units reported a total net position of \$3.0 billion, an increase of \$103.1 million, or 3.5% from the prior fiscal year.

Fund Financial Statements

- The State's governmental funds combined ending fund balance of \$3.5 billion, an increase of \$468.0 million, or 15.2% from the prior fiscal year. Of the \$3.5 billion in combined ending fund balance, \$696.6 million is non-spendable and \$1.4 billion is restricted by outside sources or enabling legislation. Another \$63.6 million is committed by state law and \$899.3 million has been assigned for various specific purposes. The remaining \$463.6 million is unassigned. Please refer to *Note 8. Fund Balance and Net Position* in the Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the \$463.6 million of the unassigned fund balance have internally imposed limitations that are discussed throughout the *Financial Analysis of the State's Funds* section of this document.
- At the end of the fiscal year, the General Fund had a fund balance of \$1.4 billion. This includes total budget reserves of \$335.6 million, comprised of the Budget Reserve and the General Revenue Replacement Fund of \$201.9 million and \$133.7 million, respectively.
- The State's three trust funds (Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust) and the State's Permanent Fund all increased in value during the fiscal year because of strong investment earnings. After transferring \$48.2 million to the General Fund, these funds closed the fiscal year with a combined ending fund balance of \$1.3 billion, an increase of \$38.1 million.
- Proprietary funds reported a net position at fiscal year-end of \$994.6 million, an increase of \$52.3 million, or 5.6% from the prior fiscal year.

Long-Term Debt

- The primary government's total long-term debt (revenue bonds, notes, leases, and subscription IT payables) as of June 30, 2023, totaled \$815.2 million, an increase of \$165.7 million from the last fiscal year. The increase represents the net difference between new issuances and payments, and the refunding or defeasance of outstanding debts.
- The South Dakota Building Authority, a blended component unit of the State, did not issue any revenue bonds for the primary government or Higher Education in the fiscal year 2023.
- The South Dakota Conservancy District, a blended component unit of the State, issued \$58.8 million in taxable revenue bonds and \$97.8 million in tax-exempt revenue bonds in fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's Basic Financial Statements. The State's Basic Financial Statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains Required Supplementary Information and Other Supplementary Information in addition to the Basic Financial Statements.

Government-wide Financial Statements (Reporting the State as a whole)

The Government-wide Financial Statements are designed to provide readers with a broad overview of the State's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position that aids in assessing the State's economic condition at the end of the fiscal year. These statements include all nonfiduciary assets and liabilities, using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account, regardless of when cash is received or paid. The Government-wide Financial Statements include two statements:

- **The Statement of Net Position** presents information on all the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them being reported as net position. Over an extended period of time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.
- **The Statement of Activities** presents information depicting how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused employee vacation leave).

Both the Statement of Net Position and the Statement of Activities segregate the activities of the State into three types:

- **Governmental Activities.** Most of the State's services provided to the citizens of the State are reported within the Governmental Activities. The Governmental Activities of the State include the following:
 - General Government
 - Education
 - Education – State Support to Higher Education
 - Health, Human, and Social Services
 - Law, Justice, Public Protection, and Regulation
 - Agriculture and Natural Resources
 - Economic Resources
 - Transportation
 - Intergovernmental – Payments to School Districts
 - Intergovernmental – Revenue Sharing
 - Unallocated Interest Expense
 - Unallocated Depreciation

Taxes, fees, unrestricted investment earnings, and intergovernmental revenues (federal grants) finance most of the costs of these activities.

- **Business-type Activities.** The State operates Business-type Activities much like private-sector companies by charging fees to customers to help cover all or most of the costs of certain services it provides. The Lottery Fund is an example of a Business-type Activity.

- **Discretely Presented Component Units.** Component units are legally separate organizations for which the State is financially accountable, or the nature and significance of the unit's relationship with the State is such that exclusion of the unit would cause the State's financial statements to be misleading or incomplete. The following entities are included in the component unit columns of the State's Government-wide Financial Statements:
 - South Dakota Housing Development Authority
 - South Dakota Science and Technology Authority
 - Higher Education
 - South Dakota Economic Development Finance Authority
 - South Dakota Ellsworth Development Authority
 - The South Dakota Authority Captive Insurance Company, LLC
 - The South Dakota Property and Casualty Captive Insurance Company, LLC

Blended component units are blended and reported as part of the primary government while fiduciary component units are reported in the fiduciary statements. Related organizations are not reported in these financial statements. For additional information regarding component units, refer to *Note 1. Summary of Significant Accounting Policies* in the Notes to the Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these categories use different accounting approaches and should be interpreted differently.

- **Governmental Funds.** Most of the State's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for future spending. The Governmental Fund Financial Statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine the financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, special revenue, capital projects, debt service, and permanent funds.

Since the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for Governmental Activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the State's short-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and Governmental Activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State maintains many individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Transportation Fund, Social Services Federal Fund, COVID-19 Federal Fund, Dakota Cement Trust Fund, and Education Enhancement Trust Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for some nonmajor governmental funds is provided in the combining statements elsewhere in this report.

- **Proprietary Funds.** Proprietary funds include: (1) enterprise funds and (2) internal service funds. These funds account for the State's activities that operate much like private sector businesses. Like the Government-wide Financial Statements, proprietary fund statements are presented using the accrual basis of accounting.
 - Enterprise funds are used to account for activities that largely involve customers outside of state government and are reported as Business-type Activities in the Government-wide Financial Statements.

- Internal service funds are used to account for activities that largely involve other state agencies. The internal service fund activities are consolidated with the Governmental Activities in the Government-wide Financial Statements because those services predominantly benefit Governmental rather than Business-type Activities.

The State maintains several individual proprietary funds. The following three are considered major funds: Lottery Fund, Clean Water State Revolving Fund, and Drinking Water State Revolving Fund. These three proprietary funds are presented separately in the Proprietary Funds Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position. Information from the remaining funds is combined into two separate, aggregated columns by proprietary fund type. Individual fund data for some nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

- **Fiduciary Funds.** Fiduciary funds are used to report activities when the State acts as a trustee or fiduciary to hold resources for the benefit of parties outside the state government. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting used for proprietary funds. The Government-wide Financial Statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and cannot be used by the State to finance operations.

The State's fiduciary funds include pension trust funds, private-purpose trust funds, and custodial funds. Individual fund data for some of the fiduciary funds is included in the combining financial statements elsewhere in this report.

Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the financial statements and provide additional narrative and financial information essential to fully understand the data provided in the Government-wide Financial Statements and the Fund Financial Statements. The Notes to the Financial Statements are located immediately following the fiduciary funds' financial statements.

Required Supplementary Information

The Basic Financial Statements are followed by a section of Required Supplementary Information. This section includes Budgetary Comparison Schedules, two pension-related schedules, and related notes.

The Budgetary Comparison Schedules are for the General Fund and for each major special revenue fund that has a legally adopted annual budget. There are no special revenue funds that fit this criterion. These schedules present the original and final appropriated expenditure budgets and estimated receipts for the fiscal year. The Budgetary Comparison Schedule also lists the actual inflows and outflows, and balances stated on a budgetary basis. A variance column is included to compare the final appropriated budget with the actual budget results.

Because accounting principles used to present budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles (GAAP), a Budget-to-GAAP Reconciliation can be found immediately following the Budgetary Comparison Schedule. The Budget-to-GAAP Reconciliation explains the differences between budgetary inflows and outflows to GAAP revenues and expenditures.

The pension-related schedules include the Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions. The first schedule highlights key amounts relating to the State's share of the Net Pension Liability (Asset). The second schedule illustrates contributions as a percentage of the State's covered-employee payroll.

Other Supplementary Information

Other Supplementary Information includes Combining Financial Statements for nonmajor governmental funds, proprietary funds, fiduciary funds, and component units that are incorporated into the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As presented in the following table, total assets and deferred outflows of resources of the State on June 30, 2023, were \$11.8 billion, while total liabilities and deferred inflows of resources were \$2.6 billion. This resulted in a combined net position (Governmental and Business-type Activities) of \$9.2 billion, an 8.6% increase from the previous year. As discussed later in this document, a significant portion of this increase is directly attributed to increases in capital assets.

State of South Dakota
Net Position as of June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	
Current and Other Assets	\$ 5,190,067	\$ 4,925,483	\$ 1,469,125	\$ 1,296,258	\$ 6,659,192	\$ 6,221,741	7.0%
Capital Assets	4,890,296	4,687,676	35,890	9,217	4,926,186	4,696,893	4.9%
Total Assets	10,080,363	9,613,159	1,505,015	1,305,475	11,585,378	10,918,634	6.1%
Deferred Outflows of Resources	191,481	214,988	9,124	10,563	200,605	225,551	(11.1)%
Current and Other Liabilities	1,424,285	1,494,266	24,671	19,232	1,448,956	1,513,498	(4.3)%
Noncurrent Liabilities	466,671	432,442	545,585	406,162	1,012,256	838,604	20.7%
Total Liabilities	1,890,956	1,926,708	570,256	425,394	2,461,212	2,352,102	4.6%
Deferred Inflows of Resources	111,964	299,954	3,712	9,041	115,676	308,995	(62.6)%
Net Position:							
Net Investment in Capital Assets	4,650,638	4,485,267	33,389	8,008	4,684,027	4,493,275	4.2%
Restricted	2,181,086	2,051,879	14,503	13,549	2,195,589	2,065,428	6.3%
Unrestricted	1,437,200	1,064,339	892,279	860,046	2,329,479	1,924,385	21.1%
Total Net Position	\$ 8,268,924	\$ 7,601,485	\$ 940,171	\$ 881,603	\$ 9,209,095	\$ 8,483,088	8.6%
Percent of Total Primary Government Net Position	89.8%	89.6%	10.2%	10.4%	100.0%	100.0%	

In fiscal year 2023, Governmental Activities accounted for 89.8% of the State's total net position, and Business-type activities accounted for 10.2%, a 0.2% change from the prior fiscal year.

Net Investment in Capital Assets

The largest component of the State's net position, \$4.7 billion or 50.9%, reflects investments in capital assets (land, land improvements, buildings, equipment, vehicles, infrastructure, intangible assets, and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. This represents a \$190.8 million, or 4.3% increase in the State's investment in capital assets from the prior fiscal year. This increase is primarily attributed to the continued construction of infrastructure (highways and bridges) without the issuance of related debt. For more information, please refer to the *Capital Assets and Debt Administration* section of this document and *Note 6. Capital Assets* in the Notes to the Financial Statements. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

Total restricted net position at year-end was \$2.2 billion, or 23.8% of total net position, an increase of \$130.2 million, or 6.3% from the prior fiscal year. The net position is subject to restrictions either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws/regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation on how they can be used.

Most of the restricted net position is accounted for in the State's three trust funds and the State's Permanent Fund. Two of these trust funds (Education Enhancement Trust and Health Care Trust) and the Permanent Fund are held as permanent investments, either as nonexpendable (\$652.8 million) or expendable (\$330.7 million), and the third trust fund (Dakota Cement Trust) is restricted for education (\$363.4 million).

The combined fund balance of these four funds totals \$1.3 billion. Aside from the constitutionally authorized annual distributions, these funds can only be accessed through a constitutional amendment (Dakota Cement Trust and Permanent Fund) or by a three-fourths vote of the Legislature (Health Care Trust Fund and Education Enhancement Trust).

The remaining \$848.8 million of restricted net position is restricted for highways (\$312.4 million), economic development (\$104.4 million), agriculture and natural resources (\$94.8 million), pensions (\$81.3 million), railroads (\$78.1 million), health and public assistance (\$63.3 million), and debt service (\$32.7 million), with the remaining amount for other purposes.

Unrestricted Net Position

The remaining net position balance, \$2.3 billion, or 25.3% is defined by accounting standards as "unrestricted" net position. However, some of the unrestricted net position balances cannot be used to meet the State's general ongoing obligations to citizens and creditors as resources because of limitations imposed by federal regulations, bond covenants, constitutional provisions, or state law. Limitations on unrestricted net position imposed by federal regulations and bond covenants include \$270.7 million within the Clean Water State Revolving Fund and \$232.4 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include but are not limited to, \$219.5 million for the Unemployment Insurance Fund, \$120.9 million within the Revolving Economic Development and Initiative Fund, and \$9.2 million for revolving loan programs.

Those funds with limitations imposed by state law include the following:

- **Budget Reserve** (\$201.9 million). The 1991 South Dakota Legislature established a Budget Reserve whereas expenditures out of the Budget Reserve shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to S.D. Const., Art. III, § 1. Revenues deposited in the Budget Reserve include unobligated General Fund cash remaining at the end of a fiscal year up to an amount equal to 10% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year.

The balance in the Budget Reserve on June 30, 2023, was \$201.9 million, an increase of \$25.1 million from the prior fiscal year for the required revenue deposit.

- **General Revenue Replacement Fund** (\$133.7 million). During the 2015 Legislative Session, the Legislature created the "General Revenue Replacement Fund" (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year.

During fiscal year 2023, the South Dakota Legislatures appropriated \$183.7 million of the GRRF to the Incarceration Construction Fund to be used for the construction of future state prison facilities. The GRRF had a revenue deposit of \$71.7 million. This activity netted a decrease of \$112.1 million in the GRRF bringing the balance down to \$133.7 million.

The transfers as required by law into the Budget Reserve and the GRRF were the result of unspent General Fund appropriations of \$79.8 million and actual revenues exceeding estimates by \$17.1 million.

The unrestricted net position increased by \$405.1 million, or 21.1% during the fiscal year. A significant portion of this increase is attributed to: (1) \$348.9 million appropriated for future prison construction, (2) \$19.6 million increase in the Unemployment Insurance Fund, (3) \$7.1 million increase in the Drinking Water State Revolving Fund, (4) \$3.6 million increase in the Revolving Economic Development and Initiative Fund, (5) \$3.1 million increase in the Clean Water State Revolving Fund. For an analysis of these funds, please see the *Financial Analysis of the State's Funds* section in this document.

Changes in Net Position

The following table summarizes financial information derived from the Government-wide Statement of Activities and reflects how the State's net position changed during fiscal year 2023:

**State of South Dakota
Change in Net Position
for the Fiscal Year Ending June 30
(Expressed in Thousands)**

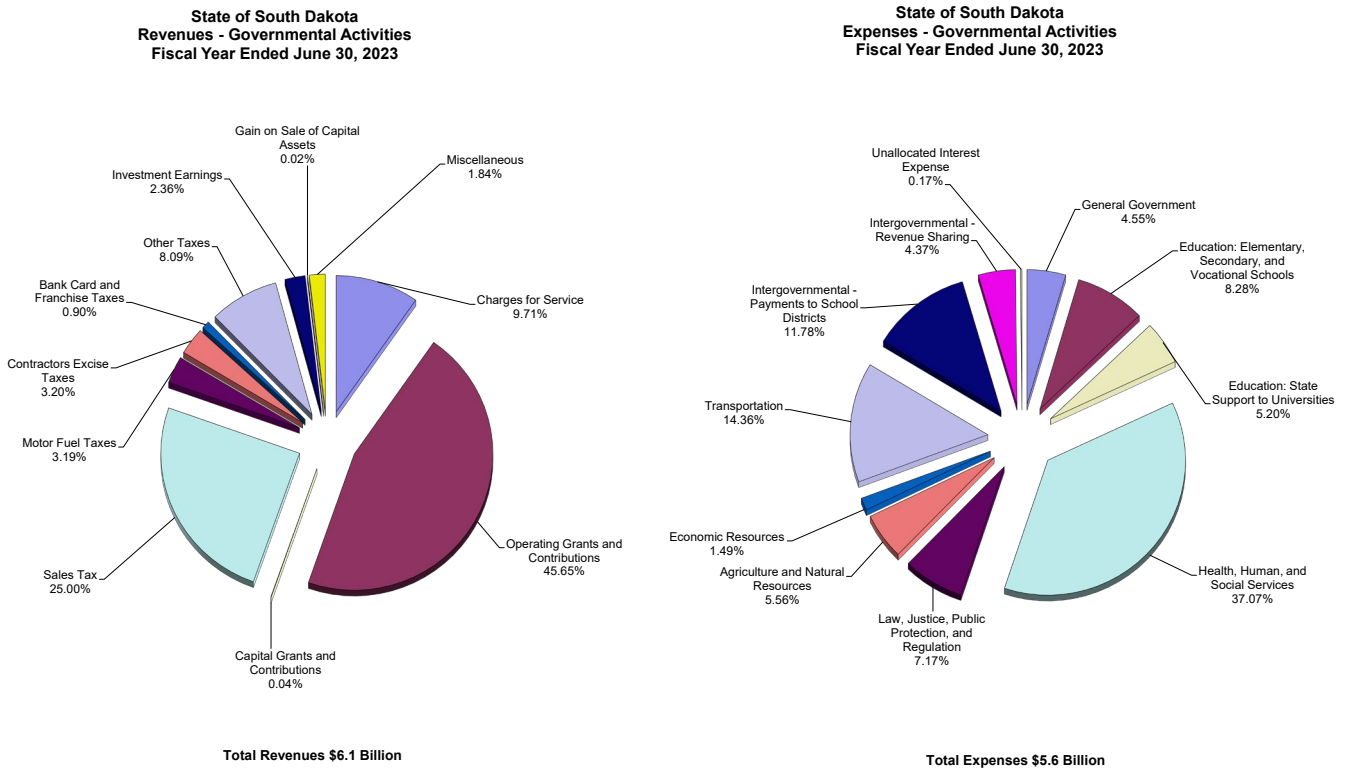
	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	
Revenues:							
Program Revenues:							
Charges for Service	\$ 588,658	\$ 550,792	\$ 349,528	\$ 322,554	\$ 938,186	\$ 873,346	7.4%
Operating Grants and Contributions	2,767,282	2,635,757	39,061	24,357	2,806,343	2,660,114	5.5%
Capital Grants and Contributions	2,598	3,786			2,598	3,786	(31.4)%
General Revenues:							
Sales Taxes	1,515,425	1,376,152			1,515,425	1,376,152	10.1%
Motor Fuel Taxes	193,534	199,880			193,534	199,880	(3.2)%
Contractors Excise Taxes	193,935	147,888			193,935	147,888	31.1%
Bank Card and Franchise Taxes	54,486	50,949			54,486	50,949	6.9%
Other Taxes	490,081	466,058			490,081	466,058	5.2%
Investment Earnings	142,740	(59,783)			142,740	(59,783)	(338.8)%
Gain on Sale of Capital Assets	1,297	5,352			1,297	5,352	(75.8)%
Miscellaneous	111,429	77,023			111,429	77,023	44.7%
Total Revenues	6,061,465	5,453,854	388,589	346,911	6,450,054	5,800,765	11.2%
Program Expenses:							
General Government	252,816	248,754			252,816	248,754	1.6%
Education	460,567	379,799			460,567	379,799	21.3%
Education – State Support to Higher Education	289,029	242,751			289,029	242,751	19.1%
Health, Human, and Social Services	2,060,981	1,976,809			2,060,981	1,976,809	4.3%
Law, Justice, Public Protection, and Regulation	398,854	301,083			398,854	301,083	32.5%
Agriculture and Natural Resources	309,021	157,552			309,021	157,552	96.1%
Economic Resources	82,816	200,463			82,816	200,463	(58.7)%
Transportation	798,565	649,898			798,565	649,898	22.9%
Pandemic Response		329,736				329,736	
Intergovernmental – Payments to School Districts	654,930	595,640			654,930	595,640	10.0%
Intergovernmental – Revenue Sharing	243,089	236,275			243,089	236,275	2.9%
Unallocated Interest Expense	9,506	9,045			9,506	9,045	5.1%
Unallocated Depreciation	53	53			53	53	0.0%
Lottery			69,327	59,729	69,327	59,729	16.1%
Clean Water State Revolving			17,542	15,008	17,542	15,008	16.9%
Drinking Water State Revolving			14,196	11,024	14,196	11,024	28.8%
Other			62,755	51,101	62,755	51,101	22.8%
Total Expenses	5,560,227	5,327,858	163,820	136,862	5,724,047	5,464,720	4.7%
Excess (Deficiency) Before Transfers	501,238	125,996	224,769	210,049	726,007	336,045	
Special Items - Impairment of Capital Asset		(5,289)				(5,289)	
Transfers	166,201	180,436	(166,201)	(180,436)			
Change in Net Position	667,439	301,143	58,568	29,613	726,007	330,756	
Net Position – Beginning	7,601,485	7,300,342	881,603	851,990	8,483,088	8,152,332	
Net Position – Ending	\$ 8,268,924	\$ 7,601,485	\$ 940,171	\$ 881,603	\$ 9,209,095	\$ 8,483,088	
Percent Change in Total Net Position from prior year	8.8%		6.6%		8.6%		

Governmental Activities:

The State's net position for Governmental Activities at the end of fiscal year 2023 was \$8.3 billion. This represents an increase of 8.8% or \$667.4 million from the prior fiscal year.

The \$667.4 million increase in the State's net position for Governmental Activities was the result of the net effect of the following: (1) \$6.1 billion revenues (an increase from the prior fiscal year of \$607.6 million); less (2) \$5.6 billion expenses (an increase from the prior fiscal year of \$232.4 million); plus (3) net transfers of \$166.2 million (primarily from the South Dakota Lottery Fund).

The following two charts illustrate the above program revenues and expenses for Governmental Activities for the fiscal year ending June 30, 2023:



This fiscal year, the State received 45.7% from federal grants and contributions and 40.4% of its revenues from taxes (sales, motor fuel, contractors excise, bank card, bank franchise, and other taxes). Charges for services accounted for 9.7%.

In fiscal year 2023, health, human, and social services (taking care of people) accounted for 37.1% of the State’s expenses, followed by 25.3% for education (K-12 and post-secondary), and 14.4% for transportation (constructing and maintaining roads and bridges).

Significant changes in revenues include an increase of a \$185.3 million, or a 12.2% increase in sales, use, and contractors excise tax due to a steadily growing South Dakota economy and increasing construction activity, \$202.5 million increase in investment earnings and \$131.5 million increase in operating grants and contributions. Future discussion of these increases can be found in the *Financial Analysis of the State’s Funds* section in this document.

Most of the increases in expenses are attributed to a \$151.5 million, \$148.7 million, and \$127.0 million increase in the Agriculture and Natural Resources, Transportation, and Education functions of government. These increases were offset by a \$329.7 million decrease in the pandemic response function of government as the spending of COVID-19 related federal grant funding switches from pandemic response to economic recovery. Please see the COVID-19 Federal Fund analysis of the *Financial Analysis of the State’s Funds* section in this document.

Business-type Activities:

The net position of the Business-type Activities at the end of fiscal year 2023 was \$940.2 million, an increase of \$58.6 million due to total revenues exceeding total expenses and transfers out. Although the net position for Business-type Activities only accounts for roughly 10.2% of the total net position, Business-type Activities provided \$166.2 million in net transfers to Governmental Activities to help fund current operations, most of which came from the South Dakota Lottery Fund.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows and outflows during the fiscal year and on balances of spendable resources as of fiscal year-end. Such information is useful in assessing the State's financial requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. However, this measure must be used with care because large portions of the balance may relate to internally imposed limitations, such as constitutional or statutory language, which could limit resource use (e.g., Budget Reserve, Dakota Cement Trust Fund, Health Care Trust Fund, Education Enhancement Trust Fund, General Revenue Replacement Fund, and Permanent Fund), unless appropriated by legislative action as defined by state law.

As shown in the table below, at the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$3.5 billion, an increase of \$468.0 million during the fiscal year. Of this amount, approximately 19.7%, or \$696.6 million of the combined ending fund balance is non-spendable, either due to its form or legal constraints. The non-spendable portion is predominately made up of the Education Enhancement Trust, the Health Care Trust, and the Permanent funds to be held as permanent investments. Approximately 40.1%, or \$1.4 billion of the combined ending fund balance is restricted by outside sources or enabling legislation. Another 1.7%, or \$63.6 million of the combined balance is committed by state law and 25.4%, or \$899.3 million, has been assigned internally for specific purposes. The remaining \$463.6 million, or 13.1% is reported as unassigned. Certain resources within the \$463.6 million of the unassigned fund balance have other internally imposed limitations as discussed below. For additional explanation and breakdown of these balances, see *Note 8. Fund Balance and Net Position* in the Notes to the Financial Statements.

State of South Dakota
Governmental Fund Balance as of June 30, 2023
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total	% of Total Fund Balance
Nonspendable	\$ 6,484	\$ 22,754	\$ 1,715	\$ 4,408	\$	\$ 443,646	\$ 217,543	\$ 696,550	19.7%
Restricted		304,440		176	363,359	258,462	492,157	1,418,594	40.1%
Committed							63,640	63,640	1.7%
Assigned	882,516		1,488				15,247	899,251	25.4%
Unassigned	476,667						(13,090)	463,577	13.1%
Total Fund Balances	\$ 1,365,667	\$ 327,194	\$ 3,203	\$ 4,584	\$ 363,359	\$ 702,108	\$ 775,497	\$ 3,541,612	
% Change from prior year	38.8%	8.0%	23.6%	337.0%	1.3%	3.8%	3.6%	15.2%	

The following governmental funds are major funds and had a significant impact on the State's financial position during fiscal year 2023:

General Fund (\$1.4 billion). The General Fund is the chief operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

The General Fund receives most of its operating cash from sales and use tax, and contractor's excise tax revenue. Other significant General Fund revenues include but are not limited to, insurance company tax, cigarette excise tax, unclaimed property remittance, bank taxes, tourism tax, alcohol beverage tax, and mineral tax. The General Fund also receives annual statutory transfers from the South Dakota Lottery Fund, the Securities and Insurance Fund, the Education Enhancement Trust Fund, the Dakota Cement Trust Fund, the South Dakota Gaming Commission Fund, and the Health Care Trust Fund.

A vast majority of the General Fund expenditures are for education (K-12 and post-secondary); health, human, and social services (taking care of people); and law, justice, public protection, and regulation (protecting people). The General Fund also makes annual transfers out for debt service and to various other funds.

The exhibit below details the General Fund revenue, expenditures, and transfers in a comparative table.

State of South Dakota
Change in Revenue, Expenditures, and Transfers
General Fund
 (Expressed in Thousands)

	Revenues and Transfers In			Expenditures and Transfers Out		
	General Fund		% of	General Fund		% of
	FY2023	FY2022		FY2023	FY2022	
Revenue:						
Taxes:						
Sales and Use Tax	\$ 1,490,564	\$ 1,369,625	8.8%			
Contractor's Excise Tax	194,238	157,885	23.0%			
Insurance Company Tax	99,333	94,869	4.7%			
Cigarette Excise Tax	35,321	37,784	(6.5)%			
Bank Tax	53,085	51,237	3.6%			
Tourism Tax	40,253	39,438	2.1%			
Alcohol Beverage Tax	21,352	22,250	(4.0)%			
Mineral Tax	7,176	8,581	(16.4)%			
Other	19,206	17,453	10.0%			
Licenses, Permits, and Fees	14,466	14,168	2.1%			
Fines, Forfeits, and Penalties	800	675	18.5%			
Use of Money and Property	61,164	(32,246)	(289.7)%			
Sales and Services	24,264	20,739	17.0%			
Administering Programs	12					
Unclaimed Property Remittance	88,353	52,770	67.4%			
Other Revenue	11,004	11,057	(0.5)%			
Total Revenue	\$ 2,160,591	\$ 1,866,285	15.8%			
Transfers In:						
South Dakota Lottery Fund	\$ 178,259	\$ 175,241	1.7%			
Securities and Insurance Fund	63,241	61,131	3.5%			
Education Enhancement Trust Fund	26,389	25,278	4.4%			
Dakota Cement Trust Fund	14,369	13,982	2.8%			
South Dakota Gaming Commission Fund	7,678	7,712	(0.4)%			
Health Care Trust Fund	7,276	6,612	10.0%			
All Other Transfers In	12,758	12,654	0.8%			
Total Transfers In	\$ 309,970	\$ 302,610	2.4%			
Expenditures:						
Current:						
General Government	\$ 87,502	\$ 79,964	9.4%			
Education (all)	981,197	921,445	6.5%			
Health, Human, and Social Services	639,204	584,588	9.3%			
Law, Justice, Public Protection, and Regulation	226,305	164,900	37.2%			
Agriculture and Natural Resources	17,076	18,757	(9.0)%			
Economic Resources	54,647	186,690	(70.7)%			
State Shared Revenue Paid to Other Governments	59,686	57,974	3.0%			
Debt Service:						
Principal and Interest	3,207	2,383				
Total Expenditures	\$ 2,068,824	\$ 2,016,701	2.6%			
Transfers Out:						
State Fair Fund	\$ 17,541	\$				
Agricultural Services Fund	3,350	104	3121.2%			
Building Authority	3,246	3,246	0.0%			
Emergency Management Fund	2,525	2,947	(14.3)%			
Fire Suppression Fund	2,463	1,059	132.6%			
Vocational Education Facilities Fund	1,731					
All Other Transfers Out	5,158	37,524	(86.3)%			
Total Transfers Out	\$ 36,014	\$ 44,880	(19.8)%			

The General Fund experienced an increase in revenues of \$294.3 million or 15.8% from the prior fiscal year. A majority of the overall increase is attributed to a \$157.3 million increases in sales and use, and contractor's excise tax (a 10.3% increase) and a \$93.4 million increase in investment earnings. These tax revenue increases are due to a steadily expanding South Dakota economy and growing construction activity.

The General Fund's total expenditures increased by \$52.1 million or 2.6% from the prior fiscal year. This increase was spread out rather evenly between the Education; Health, Human, and Social Services; and Law Justice, Public Protection, and Regulation functions of government, offset by a decrease in the Economic Resources function of government.

At the end of the fiscal year, the total fund balance of the General Fund was \$1.4 billion, an increase of \$382.0 million, or 38.8% from the prior fiscal year.

Significant changes in the General Fund balance include the following:

- Assigned ending fund balance of \$882.5 million increased by \$413.4 million, or 88.1% from the prior fiscal year. Most of this change consists of a \$348.9 million set aside for future prison construction.
- Unassigned ending fund balance of \$476.7 million decreased by \$32.3 million, or 6.3% from the prior fiscal year. Most of this decrease is attributed to the decrease of the GRRF as previously discussed.

It is important to note that some of this unassigned fund balance has other restricting factors that may limit or decrease its availability for general appropriations because it either has another purpose as intended by state law or has internally imposed limitations. Those limitations on the unassigned fund balance include \$201.9 million in the Budget Reserve and \$133.7 million in the General Revenue Replacement Fund, which by state law is to be used only to address emergency situations without having to raise taxes or cut spending.

Additionally, \$127.3 million of the unassigned fund balance is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities. Of those receivables, \$115.7 million was tax revenue recognized as revenue in the General Fund in fiscal year 2023 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2024. This revenue was budgeted for and will be used in fiscal year 2024 cash basis operations.

More detailed information on the General Fund's fund balance can be found in *Note 8. Fund Balance Classifications – Governmental Funds* in the Notes to the Financial Statements.

As a measure of the General Fund's liquidity, it may be useful to compare both the assigned and unassigned fund balances to total fund expenditures. The assigned fund balance represents 42.7% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve and GRRF) represents 23.0% of that same amount or 65.7% in total.

Transportation (\$327.2 million). The Transportation Fund is a major special revenue fund that accounts for the construction and maintenance of the State's highways and bridges, and funds public transportation. Its revenue is comprised of federal grants, state motor fuel taxes, and state motor vehicle excise taxes. All revenues of the Transportation Fund are used and expended under the direction of the State's Department of Transportation. The total fund balance at the end of the current fiscal year for this fund was \$327.2 million, an increase of \$24.2 million, or 8.0% from the prior fiscal year.

Total revenues for the Transportation Fund increased by \$150.2 million or 18.9% from the prior fiscal year while total expenditures increased by \$174.8 million, or 23.5%. These increases are the result of an increase in federally supported highway construction projects as compared to the prior fiscal year. This variation in construction activity is a normal fluctuation in the Statewide Transportation Improvement Plan.

Social Services Federal (\$3.2 million). The Social Services Federal Fund is a major special revenue fund that consists of over sixty federal grants and entitlement programs administered to provide social, financial, and medical services to eligible South Dakotans to foster independence and personal responsibility. This fund is administered by the State's Department of Social Services. Some of the major grants included in this fund are Medicaid, Low-Income Heating and Energy Assistance Payments, Temporary Assistance to Needy Families, State Children's Health Insurance Program, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Child Care and Development Fund, Child Care and Development Block Grant, Foster Care - Title IV-E, and Child Support Enforcement.

Revenue in the fund consists of federal grants from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the U.S. Department of Energy, the U.S. Department of Justice, and federal pass-through grants from various State entities. Much of the funding is expended on entitlement programs, service contracts to providers, and the administration of these programs. A majority of the state match to these federal grants is accounted for and expended out of the General Fund. The total fund balance at the end of the current fiscal year for the Social Services Federal Fund was \$3.2 million, relatively unchanged from the prior fiscal year.

Total program revenue of \$845.4 million increased by \$48.1 million, or 6.0% and expenditures of \$853.3 million increased by \$50.4 million, or 6.3% from the prior fiscal year. These increases are predominantly attributed to growth in the utilization of the Medicaid program, offset by a small decrease in the Federal Medical Assistance Percentage (FMAP) rate.

COVID-19 Federal (\$4.6 million). The COVID-19 Federal fund is a major special revenue fund created in fiscal year 2020 to account for all federal grants received for the COVID-19 pandemic. A large majority of the activity in this fund is federal grant funding created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the State Fiscal Recovery Fund (SFRF) as created by the American Rescue Plan Act (ARPA). Other COVID-19 related activity in this fund includes the enhanced FMAP and enhanced Supplemental Nutrition Assistance Program (SNAP) from the

Families First Coronavirus Response Act, Elementary and Secondary School Emergency Relief (ESSER) funds, and other federal funding sources for pandemic-related programs.

As of June 30, 2023, the COVID-19 Federal fund reported total expenditures of \$573.1 million. Of that, \$206.9 million (36.1%) and \$164.0 million (28.6%) were ESSER and SFRF expenditures. Other major expenditures included \$58.3 million (10.2%) of enhanced FMAP expenditures and \$40.8 million (7.1%) for childcare development grants. The remaining \$103.1 million of COVID-19 Federal Fund expenditures included over 70 different federal funding sources.

At the close of the fiscal year, the COVID-19 Federal fund had a fund balance of \$4.6 million and 826.7 million of unearned federal grant revenue. Most of the unearned revenue is for SFRF receipts not yet spent.

Dakota Cement Trust Fund (\$363.4 million). As created in Article XIII, Sections 20 and 21 of the Constitution of the State of South Dakota, this fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings. "Four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December thirty-first of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year" shall be transferred to the General Fund in support of education. The Dakota Cement Trust Fund transferred \$14.4 million to the General Fund in fiscal year 2023 and \$14.0 million in fiscal year 2022.

The fund balance in the Dakota Cement Trust Fund on June 30, 2023, was \$363.4 million and is restricted for education. This is an increase of \$4.7 million from the previous fiscal year. The increase resulted primarily from net investment income of \$20.5 million exceeding the statutory required transfer to the General Fund of \$14.4 million.

Education Enhancement Trust Fund (\$702.1 million). This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and General Fund appropriations for scholarship purposes. The fund is authorized by state law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, Section 6 of the Constitution of the State of South Dakota also states that "the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature." The Education Enhancement Trust Fund transferred \$26.4 million to the General Fund in fiscal year 2023 and \$25.3 million in fiscal year 2022.

The fund balance in the Education Enhancement Trust Fund on June 30, 2023, was \$702.1 million, an increase of \$25.7 million from the prior fiscal year. The increase resulted from net investment income of \$42.9 million and the \$12.0 million transfer in from the Tobacco Securitization Fund exceeding the statutory required transfer out to the General Fund of \$26.4 million.

Proprietary Funds

The State's proprietary funds are presented on the accrual basis of accounting and include the State's enterprise and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2023:

Lottery Fund (\$6.5 million). The Lottery Fund accounts for the operations of the South Dakota State Lottery, which markets instant tickets and lotto games and regulates video lottery to raise revenue for state programs and projects. At the end of the current fiscal year, the Lottery Fund reported a total net position of \$6.5 million, an increase of \$0.9 million in comparison with the prior fiscal year. Pursuant to state law, the State Lottery Fund transferred \$178.3 million to the General Fund, \$2.2 million to the Water and Environment Fund, \$1.3 million to the Transportation Fund, and \$0.2 million to the Department of Social Services.

The State Lottery produced income (before transfers) of \$182.8 million on total operating revenue of \$251.5 million, compared to the previous fiscal year's income (before transfers) of \$179.4 million on operating total revenue of \$239.5 million. This continued growth is attributed to three of the largest jackpot prizes in U.S. Lottery history and steady growth in video lottery play.

Clean Water State Revolving Fund (\$270.7 million). The Clean Water State Revolving Fund program was federally authorized by the 1987 Clean Water Act amendments. The United States Environmental Protection Agency awards capitalization grants to the State. These grants along with 5:1 matching state funds provide low-interest loans to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive the highest priority.

At the end of the current fiscal year, the Clean Water State Revolving Fund reported a total net position of \$270.7 million, an increase of \$3.1 million, or 1.2% in comparison to the prior fiscal year. This increase resulted primarily from operating revenues, federal capitalization grant income, and investment income exceeding operating and grant expenses.

Drinking Water State Revolving Fund (\$232.4 million). The Drinking Water State Revolving Fund program was federally authorized by the Safe Drinking Water Act amendments of 1996. The United States Environmental Protection Agency awards capitalization grants to the State. These grants along with 5:1 matching state funds are used to provide low-interest loans to finance drinking water projects. Projects with compliance or health and safety concerns receive the highest priority.

At the end of the current fiscal year, the Drinking Water Revolving Fund reported a total net position of \$232.4 million, an increase of \$7.1 million, or 3.2% in comparison with the prior fiscal year. This increase resulted primarily from operating revenues, federal capitalization grant income, and investment income exceeding operating and grant expenses.

Budgetary Highlights - General Fund

The following analysis is based on the Budgetary Comparison Schedules included in the Required Supplementary Information that immediately follows the Basic Financial Statements.

The original budget is defined as the first complete appropriated budget, adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. Any such transaction that is authorized as a legislative or executive change before the beginning of the fiscal year is included in the original budget, regardless of the effective date of the document loaded on the accounting system. The original budget also includes employee compensation allocations and any actual appropriation amounts carried forward by law from prior fiscal years including special appropriations, maintenance and repair, and carryovers. The final budget is defined as the original budget, adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes after the beginning of the fiscal year.

General Fund The difference between the original and the final budget was a \$153.4 million net increase in appropriations comprised of two separate appropriation types: emergency special appropriations and net general bill adjustment appropriations (both increases and decreases). The net increase was due to actual sales and use tax, contractors excise tax, lottery revenues, insurance company tax, and unclaimed property receipts exceeding previous estimates.

Increases to the General Fund Budget

Emergency Specials. During the 2023 Legislative Session, the Legislature approved emergency special appropriations to the General Fund of \$199.2 million in fiscal year 2023. They consisted of the following:

- \$70.0 million was appropriated to the Bureau of Finance and Management for modernizing the State's core financial systems and processes.
- \$25.5 million was appropriated to the Department of Revenue for modernizing the motor vehicle administration system, and refunds to elderly and disabled persons for real property tax and sales tax.
- \$25.4 million was appropriated to the Department of Corrections for purchasing real property and contracting for the planning and site preparation of a prison facility.

- \$16.1 million was appropriated to the Department of Health for the new state public health laboratory, grants to support mental health and suicide prevention programs for youths and young adults, and reimbursements to eligible health care practitioners.
- \$13.0 million was appropriated to the South Dakota Science and Technology Authority for expanding laboratory space at the Sanford Underground Research Facility.
- \$12.5 million was appropriated to the Department of Public Safety to provide grants to support volunteer fire departments, costs related to emergency, disaster, or suppression of wildfires, and for the construction of a maintenance shop for the Wildland Fire Suppression Division.
- \$10.4 million was appropriated to Higher Education for revised construction costs for the Mineral Industries Building at the South Dakota School of Mines and Technology, construction of a new bioproducts facility at the South Dakota State University, construction and design of the new Lincoln Hall building at Northern State University, and construction to the health science center at Black Hills State University.
- \$7.0 million was appropriated to the Department of Agriculture and Natural Resources to contract for the livestock and equestrian complex at the State Fair and create a cost-share program for those in the Black Hills National Forest lands.
- \$6.3 million was appropriated to the Department of Transportation for the payment of eligible expenses associated with the rehabilitation of rail lines.
- \$13.0 million total increase in appropriations to various state agencies.

General Bill Increases. The 2023 Legislature approved general bill adjustments that increased the General Fund's original budget by \$34.8 million during fiscal year 2023. This increase consisted of the following:

- \$25.0 million increase in appropriations to Higher Education related to the Board of Regents Central Office, South Dakota State University, South Dakota School of Mines and Technology, University of South Dakota, Northern State University, and Black Hills State University.
- \$4.2 million increase in appropriations to the Department of Corrections for programs in the women's prison.
- \$2.6 million increase in appropriations to the Attorney General's Office for programs in criminal investigation.
- \$3.0 million total increases in appropriations to various state agencies.

Decreases to the General Fund Budget

General Bill Decreases. The 2023 Legislature approved general bill adjustments that decreased the General Fund's original budget by \$80.6 million during fiscal year 2023. These decreases consisted of the following:

- \$40.2 million decrease in appropriations to the Department of Social Services for programs in medical services, children's services, and behavioral health.
- \$27.8 million decrease in appropriations to the Department of Human Services for programs in long-term services and support, developmental disabilities, South Dakota Development Center, and rehabilitation services.
- \$10.2 million decrease in appropriations to the Department of Education for programs in State Aid to general education, technical colleges, education resources, and sparsity payments.
- \$2.4 million decrease in appropriations to various state agencies.

The net effect of the emergency special appropriations and general bill adjustments resulted in a \$153.4 million increase in appropriations. Overall, there were no over-expenditures by any state departments in the General Fund. The difference between the final amended budget and actual spending was \$519.5 million below the final budgeted estimates.

CAPITAL ASSETS

Investment in capital assets as of June 30, 2023, is \$4.9 billion (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, intangible assets, vehicles, infrastructure, right-to-use assets, and construction in progress.

**State of South Dakota
Capital Assets - Primary Government
(Expressed in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Land	\$ 130,793	\$ 127,054	\$ 295	\$ 295	\$ 131,088	\$ 127,349
Land Improvements	114,745	93,958	1,096	1,096	115,841	95,054
Land Improvements - Roads	646,845	645,218			646,845	645,218
Buildings	844,037	834,999	7,819	7,819	851,856	842,818
Equipment	302,419	282,768	3,635	3,867	306,054	286,635
Intangible Assets – Software	125,522	120,172	473	749	125,995	120,921
Vehicles	204,558	189,066			204,558	189,066
Infrastructure	4,765,726	4,662,465			4,765,726	4,662,465
Right-to-Use Land	24	28			24	28
Right-to-Use Building	83,257	42,006	2,338	1,839	85,595	43,845
Right-to-Use Equipment	287	154			287	154
Right-to-Use Subscription IT Assets	8,371		1,300		9,671	
Construction in Progress	372,465	272,613	27,397	1,678	399,862	274,291
Total Capital Assets	7,599,049	7,270,501	44,353	17,343	7,643,402	7,287,844
Accumulated Depreciation	(2,708,753)	(2,582,825)	(8,463)	(8,126)	(2,717,216)	(2,590,951)
Total Capital Assets, Net	\$ 4,890,296	\$ 4,687,676	\$ 35,890	\$ 9,217	\$ 4,926,186	\$ 4,696,893

The most significant capital asset the State reported in fiscal year 2023 is infrastructure. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure assets account for \$2.8 billion (net of accumulated depreciation), which is 57.6% of total net capital assets.

The State's Net Investment in Capital Assets (net of accumulated depreciation) increased \$190.8 million or 4.3% during the fiscal year. This change was primarily due to an increase in infrastructure from continued highway construction projects funded by federal grants and state motor fuel taxes in the Transportation Fund.

More detailed information on the State's capital assets can be found in *Note 6. Capital Assets* in the Notes to the Financial Statements.

Debt Administration

Issuer Credit Rating of the State. On May 4, 2015, Standard & Poor's upgraded the issuer credit rating (ICR) for the State to AAA with a stable outlook. Likewise, on June 17, 2016, and July 11, 2016, Fitch Rating Service and Moody's Investors Service also upgraded the ICR for the State to AAA and Aaa both with a stable outlook. As of June 30, 2023, all three rating agencies have reaffirmed South Dakota's AAA (Aaa) ratings with a stable outlook.

The authority of the State to incur limited debt for specific purposes is described in Article XIII, Section 2, of the State's Constitution. This section prohibits the State from having general obligation indebtedness in excess of \$100,000.

South Dakota Building Authority. The South Dakota Building Authority (SDBA) was created and organized by Chapter 5-12 of the South Dakota Codified Laws to issue debt on behalf of the primary government. Although legally separate from the State, SDBA is a blended component unit of the State, and accordingly, is included in the State's financial statements.

SDBA issues bonds, certificates of participation, and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of state departments and institutions. These obligations are payable from revenue generated through rental agreements between SDBA and the state departments and institutions. The indebtedness, bonds, or obligations incurred or created by SDBA may not be or become a lien, charge, or liability against the State. The bonds and all related financial transactions used to finance buildings of state departments and institutions are reported as part of the Governmental Activities in the State's Basic Financial Statements, except for the debt of the universities, which is reported as part of the discretely presented component unit information.

On June 30, 2023, the uninsured rating for SDBA from both Standard & Poor's was AA+ and Moody's Investor Service was Aa1, all one grade lower than the State's ICR.

SDBA did not issue any revenue bonds for the primary government or Higher Education in fiscal year 2023.

Educational Enhancement Funding Corporation. The Educational Enhancement Funding Corporation (EEFC) is a special-purpose corporation organized by Chapter 5-12 of the South Dakota Codified Laws. EEFC is an instrumentality of, but separate and apart from the State. Although legally separate from the State, EEFC is a blended component unit of the State and is included in the State's financial statements.

Pursuant to a Purchase and Sale Agreement with the State, the State sold to EEFC its future rights, title, and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title, and interest in the TSRs has been financed by the issuance of bonds and the Residual Certificate. The Residual Certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of EEFC as set forth in the Trust Indenture. Pursuant to the Resolution, EEFC is prohibited from selling additional bonds, other than refunding bonds. The bonds represent limited obligations of EEFC, payable solely from and secured solely by the pledged TSRs and the pledged amounts. The bonds are not a debt or liability of the State or any political subdivision or agency thereof. EEFC has no taxing power. The bonds and all related financial transactions of EEFC are reported as part of the Governmental Activities in the State's Basic Financial Statements.

EEFC did not issue any refunding bonds in fiscal year 2023.

South Dakota Conservancy District. The South Dakota Conservancy District (SDCD) was created by the Legislature under Chapter 46A-2 of the South Dakota Codified Law as a body politic and corporate to construct water resource facilities for the conservation, storage, distribution, and utilization of water for multiple purposes within the State. Although legally separate from the State, SDCD is a blended component unit of the State and is included in the State's financial statements.

SDCD issues revenue bonds for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF). These funds provide low-interest loans or other types of financial assistance for the construction of publicly owned wastewater treatment facilities; implementation of nonpoint source management programs; and construction and maintenance of drinking water facilities respectively. The bonds are paid solely from CWSRF and DWSRF loan repayments. The SDCD bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State. The revenue bonds and related financial transactions for the CWSRF and DWSRF are reported as part of the Business-type Activities in the State's Basic Financial Statements.

On June 30, 2023, the SDCD maintained its long-term rating of AAA with a positive outlook by Standard & Poor's and Aaa by Moody's Investor Service.

SDCD issued \$58.8 million of taxable bonds (\$7.7 million for CWSRF and \$51.1 million for DWSRF) and \$97.8 million of tax-exempt bonds (\$66.0 million for CWSRF and \$31.8 million for DWSRF) in fiscal year 2023.

Total Outstanding Notes and Bond Debt. The primary government had total notes and bonded debt outstanding as follows:

**State of South Dakota
Outstanding Notes and Bonded Debt
(Expressed in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Revenue Bonds:						
South Dakota Building Authority	\$ 60,429	\$ 64,912	\$	\$	\$ 60,429	\$ 64,912
Educational Enhancement Funding Corporation	31,885	43,335			31,885	43,335
South Dakota Conservancy District			540,247	400,989	540,247	400,989
Notes Payable	100,016	102,502			100,016	102,502
Leases Payable	73,665	36,281	1,653	1,471	75,318	37,752
Subscription IT Payable	6,432		834		7,266	
Total	\$ 272,427	\$ 247,030	\$ 542,734	\$ 402,460	\$ 815,161	\$ 649,490

Additional information on the State's long-term debt obligations can be found in *Note 11. Long-Term Liabilities* in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

South Dakota's economy continues to grow. Nonfarm employment in the State grew at 2.8% in 2022 and is projected to finish 2023 at 2.2%. The unemployment rate in South Dakota remained among the lowest in the nation in fiscal year 2023. The State's unemployment rate was at a historically low rate of 1.8% in June 2023, while the U.S. unemployment rate was 3.6% the same month. In calendar year 2022, the most recent annual data that is available, South Dakota's personal income grew 5.8%, nearly three times higher than the U.S. growth rate of 2.0%. South Dakota's per capita personal income for the second quarter of 2023 is at an annual rate of \$69,574, 1.9% greater than the United State's average of \$68,279.

Further information on the South Dakota economy and economic outlook is included in the transmittal letter.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Bureau of Finance and Management, 500 East Capitol Avenue, Pierre, South Dakota 57501, (605) 773-3411, or visit our website at <https://bfm.sd.gov>.

The State's discretely presented component units, except for Higher Education, issue their own separately audited financial statements. These statements may be obtained by directly contacting the Department of Legislative Audit at 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501, (605) 773-3595 or visiting their website at <https://legislativeaudit.sd.gov>.



BASIC FINANCIAL STATEMENTS

The *Basic Financial Statements* include the government-wide financial statements, the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the accompanying Notes to the Financial Statements. The following individual statements are included:

- Government-wide Financial Statements – Statement of Net Position
- Government-wide Financial Statements – Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Position – Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary Net Position – Fiduciary Funds
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to the Financial Statements

STATE OF SOUTH DAKOTA
STATEMENT OF NET POSITION
June 30, 2023
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,887,656	\$ 484,760	\$ 3,372,416
Receivables, net	818,859	672,921	1,491,780
Due From Component Units	776	35	811
Due From Primary Government			0
Internal Balances	13,802	(13,802)	0
Investments	1,394,496	321,905	1,716,401
Securities Held as Escheat Property	1,039		1,039
Inventory	34,506	1,570	36,076
Advances to Component Units	1,010		1,010
Other Assets	16,151	280	16,431
Assets Held for Resale		321	321
Restricted Assets:			
Cash and Cash Equivalents	12,220	34	12,254
Investments		342	342
Net Pension Asset	1,898	47	1,945
Other	7,654	712	8,366
Capital Assets:			
Land and Other Non-depreciable Assets	789,626	295	789,921
Infrastructure, net	2,835,330		2,835,330
Property, Plant, and Equipment, net	813,781	5,372	819,153
Right-to-use Leased Assets, net	72,563	1,622	74,185
Right-to-use Subscription IT Assets, net	6,531	1,204	7,735
Construction in Progress	372,465	27,397	399,862
Total Assets	10,080,363	1,505,015	11,585,378
Deferred Outflows of Resources			
Related to Pensions	188,079	4,495	192,574
Related to Asset Retirement Obligations			0
Related to Debt Refunding	3,402	4,629	8,031
Total Deferred Outflows of Resources	191,481	9,124	200,605
Liabilities			
Accounts Payable and Other Liabilities	538,392	12,919	551,311
Due To Primary Government			0
Due To Component Units	1,717		1,717
Advances From Primary Government			0
Accrued Interest Payable	1,958	9,752	11,710
Unearned Revenue	882,218	2,000	884,218
Noncurrent Liabilities:			
Due Within One Year	125,855	28,766	154,621
Due In More Than One Year	340,816	516,819	857,635
Total Liabilities	1,890,956	570,256	2,461,212
Deferred Inflows of Resources			
Related to Pensions	110,561	2,627	113,188
Related to Gain on Debt Refunding			0
Related to Swaps			0
Related to Leases	1,403	1,085	2,488
Total Deferred Inflows of Resources	111,964	3,712	115,676
Net Position			
Net Investment in Capital Assets	4,650,638	33,389	4,684,027
Restricted for:			
Education	375,572		375,572
Highways	312,398		312,398
Railroads	78,125		78,125
Law, Justice, Public Protection, and Regulation	30,111		30,111
Agriculture and Natural Resources	94,754		94,754
Parks and Recreation	2,130		2,130
Health and Public Assistance	63,297		63,297
Economic Development	104,360		104,360
Debt Service	32,654		32,654
Capital Projects	322		322
HOME, HTF, NSP, and HAF Program			0
Energy Conservation Programs	12,473		12,473
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds Held as Permanent Investments:			
Expendable	330,667		330,667
Nonexpendable	652,791		652,791
Underground Expansion			0
Pensions	79,416	1,915	81,331
Disaster Relief Fund		10,237	10,237
Experiments			0
Mine Closure			0
Sanford Center for Science Education			0
Other Purposes	12,016	2,351	14,367
Unrestricted	1,437,200	892,279	2,329,479
Net Position	\$ 8,268,924	\$ 940,171	\$ 9,209,095

The notes to the financial statements are an integral part of this statement.

Component Units				
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
\$ 585,264	\$ 28,287	\$ 342,352	\$ 18,197	
340,940	2,738	145,662	7,474	
		1,717		
1,207,856		677,868	421	
3,957	3,119	10,548		
	9,904	25,363	86	
			361	
		23,125	6,205	
15	58	151,088		
		1,232		
		20,221		
220	19,931	48,250	653	
4,287	70,237	1,364,668	28,444	
		2,959		
		3,517		
	6,192	91,215		
2,142,539	140,466	2,909,785	61,841	
1,528	5,765	122,699		
2,048	1,092			
3,576	6,857	135,335	0	
2,793	1,613	69,654	1,169	
70		741		
		1,010		
8,039		2,806	138	
72,808		68,298	275	
58,378	712	76,013	3,300	
1,354,723	5,030	509,180	22,794	
1,496,811	7,355	727,702	27,676	
902	3,448	71,639		
9,111		785		
22,059				
32,072	3,448	72,424	0	
(1,253)	96,360	1,037,723	13,756	
357,581		3,222	5,000	
89,722				
		331,793		
		624,130		
	13,114			
641	2,375	52,292		
	621			
	1,595			
	640			
170,541	7,800			
	14,015			
		195,834	15,409	
\$ 617,232	\$ 136,520	\$ 2,244,994	\$ 34,165	

STATE OF SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 252,816	\$ 293,555	\$ 25,595	\$
Education	460,567	7,219	423,567	
Education - State Support to Higher Education	289,029			
Health, Human, and Social Services	2,060,981	61,782	1,420,479	
Law, Justice, Public Protection, and Regulation	398,854	113,598	100,841	
Agriculture and Natural Resources	309,021	95,332	173,632	
Economic Resources	82,816	231	28,858	
Transportation	798,565	16,941	594,310	2,598
Intergovernmental - Payments to School Districts	654,930			
Intergovernmental - Revenue Sharing	243,089			
Unallocated Interest Expense	9,506			
Unallocated Depreciation	53			
Total Governmental Activities	5,560,227	588,658	2,767,282	2,598
Business-type Activities:				
Lottery	69,327	251,538	606	
Clean Water State Revolving	17,542	8,298	12,421	
Drinking Water State Revolving	14,196	5,806	15,604	
Revolving Economic Development and Initiative	567	833	3,082	
Unemployment Insurance	28,631	43,302	5,887	
Second Injury	474		38	
State Fair	2,388	7,067	74	
Federal Surplus Property	2,280	2,045	21	
Rural Rehabilitation	14	118	301	
Prison Industries	8,397	9,163	19	
S.D. Trust Company Captive Insurance Co.	28	50	(16)	
Professional and Licensing	10,807	12,046	555	
Banking and Insurance	5,911	6,252	348	
Other	3,258	3,010	121	
Total Business-type Activities	163,820	349,528	39,061	0
Total Primary Government	\$ 5,724,047	\$ 938,186	\$ 2,806,343	\$ 2,598
Component Units:				
Housing Authority	\$ 108,750	\$ 14,264	\$ 71,532	\$
Science and Technology Authority	35,667	818	36,241	13,000
Higher Education	875,073	479,052	203,032	30,080
Nonmajor	9,658	6,428	619	2,718
Total Component Units	\$ 1,029,148	\$ 500,562	\$ 311,424	\$ 45,798

General Revenues:

Taxes:

Sales Taxes

Motor Fuel Taxes

Contractors Excise Taxes

Bank Card and Franchise Taxes

Other Taxes

Unrestricted Investment and Interest Earnings

State Support to Higher Education

Gain on Sale of Capital Assets

Miscellaneous

Additions to Endowments

Transfers

**Total General Revenues, Additions to Endowments,
and Transfers**

Changes in Net Position

Net Position at Beginning of Year, as restated

Net Position at End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 66,334	\$	\$ 66,334				
(29,781)		(29,781)				
(289,029)		(289,029)				
(578,720)		(578,720)				
(184,415)		(184,415)				
(40,057)		(40,057)				
(53,727)		(53,727)				
(184,716)		(184,716)				
(654,930)		(654,930)				
(243,089)		(243,089)				
(9,506)		(9,506)				
(53)		(53)				
(2,201,689)	0	(2,201,689)				
	182,817	182,817				
	3,177	3,177				
	7,214	7,214				
	3,348	3,348				
	20,558	20,558				
	(436)	(436)				
	4,753	4,753				
	(214)	(214)				
	405	405				
	785	785				
	6	6				
	1,794	1,794				
	689	689				
	(127)	(127)				
0	224,769	224,769				
(2,201,689)	224,769	(1,976,920)				
			\$ (22,954)	\$	\$	\$
				14,392		
					(162,909)	
						107
			(22,954)	14,392	(162,909)	107
1,515,425		1,515,425				
193,534		193,534				
193,935		193,935				
54,486		54,486				
490,081		490,081				
142,740		142,740		386	(32,246)	147
		0			289,029	
1,297		1,297		1,790		724
111,429		111,429				
		0			14,668	
166,201	(166,201)	0				
2,869,128	(166,201)	2,702,927	0	2,176	271,451	871
667,439	58,568	726,007	(22,954)	16,568	108,542	978
7,601,485	881,603	8,483,088	640,186	119,952	2,136,452	33,187
\$ 8,268,924	\$ 940,171	\$ 9,209,095	\$ 617,232	\$ 136,520	\$ 2,244,994	\$ 34,165

STATE OF SOUTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Assets								
Cash and Cash Equivalents	\$ 1,281,756	\$ 218,957	\$ 5,797	\$ 856,364	\$ 82	\$ 83	\$ 447,098	\$ 2,810,137
Restricted Cash							12,220	12,220
Investments					362,806	727,538	304,152	1,394,496
Restricted Other Assets							7,654	7,654
Securities Held as Escheat Property	1,039							1,039
Receivables from:								
Taxes, net	269,608	19,610					2,656	291,874
Interest and Dividends	23,752	1,446			471	876	3,074	29,619
Other Funds	86,121	5,770	47	499			11,167	103,604
Component Units	78						9	87
Other Governments	1,828	148,100	29,888	45,545			130,410	355,771
Loans and Notes, net	120	5,148		171			54,654	60,093
Other, net	12,857	309	11,591	1,461			46,739	72,957
Inventory	2,982	22,482	18	3,700			4,593	33,775
Advances to Component Units							1,010	1,010
Other Assets	3,502	272	1,697	708			4,610	10,789
Total Assets	\$ 1,683,643	\$ 422,094	\$ 49,038	\$ 908,448	\$ 363,359	\$ 728,497	\$ 1,030,046	\$ 5,185,125
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts Payable and Other Liabilities Payable to:	\$ 193,827	\$ 82,808	\$ 43,690	\$ 15,554	\$	\$	\$ 62,638	\$ 398,517
Other Funds	7,718	1,588	1,505	451		26,389	61,797	99,448
Component Units	210		66	325			1,058	1,659
Other Governments	34,600	7,901	216	60,823			72,094	175,634
Claims, Judgments, and Compensated Absences	140	47	8	2			65	262
Unearned Revenue	37,131	2,556	350	826,709			14,166	880,912
Total Liabilities	273,626	94,900	45,835	903,864	0	26,389	211,818	1,556,432
Deferred Inflows of Resources:								
Related to Leases	112						1,291	1,403
Unavailable Revenue	44,238						41,440	85,678
Total Deferred Inflows of Resources	44,350	0	0	0	0	0	42,731	87,081
Fund Balances:								
Nonspendable	6,484	22,754	1,715	4,408		443,646	217,543	696,550
Restricted		304,440		176	363,359	258,462	492,157	1,418,594
Committed							63,640	63,640
Assigned	882,516		1,488				15,247	899,251
Unassigned	476,667						(13,090)	463,577
Total Fund Balances	1,365,667	327,194	3,203	4,584	363,359	702,108	775,497	3,541,612
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,683,643	\$ 422,094	\$ 49,038	\$ 908,448	\$ 363,359	\$ 728,497	\$ 1,030,046	\$ 5,185,125

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023
(Expressed in Thousands)

Total Fund Balances - Governmental Funds		\$ 3,541,612
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. These assets consist of:		
Land and Construction in Progress	\$ 1,161,951	
Infrastructure	4,765,727	
Right-to-use Leased Assets	78,149	
Right-to-use Subscription IT Assets	5,024	
Other Capital Assets	1,466,842	
Accumulated Depreciation	<u>(2,628,232)</u>	
Total Capital Assets		4,849,461
Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds.		
		1,762
Deferred outflows of resources are not reported in the governmental funds:		
Related to Pension	174,609	
Related to Debt Refunding	<u>3,402</u>	
Total Deferred Outflows of Resources		178,011
Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		54,445
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are:		
Bonds and Notes	(179,918)	
Accrued Interest on Bonds, Leases, and Notes	(1,861)	
Leases	(68,581)	
Subscription IT Arrangements	(4,176)	
Compensated Absences	(71,966)	
Pollution Remediation	<u>(12,902)</u>	
Total Long-Term Liabilities		(339,404)
Deferred inflows of resources are not reported in the governmental funds:		
Revenues not available soon enough after year-end to pay for the current period's expenditures	85,678	
Related to Pensions	<u>(102,641)</u>	
Total Deferred Inflows of Resources		<u>(16,963)</u>
Net Position of Governmental Activities		<u>\$ 8,268,924</u>

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>General Fund</u>	<u>Transportation</u>	<u>Social Services Federal</u>	<u>COVID-19 Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>	<u>Nonmajor</u>	<u>Total</u>
Revenue:								
Taxes	\$ 1,960,528	\$ 358,517	\$	\$	\$	\$	\$ 127,105	\$ 2,446,150
Licenses, Permits, and Fees	14,466	12,503					333,436	360,405
Fines, Forfeits, and Penalties	800						25,655	26,455
Use of Money and Property	61,164	6,932	27	251	20,487	42,851	34,944	166,656
Sales and Services	24,264	695		2			24,001	48,962
Administering Programs	12	564,266	838,027	575,988			754,099	2,732,392
Tobacco Settlement							23,691	23,691
Other Revenue	99,357	1,506	7,381	202			15,065	123,511
Total Revenue	2,160,591	944,419	845,435	576,443	20,487	42,851	1,337,996	5,928,222
Expenditures:								
Current:								
General Government	87,502			11,956	1,410	2,764	47,992	151,624
Education	37,238			215,861			207,771	460,870
Education - Payments to School Districts	654,930							654,930
Education - State Support to Higher Education	289,029							289,029
Health, Human, and Social Services	639,204		851,991	177,492			433,134	2,101,821
Law, Justice, Public Protection, and Regulation	226,305	26,079		1,202			157,207	410,793
Agriculture and Natural Resources	17,076			121,988			183,291	322,355
Economic Resources	54,647			20,105			9,094	83,846
Transportation		893,907		24,208			1,931	920,046
State Shared Revenue Paid to Other Governments	59,686						183,403	243,089
Debt Service:								
Principal	2,614	75	970	251			22,236	26,146
Interest	593	5	324	1			7,043	7,966
Total Expenditures	2,068,824	920,066	853,285	573,064	1,410	2,764	1,253,102	5,672,515
Excess of Revenues Over (Under) Expenditures	91,767	24,353	(7,850)	3,379	19,077	40,087	84,894	255,707
Other Financing Sources (Uses):								
Lease Issuance	14,930	156	8,537	7			16,843	40,473
Subscriptions	1,251	75		418			3,280	5,024
Proceeds from Sale of Capital Assets	66	1,346					410	1,822
Insurance Proceeds		18					408	426
Transfers In	309,970	5,754	36	326		11,986	32,578	360,650
Transfers Out	(36,014)	(7,454)	(112)	(595)	(14,369)	(26,389)	(111,152)	(196,085)
Net Other Financing Sources (Uses)	290,203	(105)	8,461	156	(14,369)	(14,403)	(57,633)	212,310
Net Change in Fund Balances	381,970	24,248	611	3,535	4,708	25,684	27,261	468,017
Fund Balances at Beginning of Year	983,697	302,946	2,592	1,049	358,651	676,424	748,236	3,073,595
Fund Balances at End of Year	\$ 1,365,667	\$ 327,194	\$ 3,203	\$ 4,584	\$ 363,359	\$ 702,108	\$ 775,497	\$ 3,541,612

The notes to the financial statements are an integral part of this statement.

**STATE OF SOUTH DAKOTA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

Net Change in Fund Balances - Governmental Funds **\$ 468,017**

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over the useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$	343,943	
Depreciation Expense		(142,374)	
Excess of Capital Outlay Over Depreciation Expense			201,569

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (5,096)

Contracts for right-to-use assets such as leases and subscription-based information technology arrangements were finalized during the fiscal year and reported as other financing sources in the governmental funds. However, it is not reported in the Statement of Activities as it is shown as an increase in long-term liabilities in the Statement of Net Position. (45,497)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond Principal Retirement		15,501	
Note Principal Retirement		3,146	
Lease Principal Retirement		6,729	
Subscription IT Arrangement Principal Retirement		770	
Total Long-Term Debt Repayment			26,146

Internal service funds are used by management to charge costs of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported in governmental activities. (6,303)

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. 27,711

The issuance of debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recognized in future periods in the Statement of Activities.

Bond Refunding Costs		(854)	
Bond Premium		432	
Total Amounts Related to Bond Issuance			(422)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net (Increase) Decrease in Accrued Interest		(199)	
(Increase) Decrease in Compensated Absences		(8,632)	
(Increase) Decrease in Net Pension Costs		10,512	
(Increase) Decrease in Pollution Remediation		(367)	
Total Additional Expenditures			1,314

Change in Net Position of Governmental Activities **\$ 667,439**

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023
(Expressed in Thousands)

Assets	Business-type Activities - Enterprise Funds					Governmental Activities
	Major				Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		
Current Assets:						
Cash and Cash Equivalents	\$ 16,865	\$ 92,634	\$ 33,125	\$ 342,136	\$ 484,760	\$ 77,519
Receivables:						
Interest and Dividends	141	3,958	2,287	1,027	7,413	533
Other Funds				643	643	11,216
Component Units				35	35	689
Other Governments		1,047	700	91	1,838	180
Loans, Notes, and Leases, net		23,207	10,431	10,203	43,841	
Other, net	7,512			11,160	18,672	7,642
Investments		84,596	45,814		130,410	
Inventory				1,570	1,570	731
Other Assets				280	280	5,362
Total Current Assets	24,518	205,442	92,357	367,145	689,462	103,872
Assets Held for Resale				321	321	
Restricted Assets:						
Restricted Cash	34				34	
Restricted Investments	342				342	
Net Pension Asset	6	1	2	38	47	136
Other	712				712	
Investments		113,299	78,196		191,495	
Capital Assets:						
Land and Other Non-depreciable Assets				295	295	
Property, Plant, and Equipment	1,426			11,598	13,024	112,453
Right-to-use Leased Assets	979			1,359	2,338	5,419
Right-to-use Subscription IT Assets				1,300	1,300	3,346
Accumulated Depreciation and Amortization	(1,579)			(6,885)	(8,464)	(80,523)
Construction in Progress				27,397	27,397	140
Total Capital Assets	826	0	0	35,064	35,890	40,835
Other Noncurrent Assets		334,793	226,373	39,961	601,127	
Total Assets	26,438	653,535	396,928	442,529	1,519,430	144,843
Deferred Outflows of Resources						
Related to Pensions	612	94	152	3,637	4,495	13,470
Related to Debt Refunding		3,840	789		4,629	
Total Deferred Outflows of Resources	612	3,934	941	3,637	9,124	13,470
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	4,616	700	403	6,603	12,322	7,976
Payable to:						
Other Funds	14,063	3	4	363	14,433	1,499
Component Units					0	58
Other Governments				397	397	
Escrow Payable	182				182	
Bonds, Notes, Leases, and Subscription IT Payable	116	19,978	6,964	619	27,677	5,038
Claims, Judgments, and Compensated Absences	172	13	33	871	1,089	27,003
Accrued Interest Payable	2	6,663	3,077	10	9,752	97
Unearned Revenue	277			1,723	2,000	1,306
Total Current Liabilities	19,428	27,357	10,481	10,586	67,852	42,977
Noncurrent Liabilities:						
Bonds, Notes, Leases, and Subscription IT Payable	650	359,096	154,209	1,103	515,058	14,712
Claims, Judgments, and Compensated Absences	143	11	27	739	920	38,199
Other Noncurrent Liabilities		202	639		841	60
Total Noncurrent Liabilities	793	359,309	154,875	1,842	516,819	52,971
Total Liabilities	20,221	386,666	165,356	12,428	584,671	95,948
Deferred Inflows of Resources						
Related to Pensions	360	54	89	2,124	2,627	7,920
Related to Leases				1,085	1,085	
Total Deferred Inflows of Resources	360	54	89	3,209	3,712	7,920
Net Position						
Net Investment in Capital Assets	59			33,330	33,389	20,989
Restricted for:						
Disaster Relief Fund				10,237	10,237	
Pensions	258	41	65	1,551	1,915	5,686
Other	712			1,639	2,351	
Unrestricted	5,440	270,708	232,359	383,772	892,279	27,770
Total Net Position	\$ 6,469	\$ 270,749	\$ 232,424	\$ 430,529	\$ 940,171	\$ 54,445

The notes to the financial statements are an integral part of this statement.

**STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental
	Major				Total	Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		Internal Service Funds
Operating Revenue:						
Licenses, Permits, and Fees	\$ 1,590	\$	\$	\$ 20,060	\$ 21,650	\$
Use of Money and Property		6,493	4,655	1,214	12,362	9
Sales and Services	249,908	1,805	1,151	14,564	267,428	260,941
Administering Programs				1,534	1,534	
Assessments				43,302	43,302	
Other Revenue	23			3,241	3,264	11,157
Total Operating Revenue	251,521	8,298	5,806	83,915	349,540	272,107
Operating Expenses:						
Personal Services and Benefits	2,098	342	546	13,667	16,653	47,169
Travel	165	8	8	971	1,152	897
Contractual Services	14,478	1,115	1,383	9,053	26,029	61,669
Supplies and Materials	604	6	6	8,824	9,440	14,779
Grant and Other	186	3,852	5,986	181	10,205	4
Interest		12,017	5,628	39	17,684	487
Provision for Loan Loss (Recovery)				(83)	(83)	
Depreciation and Amortization	172			842	1,014	7,560
Lottery Prizes	51,504				51,504	
Insurance Claims				29,092	29,092	150,597
Total Operating Expenses	69,207	17,340	13,557	62,586	162,690	283,162
Operating Income (Loss)	182,314	(9,042)	(7,751)	21,329	186,850	(11,055)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets				1,505	1,505	355
Loss on Disposal of Assets	(96)			(1)	(97)	(69)
Investment Income	606	10,406	5,694	8,761	25,467	2,799
Other Expense	(24)	(202)	(639)	(168)	(1,033)	(11)
Grant and Other Income	17	2,015	9,910	135	12,077	42
Total Nonoperating Revenue (Expenses)	503	12,219	14,965	10,232	37,919	3,116
Income (Loss) Before Capital Contributions and Transfers	182,817	3,177	7,214	31,561	224,769	(7,939)
Transfers:						
Transfers In				17,658	17,658	1,643
Transfers Out	(181,948)	(45)	(69)	(1,797)	(183,859)	(7)
Net Transfers	(181,948)	(45)	(69)	15,861	(166,201)	1,636
Change in Net Position	869	3,132	7,145	47,422	58,568	(6,303)
Net Position at Beginning of Year	5,600	267,617	225,279	383,107	881,603	60,748
Net Position at End of Year	\$ 6,469	\$ 270,749	\$ 232,424	\$ 430,529	\$ 940,171	\$ 54,445

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Major				Total	Internal
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 250,856	\$ 2,116	\$ 1,160	\$ 73,944	\$ 328,076	\$ 91,879
Receipts from Interfund Services Provided				8,392	8,392	166,964
Receipts from Federal Agencies				833	833	
Receipts from Loan Payments		43,627	18,804	8,273	70,704	
Payments to Suppliers and for Benefits and Claims	(14,344)	(2,052)	(1,447)	(44,350)	(62,193)	(218,273)
Payments for Employee Services	(2,210)	(379)	(572)	(14,525)	(17,686)	(49,249)
Payments for Interfund Services Used	(835)			(1,911)	(2,746)	(9,579)
Payments for Lottery Prizes	(50,059)				(50,059)	
Payments for Principal Forgiveness		(1,896)	(5,252)		(7,148)	
Payments for Loans Originated		(42,856)	(27,404)	(23,574)	(93,834)	
Other Receipts (Payments)	(414)	(6)	(14)	2,940	2,506	13,104
Net Cash Provided (Used) by Operating Activities	182,994	(1,446)	(14,725)	10,022	176,845	(5,154)
Cash Flows from Capital and Related Financing Activities:						
Activities:						
Purchases of Capital Assets				(183)	(183)	(2,112)
Construction in Progress				(25,710)	(25,710)	
Sale or Disposition of Capital Assets				1,662	1,662	622
Payments for Right-to-use Leased Assets	(136)			(222)	(358)	(771)
Payments for Right-to-use Subscription IT Assets				(468)	(468)	(789)
Payments for Financed Purchase Assets						(4,447)
Net Cash Provided (Used) by Capital and Related Financing Activities	(136)	0	0	(24,921)	(25,057)	(7,497)
Cash Flows from Noncapital Financing Activities:						
Transfers In				17,657	17,657	1,643
Transfers Out	(179,398)	(45)	(69)	(1,783)	(181,295)	(7)
Issuance of Bonds		80,056	85,757		165,813	
Principle Payments on Bonds and Notes		(15,335)	(8,140)		(23,475)	
Interest Payments on Bonds and Notes		(13,612)	(4,462)		(18,074)	
Contributions and Grants from the Federal Government		1,671	9,744		11,415	
Subsidies Provided to Others				(159)	(159)	
Other Noncapital Financing Activities		589	287	151	1,027	42
Net Cash Provided (Used) by Noncapital Financing Activities	(179,398)	53,324	83,117	15,866	(27,091)	1,678
Cash Flows from Investing Activities:						
Arbitrage Payment		(34)	(1,744)		(1,778)	
Investment Income	511	7,885	4,462	8,161	21,019	2,507
Investment Expense	(3)			(22)	(25)	(11)
Purchase of Investment Securities		(115,364)	(78,240)	(18)	(193,622)	
Proceeds from the Sale and Maturity of Investments		65,897	19,936		85,833	
Net Cash Provided (Used) by Investing Activities	508	(41,616)	(55,586)	8,121	(88,573)	2,496
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	3,968	10,262	12,806	9,088	36,124	(8,477)
Cash and Cash Equivalents at Beginning of Year	12,931	82,372	20,319	333,048	448,670	85,996
Cash and Cash Equivalents at End of Year	\$ 16,899	\$ 92,634	\$ 33,125	\$ 342,136	\$ 484,794	\$ 77,519

Continued on next page

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental
	Major					Internal
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 182,314	\$ (9,042)	\$ (7,751)	\$ 21,329	\$ 186,850	\$ (11,055)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation and Amortization Expense	172			841	1,013	7,614
Bad Debt Expense				14	14	
Interest Expense		12,016	5,629	1	17,646	486
Bond Issuance		553	541		1,094	
Miscellaneous Nonoperating Items	21				21	
Decrease (Increase) in Assets:						
Accounts Receivable	(741)			4,065	3,324	(3,554)
Bonds and Notes Receivable		(5,723)	(13,254)	(16,013)	(34,990)	
Due From Other Funds				(35)	(35)	(1,754)
Due From Component Units				29	29	66
Due From Other Governments		311	8	(953)	(634)	(11)
Inventory				429	429	(45)
Other Assets				(22)	(22)	351
Other Restricted Assets	(73)			245	172	
Restricted Net Pension Asset	503	83	139	2,659	3,384	11,052
Decrease (Increase) in Deferred Outflows of Resources:						
Deferred Outflows - Related to Pensions	87	20	39	411	557	1,895
Increase (Decrease) in Liabilities:						
Accounts Payable	68	467	128	496	1,159	(103)
Accrued Liabilities	23	8	13	1,003	1,047	546
Compensated Absences Payable	29	(10)	2	64	85	999
Due To Other Funds	1			82	83	(34)
Due To Component Units				(6)	(6)	(8)
Due To Other Governments						23
Unearned Revenue	39			(269)	(230)	(542)
Escrow Payable	(34)				(34)	
Bond and Note Payable				(6)	(6)	
Policy Claim Liabilities				(1)	(1)	5,507
Other Liabilities	1,339			29	1,368	
Increase (Decrease) in Deferred Inflows of Resources:						
Deferred Inflows - Related to Pensions	(754)	(129)	(219)	(4,318)	(5,420)	(16,587)
Deferred Inflows - Related to Leases				(52)	(52)	
Net Cash Provided (Used) by Operating	\$ 182,994	\$ (1,446)	\$ (14,725)	\$ 10,022	\$ 176,845	\$ (5,154)
Noncash Investing, Capital, and Financing Activities:						
Gain (Loss) on Disposal of Capital Assets	\$ (96)	\$	\$	\$ 1,504	\$ 1,408	\$ 286
Right-to-use Lease Obligations Entered Into	488			1,135	1,623	5,401
Right-to-use Subscription IT Obligations Entered Into				833	833	2,234
Other				25	25	

The notes to the financial statements are an integral part of this statement.

**STATE OF SOUTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2023
(Expressed in Thousands)**

	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and Cash Equivalents	\$ 8,458	\$ 976	\$ 29,754
Receivables:			
Employer	3,638		
Employee	3,731		
Benefits	255		
Unsettled Investment Sales	1,436		
Taxes Receivable, net			62,607
Due From Other Funds			137
Investment Income	52,594	408	
Other		7	1,270
Total Receivables	61,654	415	64,014
Investments, at Fair Value:			
Fixed Income	5,671,278		
Equities	5,329,619		
Real Estate	1,826,339		
Private Equity	1,626,460		
Pooled Investment Funds		312,914	
Total Investments	14,453,696	312,914	0
Properties, at Cost	2,078	14,202	
Accumulated Depreciation	(1,639)		
Other Assets	20	17	
Total Assets	14,524,267	328,524	93,768
Liabilities			
Payables:			
Accounts Payable and Other Liabilities	1,911	14	4,445
Due To Other Funds	67	34	119
Due To Other Governments			70,244
Compensated Absences Payable	466		
Due To Brokers - Futures Transactions	20,993		
Unsettled Investment Purchases	376		
Total Liabilities	23,813	48	74,808
Net Position			
Restricted for Pension Benefits	14,500,454		
Restricted for Others		328,476	18,960
Total Net Position	\$ 14,500,454	\$ 328,476	\$ 18,960

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions			
Contributions:			
Employee	\$ 153,799	\$	\$
Employer	154,762		
From Clients and Inmates		659	
Other		7,525	
Total Contributions	308,561	8,184	0
Investment Income:			
<i>From Investing Activities</i>			
Net Increase (Decrease) in Fair Value of Investments	515,266	9,417	
Interest	178,592		
Dividends	153,615		
Real Estate	21,742	376	
Pooled Interest and Dividends		7,948	
Total Investment Activity Income	869,215	17,741	0
Less Investment Activity Expenses	(63,468)		
Net Investment Income (Loss)	805,747	17,741	0
<i>From Security Lending Activities</i>			
Securities Lending Income	449	3	
Securities Lending Expenses	(135)		
Tax and Fee Collections for Other Governments			569,503
Child Support Collections			110,685
Collections from Defendants and Inmates			28,106
Collections for Other Governments			33,601
Collections from Participants			2,632
Assessments			14,459
Escheated Property		44	
Miscellaneous Income		31	
Total Additions	1,114,622	26,003	758,986
Deductions			
Benefits	707,072		
Refunds of Contributions	28,008		
Distribution to School Districts		9,985	
Tax and Fee Distributions to Other Governments			569,503
Child Support Distributions			110,685
Payments Made for Custodial or Trust Purposes		628	13,307
Payments Made to Other Governments			41,064
Forfeiture Returns			11,906
Required Distributions			9,562
Administrative Expenses	5,158	10	
Total Deductions	740,238	10,623	756,027
Change in Net Position	374,384	15,380	2,959
Net Position at Beginning of Year	14,126,070	313,096	16,001
Net Position at End of Year	\$ 14,500,454	\$ 328,476	\$ 18,960

The notes to the financial statements are an integral part of this statement.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GAAP allows for and requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

B. Reporting Entity

For financial reporting purposes, the State of South Dakota (the State) reporting entity includes the primary government and its component units. The primary government consists of state departments, bureaus, boards, and commissions. Component units are legally separate governmental organizations for which the State is considered to be financially accountable and other organizations for which the nature of their relationship is such that exclusion would cause the State's financial statements to be misleading or incomplete.

Blended Component Units

Blended component units are legally separate entities that are, in substance, part of the State's primary government. A component unit is blended if: (1) services are provided, or almost entirely provided, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government; (2) the governing body is substantively the same as the governing board of the primary government; (3) the component unit's total debt outstanding is expected to be repaid entirely, or almost entirely, by the primary government; or (4) the primary government is the sole corporate member of a component unit incorporated as a not-for-profit corporation.

The State's blended component units are:

The South Dakota Building Authority (SDBA) was created and organized by Chapter 5-12 of the South Dakota Codified Laws. The purpose of the SDBA is to build and otherwise provide certain facilities for use by the State. SDBA is authorized to issue revenue bonds, notes, or other obligations on behalf of state institutions for the purpose of constructing, equipping and improving facilities, or refinancing of outstanding debt. SDBA is comprised of a seven member board that is appointed by the Governor, with the advice and consent of the Senate. No person shall be appointed to SDBA who is an elected official of the State or any subdivision thereof. One of the members shall be designated by the Governor as chairman. The indebtedness or obligations incurred or created by SDBA may not be or become a lien, charge, or liability against the State. Because the State is able to impose its will over SDBA and the services provided by SDBA are almost entirely provided to the State, SDBA is considered a blended component unit. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Conservancy District (SDCD) was created by the Legislature under Chapter 46A-2 of the South Dakota Codified Law as a body politic and corporate for the purpose of constructing water resource facilities for the conservation, storage, distribution, and utilization of water for multiple purposes within the State. SDCCD has two funds: the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund. The Clean Water State Revolving Fund is a low interest loan program used to finance the construction of wastewater facilities, storm sewers, and non-point source pollution control projects. The Drinking Water State Revolving Fund is a low interest loan program used to finance drinking water projects. SDCCD bonds do not constitute a debt or liability of the State, or a pledge of the faith and credit of the State. Because the State is able to impose its will over SDCCD and the governing body is substantively the same as the governing body of the primary government, SDCCD is considered a blended component unit of the primary government. This financial presentation does not change the legal liability of the indebtedness.

The Educational Enhancement Funding Corporation (EEFC) is a special purpose corporation, organized under Chapter 5-12 of the South Dakota Codified Law. EEFC was established to purchase all of the State of South Dakota's future right, title, and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title, and interest in the TSRs has been financed by the issuance of the bonds and the residual certificate. The residual certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of EEFC as set forth

in the Trust Indenture. Obligations issued by EEFC shall not be deemed to constitute a debt, liability, or obligation of the State. Because there is a financial benefit/burden relationship between EEFC and the State and the services provided by the EEFC are entirely provided to the State, EEFC is considered a blended component unit. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, LLC (Trust Captive), a nonprofit limited liability company, was established December 31, 2016. The Trust Captive was established to provide insurance to pay for losses if the South Dakota Department of Labor and Regulation, Division of Banking must take over a trust company chartered and regulated by the Division. The obligations of the Trust Captive shall not be deemed to constitute a debt, liability, or obligation of the State. Because the State is able to impose its will over the Trust Captive, and is the sole corporate member, the Trust Captive is considered a blended component unit. This financial presentation does not change the legal liability of the indebtedness. The Trust Captive has a fiscal year end of December 31 and is presented accordingly.

Discretely Presented Component Units

Discretely presented component units are legally separate entities that are either financially accountable to the State, or their exclusion would cause the State's financial statements to be misleading or incomplete. Discretely presented component units are reported in separate columns or rows in the Government-wide Financial Statements to emphasize that they are legally separate from the State.

The State's major discretely presented component units are:

The South Dakota Housing Development Authority (HDA) was created by the Legislature under Chapter 11-11 of the South Dakota Codified Law for the purpose of encouraging the investment of private capital and stimulating the construction and rehabilitation of residential housing for the people of the State. HDA issues negotiable notes and bonds. If an issue utilizes private activity bond cap, authorization is needed by the Governor of South Dakota. Notes and bonds of HDA do not constitute a debt or liability of the State, or a pledge of the faith and credit of the State. These notes and bonds are payable solely from the revenues or assets of HDA. Because the State appoints a voting majority of the board and is able to impose its will over HDA but does not meet any of the GASB's criteria for blending, HDA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Science and Technology Authority (STA) was created and organized by Chapter 1-16H of the South Dakota Codified Laws. The purposes of the STA are to foster and facilitate scientific and technology investigation, experimentation, and development by creating a mechanism through which laboratory, experimental and development facilities may be acquired, developed, constructed, maintained, operated, and decommissioned. The initial focus of the STA is to support the transfer of the Homestake Gold Mine in Lead, South Dakota for development by the research community to become the world's premier Underground Science and Engineering Laboratory; more specifically, the Sanford Underground Research Facility (SURF). Additional focus is maintained by the STA for an education and outreach program detailing the progress. Because the State appoints a voting majority of the board and past history has established a pattern of the State assuming the obligation to finance STA which creates a financial benefit/burden relationship but does not meet any of GASB's criteria for blending, STA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

Higher Education (Higher Ed) consists of six state public universities (Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and University of South Dakota), two special schools (South Dakota School for the Deaf and South Dakota School for the Blind and Visually Impaired), and the governing board, South Dakota Board of Regents (BOR). BOR was created under Article XIV of the Constitution of the State of South Dakota. Chapter 13-49 of the South Dakota Codified Law establishes the authority for BOR to govern the system of public higher education in the State. The system's primary goal is to provide high quality, diverse educational opportunities, and services to the people of South Dakota through the effective use of the resources entrusted to it. Because the State is able to impose its will over the Higher Ed system and BOR and a financial benefit/burden relationship exists but does not meet the GASB's criteria for blending, Higher Ed is considered a discretely presented component unit of the State.

Included in the balances and operating results for Higher Ed are six foundations that contribute financially to the six state public universities through fundraising. The foundations include Black Hills State University Foundation, Dakota State University Foundation, Northern State University Foundation, South Dakota School of Mines and Technology Center for Alumni Relations and Advancement, South Dakota State University Foundation, and University of South Dakota Foundation. The universities do not control the timing or amount of receipts from their foundations. However, a majority of resources or income the foundations hold and invest are restricted by the donors for activities of the respective universities. These restricted resources held by the foundations can only be used by, or for the benefit of the specific universities; therefore, the foundations are considered component units of the universities and are included in Higher Ed.

Black Hills State University Foundation, South Dakota State University Foundation, and University of South Dakota Foundation have fiscal year ends of December 31. The different fiscal year ends for these foundations could create timing differences. The process of eliminating activity between these universities and their foundations could be affected by these timing differences.

The foundations are private not-for-profit entities that report under Financial Accounting Standards Board (FASB) pronouncements. As such, certain revenue recognition criteria and presentation features are different from that of the Governmental Accounting Standards Board (GASB). The foundations' financial statements have not been restated to reflect GASB pronouncements but have been reformatted to comply with the classification and display requirements in GASB pronouncements. The foundations' notes to the financial statements have not been reformatted to reflect GASB pronouncements and thus are not reported in the notes to the financial statements of the primary government.

The State's nonmajor discretely presented component units are:

The South Dakota Economic Development Finance Authority (EDFA) was created by the Legislature under Chapter 01-16B of the South Dakota Codified Law for the purpose of making loans to businesses to spawn economic growth. Obligations issued by EDFA shall not be deemed to constitute a debt, liability, or obligation of the State. Because the State appoints a voting majority of the board and is able to impose its will over EDFA but does not meet the GASB's criteria for blending, EDFA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Ellsworth Development Authority (EDA) was established by the Legislature under Chapter 01-16J of the South Dakota Codified Law for the purpose of protecting and promoting the economic impact of Ellsworth Air Force Base and associated industry. Payments of the principal of, or interest on, the bonds, notes, instruments, or obligations issued by EDA shall not be deemed to constitute a debt, liability, or obligation of the State. Because the State appoints a voting majority of the board and a financial benefit/burden relationship exists, but does not meet the GASB's criteria for blending, EDA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Authority Captive Insurance Company, LLC (The Authority Captive), a nonprofit limited liability company, was established August 12, 2015, to cover some of the liability risks of six authorities of the State (South Dakota Science and Technology Authority, South Dakota Building Authority, South Dakota Health and Educational Facilities Authority, Educational Enhancement Funding Corporation, South Dakota Ellsworth Development Authority, and South Dakota Housing Development Authority). The Authority Captive's coverage includes: commercial general liability; directors, officers, and entity coverage; employment practices liability; and errors and omissions. The obligations of The Authority Captive shall not be deemed to constitute a debt, liability, or obligation of the State. Because the State appoints a voting majority of the board and is able to impose its will over The Authority Captive but does not meet the GASB's criteria for blending, The Authority Captive is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness. The Authority Captive has a fiscal year end of December 31.

The South Dakota Property and Casualty Captive Insurance Company, LLC (The Property Captive), a nonprofit limited liability company, was established September 14, 2015, to provide property, including content, business income, and extra expense coverage on the State's buildings, including Higher Education buildings. Because the State appoints a voting majority of the board and is able to impose its will over The Property Captive but does not meet the GASB's criteria for blending, The Property Captive is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness. The Property Captive has a fiscal year end of December 31.

Fiduciary Component Unit

Fiduciary component units are legally separate entities that meet the criteria to be classified as a component unit and account for those activities in the reporting entity that are fiduciary in nature. Fiduciary activities include pension (and other employee benefit) trusts, investment trusts, private purpose trusts, and custodial funds. Descriptions of these fiduciary activity classifications may be found below in the Financial Statement Presentation portion of Note 1. Fiduciary component units are reported only in the fund financial statements in the primary government's statements of fiduciary net position and changes in fiduciary net position using the economic resources measurement focus and accrual basis of accounting.

The State's one fiduciary component unit is:

The South Dakota Retirement System (SDRS) was created by South Dakota Codified Law and governed by the provisions found in Chapter 3-12C of the codification. The South Dakota Retirement System (SDRS or the System) is a cost sharing, multiple employer public employee retirement system (PERS) established to provide retirement benefits for employees of the state of South Dakota and its political subdivisions. Members of SDRS include full time employees of public schools, the State, the Board of Regents, city and county governments, and other public entities. Public schools, cities, and counties may choose not to include certain full-time employees in the System. Because the State approves the SDRS budget and there is a financial benefit/burden relationship, the SDRS pension plan is a fiduciary component unit of the State.

Related Organizations

The South Dakota Health and Educational Facilities Authority (HEFA) is a body politic, corporate, and public instrumentality of the State of South Dakota. The HEFA was created in 1972 to enhance the health and education of citizens of the State by providing healthcare, educational, and other non-profit institutions access to low cost capital. The State's accountability does not extend beyond appointing a voting majority of HEFA's board members. This relationship does not meet the GASB criteria of a component unit; therefore, HEFA is not included as part of the primary government reporting entity.

Separately Issued Financial Statements

Separately issued financial statements for the entities listed below are available from the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, by calling (605) 773-3595, or online at

<http://legislativeaudit.sd.gov/reports/reports.aspx>:

- South Dakota Building Authority
- South Dakota Conservancy District
- Educational Enhancement Funding Corporation
- South Dakota Trust Company Receivership and Liquidation Captive Insurance Company
- South Dakota Housing Development Authority
- South Dakota Science and Technology Authority
- South Dakota Economic Development Finance Authority
- South Dakota Ellsworth Development Authority
- South Dakota Authority Captive Insurance Company
- South Dakota Property and Casualty Captive Insurance Company
- South Dakota Retirement System
- South Dakota Health and Educational Facilities Authority

Higher Education does not have separately issued financial statements.

C. Government-wide and Fund Financial Statements

The Government-wide Financial Statements include the Statement of Net Position and the Statement of Activities. The Statement of Net Position and the Statement of Activities report all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are generally supported by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The focus of the

Government-wide Financial Statements and Notes to the Financial Statements is the primary government. A separate column is presented for each major discretely presented component unit and a column for all nonmajor discretely presented component units in the aggregate.

The Statement of Net Position presents the reporting entity's nonfiduciary assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the Government-wide Financial Statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, income, or activity being taxed occurred. At June 30, 2023, there was \$31.4 million of bank tax receipts that were not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Sales tax, motor fuel taxes, grant revenue, investment income, and charges for goods and services are all considered to be susceptible to accrual if collected within 60 days of the end of the current fiscal year. Bank taxes are considered measurable when returns are filed, not when payments are received. All other revenue is considered to be measurable and available only when cash is received.

Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Proprietary, Fiduciary, and Similar Component Units Financial Statements

The financial statements of the proprietary funds, fiduciary funds, and similar component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the Government-wide Financial Statements described above. Proprietary funds include both enterprise and internal service fund types.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Financial Statement Presentation

The State reports the following major governmental funds:

The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The Transportation Fund accounts for dedicated state tax revenue for the construction, maintenance, and supervision of state highways and bridges and federal grants received by the Department of Transportation.

The Social Services Federal Fund accounts for federal grants received by the Department of Social Services to fund social welfare programs.

The COVID-19 Federal Fund accounts for federal grants received by the State due to the COVID-19 Pandemic.

The Dakota Cement Trust Fund was created with the proceeds from the sale of the State Cement Plant which is invested by the South Dakota Investment Council. Transfers from this fund are made to the General Fund for the support of education in South Dakota.

The Education Enhancement Trust Fund primarily accounts for revenue from the Tobacco Settlement and securitization of future tobacco revenue. Income from the fund is used to fund education enhancement programs.

The State reports the following major proprietary funds:

The Lottery Fund is used to account for the operations of the State Lottery.

The Clean Water State Revolving Fund is used to provide loans to local governments for wastewater, storm sewer, and nonpoint source pollution control projects.

The Drinking Water State Revolving Fund is used to provide loans to local governments for drinking water projects.

In addition, the State reports the following fund types:

Governmental Funds:

Special Revenue Funds account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes. Special revenue funds account for federal grant programs, taxes with distributions defined by the State Constitution or state laws, and other resources restricted or committed as to purpose.

Debt Service Funds account for the accumulation of resources for the retirement of long-term debt principal and interest.

The Capital Projects Funds account for the acquisition or construction of major capital facilities, other than those financed by proprietary and fiduciary funds, or component units.

The Permanent Fund administered by South Dakota School and Public Lands accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds:

Enterprise Funds report activities for which a fee is charged to external users for goods or services. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees.

Internal Service Funds report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units or to other governments, on a cost-reimbursement basis. These goods and services include information services, telecommunications, insurance risk pools, and fleet and travel management. In the Government-wide Financial Statements, internal service funds activity is included in Governmental Activities.

Fiduciary Funds:

Pension (and Other Employee Benefit) Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State’s defined benefit pension plan.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. As an example, the Common School Fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support local school districts.

Custodial Funds account for those fiduciary activities that are not reported in Pension (and Other Employee Benefit) Trust Funds, Investment Trust Funds, or Private Purpose Trust Funds. Examples of the State’s custodial funds in this category include local government tax collections reported in the Department of Revenue Collections Custodial Fund and child support payments collected in the Child Support Collection Custodial Fund.

E. Budgetary Accounting

Agencies and departments submit budget requests to the Bureau of Finance and Management. The commissioner approves the Bureau’s budget recommendation that is presented to the Governor for her consideration. The Governor’s decisions are presented to the Legislature in the Governor’s budget book.

The financial plan for each fiscal year is adopted by the Legislature by the passage of a general appropriations bill, special appropriations bills, and deferred maintenance appropriations. The formal budget approved by the Legislature does not include budgeting for revenues and other financing sources/uses.

The General Appropriations Act includes only appropriations for ordinary current and capital expenses of the executive, legislative, and judicial branches of the State. State law classifies appropriations into general, federal, and other fund budget classifications. The budget is controlled at the program level for personal services and operating expenses. Detailed appropriation information at this level is presented in the Available Funds Report that is available from the Bureau of Finance and Management.

The State’s annual budget is prepared on the cash basis of accounting. Encumbrance accounting is utilized to reserve a portion of the budget to future periods for payment of purchase orders, contracts, and other commitments. Encumbrances at June 30, 2023, totaled \$42.5 million. The encumbrance amount is broken down by major fund and nonmajor fund below (Expressed in Thousands):

<u>Fund</u>	<u>Amount Encumbered</u>
Major Funds:	
General Fund	\$ 15,743
Transportation	8,882
COVID-19 Federal	7,077
Non-Major Funds:	
Non-Major Funds Total	10,835
Total	\$ 42,537

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents and Investments

Cash includes cash on hand, demand deposits, and foreign currency balances. Foreign currency cash balances are translated into United States Dollars (USD) using year-end spot foreign currency exchange rates. Cash equivalents include non-negotiable certificates of deposit, which are reported at cost. The State Investment Officer is responsible for the investment of state public funds. State public funds in the Cash Flow Portfolio are invested using the pooled deposit and investment concept which preserves the integrity of the fund cash balances of each state fund while

simultaneously allowing the deposit and investment of aggregate idle fund monies. Investment income is allocated to participating funds per South Dakota law. Participating funds are determined by the Bureau of Finance and Management and approved by the Joint Interim Appropriations Committee of the Legislature. Investment income from the state trust funds is deposited into their respective funds.

Investments, as reported on the balance sheet, represent all investments not considered cash equivalents. Investments may include corporate stocks, bonds, convertible debt, U.S. government and agency securities, mortgage backed securities, negotiable certificates of deposit, repurchase agreements, annuity contracts, investment contracts, international securities, private equity, and real estate. Investments are reported at fair value, in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application*.

Investments denominated in foreign currencies are translated into USD using the year-end spot foreign currency exchange rates. Foreign exchange rate gains or losses are included with the net appreciation in fair value of investments.

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect the reported amounts of net position as of June 30, 2023. Actual results could differ from those estimates.

For additional information see *Note 3. Cash, Deposits, and Investments* in the Notes to the Financial Statements.

Receivables

Receivables in the governmental and business-type activities consist mainly of amounts due from component units, other governments, loans, and customers.

Inventories

Inventories reported in the governmental fund types are reported at cost using the weighted average cost method. Proprietary fund type inventories are valued at the lower of cost or market, using the moving average cost method. Inventories reported in the Higher Education component unit discrete presentation are reported at cost using the FIFO method. Inventories are expensed using the consumption method.

Federal commodities on hand are reported as inventories, offset by unearned revenue. Commodities are reported at fair value established by the federal government at the date received. At June 30, 2023, the commodities inventory was reported in the amount of \$0.6 million.

Capital Assets

Capital assets, which include property, plant, equipment, right-to-use leased assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements. Capital assets are capitalized at cost, or estimated historical cost, if original cost records are not available. Property, plant, and equipment acquired through financed purchase agreements are capitalized at fair market value at the inception. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are capitalized at acquisition value at the acquisition date.

All land is capitalized regardless of cost. Land improvements are capitalized when the cost of the improvement is \$50,000 or more. Buildings and building improvements are capitalized when the cost is \$100,000 or more. Equipment is capitalized when the cost of individual items is \$5,000 or more. Infrastructure assets are capitalized when the cost of the asset is \$1,000,000 or more for governmental funds and fiduciary funds, and \$50,000 or more for proprietary funds and component units. Intangible assets such as easements, patents, trademarks, internally generated computer software, etc. (as defined by GASB Statement 51) are capitalized when the cost is \$250,000 or more, except for purchased software licenses which are capitalized when the cost is \$5,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciable capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land Improvements	20-30
Buildings and Improvements	15-50
Infrastructure	20-99
Equipment	3-17
Intangible Assets	3-25

The State owns works of art and historical treasures that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Works of art and historical treasures include items such as statues, monuments, historical documents, paintings, artifacts, etc. Higher Education, a business-type activity discretely presented component unit, adopted the State's policy on capitalizing historical treasures and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair market value at the time of donation. The reported capitalized value of these collections was \$10.3 million, as of June 30, 2023. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

Leases

The State routinely engages in lease agreements to meet operational needs or serve the general public. Lease contracts generally relate to land, buildings, associated facilities such as parking, and various vehicles, machinery, and equipment.

The State uses an estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. The State's estimated incremental borrowing rate is based on known lessor charged rates adjusted every six months using a 12-month average of the State and Local Government Series (SLGS) securities rates. If amendments or other certain circumstances occur that are expected to significantly affect the terms of the lease contract, the present value is re-measured and corresponding adjustments are made. Some lease contracts include increases to lease payments related to the consumer price index (CPI) or similar indices, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement.

Payments based on future performance are not included in the measurement of the lease liability or lease receivable but recognized as revenue or expense in the period performed. Residual value guarantees and exercise options are included in the measurement if they are reasonably certain to be paid or exercised.

Lessee

For short term lease contracts, the State recognizes periodic revenue or expense based on the provisions of the lease contracts. For all lease contracts that meet the financial reporting requirements of GASB lease standards where the State is the lessee, the State recognizes a lease liability and an intangible right-to-use lease asset based on the present value of future lease payments over the noncancellable period of the lease contract. Lease right-to-use assets are reported with capital assets, and lease liabilities are reported as long-term debt in the statement of net position. The right-to-use lease assets are amortized using straight-line basis over the term of the lease or the useful life, if different from the lease term. The lease liability is reduced by the principal portion of the lease payments made. More information regarding lessee lease information can be found in *Note 6. Capital Assets*, *Note 9. Commitments*, and *Note 11. Long-term Liabilities* in the Notes to the Financial Statements.

Lessor

On a more limited basis, the State also serves as a lessor providing leases of state-owned assets. The financial statements recognize a lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during noncancellable period of the lease contract, and the deferred inflow of resources is amortized evenly over the life of the lease. The lease receivable is reduced by the principal portion of the fixed lease payments received.

Leases Receivable

During the fiscal year, the State had 20 lessor lease agreements for the use of land, buildings, and equipment. The terms of these lease agreements range between 1 and 20 years with a weighted average interest rate of 2.94%. The State recognized \$0.2 million in lease revenue and \$69.6 thousand in interest revenue during the current fiscal year related to leases. As of June 30, 2023, the receivable for lease payments was \$2.6 million.

Subscription Based Information Technology Arrangements

The State routinely engages in software agreements to meet operational needs or serve the general public. These contracts generally relate to the State using another entities (lessor's) software and paying periodic payments for this use.

The State uses an estimated incremental borrowing rate as the discount rate unless the rate the lessor charges is known. The State's estimated incremental borrowing rate is based on known lessor charged rates adjusted every six months using a 12-month average of the State and Local Government Series (SLGS) securities rates. If amendments or other certain circumstances occur that are expected to significantly affect the terms of the software contract, the present value is re-measured and corresponding adjustments are made. Some software contracts include increases to payments related to the consumer price index (CPI) or similar indices, and the available index increase is included in the present value at the commencement of the contract or upon remeasurement.

Payments based on future performance are not included in the measurement of the SBITA liability but are recognized as an expense in the period performed.

For short term software contracts, the State recognizes periodic expense based on the provisions of the contract. For all software contracts that meet the financial reporting requirements of GASB Statement 96 Subscription Based Information Technology Arrangement standards where the State is the lessee, the State recognizes a subscription intangible right-to-use software asset and an IT liability based on the present value of future payments over the noncancellable period of the contract. Software right-to-use assets are reported with capital assets, and software liabilities are reported as long-term debt in the statement of net position. The right-to-use software assets are amortized using straight-line basis over the term of the contract or the useful life, whichever is shorter. The liability is reduced by the principal portion of the payments made. More information regarding SBITA information can be found in *Note 6. Capital Assets, Note 9. Commitments, and Note 11. Long-term Liabilities* in the Notes to the Financial Statements.

The State, through the Department of Game, Fish and Parks, has a 6-year subscription-based IT arrangement with an early termination option. The State pays the vendor for the sale of hunting and fishing licenses, camping reservations, and state park passes. Payments under this arrangement are variable in nature. Since there is no minimum payment, this arrangement was not included in subscription IT assets or liabilities. A total of \$5.4 million was recognized as an outflow of resources for these variable payments for the year ended June 30, 2023.

The State, through the South Dakota Lottery, has 2 subscription-based IT arrangements with private vendors. One arrangement is for 5 years and the other is for 4 years. The State pays the vendors for monitoring and control of video lottery terminals as well as operating an instant and online lottery gaming system. Payments under these arrangements are variable in nature. Since there is no minimum payment, this arrangement was not included in subscription IT assets or liabilities. A total of \$7.1 million was recognized as an outflow of resources for these variable payments for the year ended June 30, 2023.

Public-Private Partnerships

The State, through the Department of Game, Fish, and Parks, has 4 Public-Private Partnership arrangements with private vendors, under which the vendors will operate and maintain State-owned buildings, marinas, and land for a range of 1 to 29 years. The State continues to report the capital assets with a carrying amount of \$25.9 million at year-end. The vendors provide lodging accommodations, visitor centers, restaurant and food services, retail stores, campgrounds, guide services, and outdoor recreational rentals to the public. The vendors collect and retain retail sales revenue from the public. The vendors pay the State a percentage of their retail sales revenues from their annual gross receipts. Since there is no minimum payment in the contract and the retail sales revenues are variable in nature, there is no receivable recognized in the financial statements. As of June 30, 2023, the State received \$3.6 million in commission revenue.

Higher Education, a discretely presented component unit of the State, contracts with a vendor to oversee the food service operations at the six public university campuses. The vendor directly collects retail sales from students without

meal plans and other individuals visiting the campuses. The universities receive commission revenue based on these variable payments received by the vendor. With no mention of a minimum payment in the contract related to the commission received on the retail sales, there is no receivable recognized in the financial statements. As of June 30, 2023, retail sales totaled \$5.6 million, and the universities received \$1.0 million in commission revenue.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported on the Government-wide Statement of Net Position in the applicable columns for governmental activities, business-type activities, or component units. Deferred outflows of resources of governmental funds, proprietary funds, and component units are reported in detail in their respective fund statements.

Long-term Obligations

In the Government-wide Financial Statements and Proprietary Fund Financial Statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported on the Government-wide Statement of Net Position in the applicable columns for governmental activities, business-type activities, or component units. Deferred inflows of resources of governmental funds, proprietary funds, and component units are reported in detail in their respective fund statements.

Net Position and Fund Balances

“Net position” on the Government-wide, Proprietary, and Fiduciary Funds Financial Statements and “fund balance” on the Governmental Fund Financial Statements consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debts that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position consists of assets that have externally imposed constraints placed on them by either creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation of the State.

Unrestricted net position consists of assets that do not meet the definition of the two preceding categories.

The State’s policy is that unrestricted amounts are spent first when expenditures are incurred for purposes of which multiple resources are available within a fund.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the State is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances can be reported in five different categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. Commodities inventories are not included in the nonspendable balance since they are offset with a liability.

Restricted fund balance consists of assets that have externally imposed constraints placed on them by either creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation of the State.

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State Legislature through legislation passed into law.

Assigned fund balance includes amounts that are constrained by the State's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are created by the executive branch or by directive of the Appropriations Committee of the Legislature or in some cases by passage of an appropriation. In governmental funds other than the General Fund, assigned fund balance also represents the remaining amount that is not restricted or committed.

Unassigned fund balance represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The State does not use separate funds to segregate restricted, committed, and assigned resources. It instead uses the accounting structure to track sources of resources. The State's policy is that assigned amounts are spent first, then committed, restricted, and finally unassigned when expenditures are incurred for purposes of which multiple resources are available within the accounting structure.

G. Compensated Absences

All full-time and permanent part-time employees earn vacation leave and sick leave. Employees earn fifteen days of vacation leave per year that can be accumulated to thirty days, except for employees with more than fifteen years of employment, who earn twenty days of vacation leave per year that can be accumulated to forty days. Upon termination, employees receive payment for their accumulated vacation leave. Employees earn fourteen days of sick leave per year. Unless dismissed for cause, employees who terminate after seven years of continuous employment receive payment for one-fourth of their accumulated sick leave balance, not to exceed four hundred eighty hours.

A liability has been recorded in the Government-wide and Fund Financial Statements for compensated absences in accordance with GASB statements.

H. Lottery Security Deposits

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2023, the amount of certificate of deposits and deposits in cash being held by the Lottery was \$0.4 million and is included in restricted cash and investments on the balance sheet. The amount of \$8.7 million was in the form of surety bonds or irrevocable letters of credit and is not reported on the Statement of Net Position.

I. Interfund Activity and Balances

Interfund activity, as a general rule, has been eliminated from the Government-wide Financial Statements. An exception to this rule is activities between funds reported as governmental activities and funds reported as business-type activities. An example is the transfer of profits from the Lottery Fund to the General Fund. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return, or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. An example is securities taxes collected by the Department of Labor and Regulation which are deposited into a special revenue fund but are transferred to and expended by the General Fund.

Interfund balances and interfund receivables and payables have been eliminated from the Statement of Net Position.

J. Pensions

For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS), and additions to/deductions from SDRS fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value or net asset value.

2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS**Implementation of Recent GASB Pronouncements**

For the fiscal year ended June 30, 2023, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 91, Conduit Debt Obligations. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) note disclosures.

This statement had no effect on the State.

The South Dakota Housing Development Authority had early implemented GASB Statement 91.

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

This Statement has effects on Note Disclosures but had no other effect on the State.

GASB Statement 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments.

This Statement changed how the State reports Subscription-Based Information Technology Arrangements in the basic Financial Statements and Note Disclosures but had no other effect on the State.

GASB Statement 99, Omnibus 2022. This Statement 1) clarifies financial reporting issues for GASB Statement 87, such as lease term determination, lease cancellation periods, classification of a lease liability and lease asset, and identification of lease incentives. 2) Clarifies financial reporting issues for GASB Statement 94, such as determination of a public-private and public-public partnership term, and recognition, measurement of installment payments, and transfer of an underlying PPP asset. 3) Clarifies financial reporting issues for GASB Statement 96, such as SBITA term determination, short-term SBITA determination, and recognition and measurement of a subscription liability.

The implemented provision of this Statement had no effect on the State.

Restatements – Component Units

The beginning net position balance reported for Higher Education, reported as a major discretely presented component unit, increased by \$28.2 million for errors in the reporting of cash, receivables, and other miscellaneous reporting errors in the prior fiscal year. This restatement will have the same effect on the Government-wide financial statements.

3. CASH, DEPOSITS, AND INVESTMENTS

South Dakota Codified Laws (SDCL) and administrative rules authorize the types of deposits and investments. Most State public funds are invested in the Cash Flow Portfolio using the pooled deposit and investment concept. This concept allows for the deposit and investment of aggregate idle fund monies, while preserving the integrity of fund cash balances of each State fund.

Negative cash balances in funds participating in the Cash Flow Portfolio are reclassified at year-end as interfund payables. The cash and cash equivalents balance in the General Fund was reduced by \$36.8 million for deficit cash balances that existed in various state funds at June 30, 2023, and is reported as an interfund receivable.

Certain funds and component units have statutory authority to make deposits and investments in specific types of securities, which may be more or less restrictive than the general authority covering the Cash Flow Portfolio. Additionally, bond provisions may require restrictions on types of investments. The State was in compliance with legal requirements governing deposit and investing activities.

Securities that are unclaimed at financial institutions are transferred to the State. The securities or proceeds can be claimed by the owners under established procedures. The Office of the State Treasurer administers any unclaimed securities per SDCL §43-41B, Uniform Unclaimed Property Act. Any stocks, bonds, and other negotiable instruments will be sold within one hundred eighty days of confirmed receipt, unless involved in an open claim. As of June 30, 2023, the securities, for which cost at the time of acquisition is not readily available, have a fair value of \$1.0 million and are shown as securities held as escheat property in the General Fund.

A. Primary Government

Investments of the Primary Government are grouped into four categories based upon investment objectives and risk. The first category is the Cash Flow Portfolio. This category represents the pooled public funds of the Primary Government (comprising 86% of the Cash Flow Portfolio) and discretely presented component units (comprising 14% of the Cash Flow Portfolio). Higher Education, the Science and Technology Authority, the Housing Development Authority, the Property and Casualty Captive Insurance Company, and the Authority Captive Insurance Company are discretely presented component units and have deposits and investments in the Cash Flow Portfolio. Because of the pooled deposit and investment concept of the Cash Flow Portfolio, the discretely presented component units' share of the portfolio cannot be broken out separately for risk disclosure purposes. For risk disclosure purposes, their share of the Cash Flow Portfolio is included in the Primary Government. The second category is the Retirement Portfolio. This category represents the investments of the South Dakota Retirement System. The third category is the Trust Portfolios. This category includes the portfolios of School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund, and Health Care Trust Fund. The fourth category is Other Funds. This category represents funds that are not managed by the South Dakota Investment Council (SDIC) and includes Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, Drinking Water State Revolving Fund, and the Vocational Education Program.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of June 30, 2023, the Cash Flow portfolio's certificates of deposit was exposed to custodial credit risk of \$11.6 thousand.

The Retirement Portfolio has a formal deposit policy specific to custodial credit risk and foreign currencies. The policy states that the United States Dollar (USD) equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair

value on a trade date +5 calendar days basis. All portfolios as of June 30, 2023, meet policy guidelines. These deposits are not collateralized or covered by depository insurance. As a result, the Retirement Portfolio was exposed to custodial credit risk of \$18.5 million.

The Trust Portfolios have a formal deposit policy specific to custodial credit risk for the global equity portfolios of School and Public Lands, Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust. The policy states that the USD equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +5 calendar day basis. At June 30, 2023, the Trust Portfolios had bank balances in various foreign currencies. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of \$241.2 thousand.

The Other Funds use the same deposit policy specific to custodial credit risk as the rest of the State. At June 30, 2023, the Other Funds had bank balances that are not collateralized or covered by depository insurance. As a result, the Other Funds were exposed to custodial credit risk of \$16.3 million.

Investments

Securities Lending. State statutes and SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. All securities loans can be terminated on demand by either the SDIC or the borrower. As of June 30, 2023, the fair value of securities on loan was \$93.1 million, and the collateral held on the same date was \$96.6 million. At year-end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC.

The SDIC's securities custodian is an agent in lending securities and shall accept only U.S. Government securities or its agencies as collateral for any loan or loaned securities. The collateral required must equal 102% of fair value plus accrued interest for corporate debt securities. The earnings generated from the collateral investments results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

The contract with the lending agent requires the agent to indemnify the SDIC if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent. All securities loans can be terminated on demand by either the SDIC or the borrower. The SDIC does not have the ability to pledge or sell collateral securities unless the borrower defaults. Regarding restrictions on loans, the securities lending agreement does limit the total value of securities that can be out on loan on any given day.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The SDIC's securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2023, the Cash Flow portfolio does not have custodial credit risk with regard to securities lending. The Other Funds do not have a policy for custodial credit risk. The Other Funds had custodial credit risk totaling \$332.9 million in guaranteed investment contracts, Federal agency bonds, U.S. Treasury bonds, and U.S. Treasury notes not held in their name at June 30, 2023.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDIC policy limits or establishes ranges for the durations of the fixed income portfolios. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

The Cash Flow short term portfolio policy limits average portfolio duration to 2.88 years, and no holding's maturity can exceed 5.25 years. The Cash Flow intermediate term portfolio is benchmarked to the duration of the FTSE Broad Investment Grade (BIG) Index. No formal interest rate risk policy exists for the fixed income portfolios of the Other Funds.

The weighted modified durations (in years) of the various funds are listed in the following table (Dollars Expressed in Thousands):

Investment Type	Cash Flow Portfolio		Retirement Portfolio		Trust Portfolios		Other Funds	
	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	\$ 7,364	0.56	\$ 273,958	5.06	\$		\$ 113,355	0.56
U.S. Treasury Bills	1,087,195	0.24	892,621	0.16				
U.S. Treasury STRIPS	105,610	7.34	359,969	7.34	60,382	7.36		
U.S. Agencies	333,122	1.44	30,332	3.89	5,080	3.89	75,005	0.65
Federated Hermes U.S. Treasury Cash Reserves							3,029	
Investment Grade Corporates	628,925	2.87	406,647	4.96	65,246	4.98		
High-yield Corporates			456,577	3.95				
Agency Mortgage-backed Securities	80,447	6.50	278,548	6.40	47,370	6.38		
Investment Agreements							144,504	2.67
Total	\$ 2,242,663		\$ 2,698,652		\$ 178,078		\$ 335,893	
Portfolio Modified Duration		1.71		3.67		5.65		1.48

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SDIC guidelines establish a percentage range and a normal allocation to various credit risk categories. The Cash Flow short-term portfolio can invest 4% of the portfolio into each corporate security rated Aaa or Aa, 3% in A-rated, 1% in Baa1 or Baa2, and 0.5% in Baa3-rated individual holdings of corporate securities. Credit rating limits are 15% of the total short-term portfolio or up to 20% with the Investment Officer's permission for Baa-rated and 5% of the total portfolio or up to 10% with the Investment Officer's permission on downgraded securities below Baa. The SDIC reviews the investment guidelines annually for the Cash Flow intermediate-term portfolio. These guidelines establish the benchmark percentage invested in each fixed income asset category and the minimum and maximum range of each fixed income asset category.

The Clean Water State Revolving Fund and Drinking Water State Revolving Fund Master Trust Indenture requires any investment agreement to be with a guarantor whose long-term rating category is no lower than the two highest long-term rating categories.

Statutes authorize the Vocational Education Program to invest in the following: (1) direct obligations of the U.S.; (2) obligations issued by any agency or instrumentality of the U.S.; (3) certificates of deposit or time deposits of any bank which is a qualified public depository or any savings and loan association which is a savings and loan depository; (4) obligations of any solvent insurance company or other corporation existing under the laws of the U.S., or any state thereof provided the company or corporation is rated in one of the two highest rating classifications established by a standard rating service of insurance companies or a nationally recognized rating agency; (5) short-term discount obligations of the FNMA; or (6) obligations issued by any state of the U.S.

The Education Enhancement Funding Corporation does not have a formal investment policy with respect to credit risk.

As of June 30, 2023, the portfolios held the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government which are not considered to have credit risk. The investments are grouped as rated by Moody's Investors Service (Expressed in Thousands):

Moody's Rating	Cash Flow Portfolio Fair Value	Retirement Portfolios Fair Value	Trust Portfolios Fair Value	Other Funds Fair Value
Aaa	\$ 1,683,245	\$ 2,780,395	\$ 702,936	\$ 91,290
Aa	68,318	88,549	14,675	
A	428,079	171,141	29,106	
Baa	96,313	132,714	19,045	144,505
Ba		184,429		
B		243,865		
Caa, Ca, C and Unrated		28,283	110,291	
Total	\$ 2,275,955	\$ 3,629,376	\$ 876,053	\$ 235,795

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Retirement and Trust Portfolios’ exposure to foreign currency risk is derived from their positions in foreign currency and foreign currency-denominated equity and fixed income investments. The Retirement and Trust Portfolios do not hedge foreign currency back to USD (to match the unhedged benchmark) but do allow hedging under certain circumstances when deemed appropriate by the State Investment Officer and portfolio manager.

The Retirement and Trust Portfolios’ exposure to foreign currency risk at June 30, 2023, are as follows (Expressed in Thousands):

Currency	Retirement Portfolio			Trust Portfolios		
	Equities	Cash	Total	Equities	Cash	Total
	U.S. Dollar	U.S. Dollar		U.S. Dollar	U.S. Dollar	
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Australian Dollar	\$ 15,969	\$ 92	\$ 16,061	\$ 939	\$ 66	\$ 1,005
British Pound	165,957	863	166,820	12,459	17	12,476
Canadian Dollar	93,686	3,630	97,316	7,007	26	7,033
Danish Krone	5,986	9	5,995	392		392
Euro	342,325	2,666	344,991	25,607		25,607
Hong Kong Dollar	1,123		1,123			
Japanese Yen	151,775	8,319	160,094	11,364	38	11,402
South Korean Won	90,428		90,428	6,453		6,453
Norwegian Krone	3,053	1,443	4,496	190		190
Singapore Dollar	1,730		1,730	58		58
Swedish Krona	12,578	1,460	14,038	876	94	970
Swiss Franc	137,345	6	137,351	10,222		10,222
Thai Baht	792		792			
Total Fair Value	\$ 1,022,747	\$ 18,488	\$ 1,041,235	\$ 75,567	\$ 241	\$ 75,808

Investments with limited partnerships and certain global equity investments with external managers, which are not included in the table above, may expose the State to additional foreign currency risk. For the Trust Portfolios, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2023, was \$335.4 million. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2023, was \$3.5 billion. The total fair value of hedge funds investments managed by external managers was \$115.6 million.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The Cash Flow portfolio has a policy in place limiting its investments in individual holdings. Information regarding the policy is located in the Credit Risk section. Additionally, there are no single issuer exposures (excluding those issued by or explicitly guaranteed by the U.S. Government, or involving mutual funds or investment pools) within the portfolio that comprises 5% of the overall portfolio as of June 30, 2023.

Derivative Financial Instruments in Primary Government

Retirement Portfolio and Trust Portfolios. Derivatives are generally defined as contracts whose values depend on, or derive from, the value of an underlying asset, reference rate, or index. The Retirement Portfolio is exposed to various derivative products through the investment management of the SDIC and its external managers. The Trust Portfolios utilized no derivative instruments in SDIC’s internally managed portfolios, however they may be exposed to various derivative products through the investment management of the SDIC and its external managers. The following notes detail the derivative instruments used in the SDIC’s internally managed portfolios. During fiscal year 2023, no derivative instruments were utilized by the Cash Flow portfolio. All of SDRS’s derivatives are classified as investment derivatives.

Futures Contracts. A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells futures contracts as a means of adjusting the SDRS portfolio mix at a lower transaction cost than the transactions, which would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2023, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, SDRS pledges to the broker cash or U.S.

government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, SDRS receives or pays a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The change in fair value of the futures contracts is presented in the statement of changes in fiduciary net position as “Net appreciation in fair value of investments.” The net change in fair value from futures contracts for fiscal year ended June 30, 2023, was \$(238.4) million.

At June 30, 2023, futures contracts outstanding were as follows:

	<u>Open Position</u>	<u>Contracts</u>	<u>Notional Contract size</u>	<u>Fair Value (Exposure)</u>
U.S. Treasury Note Future Due September 2023	Long	2,250	\$100,000 par value 6% 10-year U.S. Treasury note	\$ 252,597,656
S&P 500 Index Future Due September 2023	Short	8,118	\$50 x S&P 500 index	\$(1,821,780,675)

Foreign Currency Forward Contracts. The SDIC enters into foreign exchange forward contracts to manage foreign currency exposure, as permitted by portfolio policies. The fair values of the contracts are presented in the Statement of Net Position as “Investments at fair value – Equities.” The change in fair value of the forward contracts is presented in the Statement of Changes in Net Position as “Net appreciation in fair value of investments.” For fiscal year ended June 30, 2023, the net change in fair value from foreign currency forward contracts was \$(5.0) million.

At June 30, 2023, the foreign currency forward contracts outstanding were as follows:

<u>Description</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Fair Value (U.S. Dollars)</u>
Forward Buy	\$ 236,000,000 JPY	08/17/2023	\$ (123,085)
Forward Buy	\$ 7,182,000,000 JPY	08/17/2023	\$ (3,484,369)

Credit Risk. SDRS is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2023, the net fair value of foreign currency forward contracts was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Interest Rate Risk. The SDRS is exposed to interest rate risk on its 10-year U.S. Treasury Note Futures contract. As interest rates increase, the value of the futures contract decreases.

Foreign Currency Risk. SDRS is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is \$(3.6) million.

Fair Value Measurement

Investments are reported at fair value as of June 30, 2023 to the extent available. GASB Statement No. 72- *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included within Level 1 that are observable; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the hierarchy below.

The following tables summarize the Cash Flow Portfolio, Retirement Portfolio, Trust Portfolios, and Other Funds investments within the fair value hierarchy as of June 30, 2023, (Expressed in Thousands):

Cash Flow Portfolio:

	Cash Flow Fund Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 7,364	\$	\$ 7,364	\$
U.S. Treasury Bills	1,087,195		1,087,195	
U.S. Treasury STRIPS	105,610		105,610	
U.S. Agencies	333,122		333,122	
Investment Grade Corporates	628,925		628,925	
Agency Mortgage-Backed Securities	80,447		80,447	
Total Fixed Income Securities	2,242,663	0	2,242,663	0
Total Investments by Fair Value Level	\$ 2,242,663	\$ 0	\$ 2,242,663	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-Term Investment Funds	\$ 1,307,043			
Total Investments Measured at the NAV	1,307,043			
Total Investments Measured at the Fair Value	\$ 3,549,706			

Retirement Portfolio:

	Retirement Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasuries	\$ 273,958	\$	\$ 273,958	\$
U.S. Treasury Bills	892,621		892,621	
U.S. Treasury STRIPS	359,969		359,969	
U.S. Agencies	30,332		30,332	
Investment Grade Corporates	406,647		406,647	
High Yield Corporates	456,577		456,577	
Agency Mortgage-Backed Securities	278,548		278,548	
Total Fixed Income Securities	2,698,652	0	2,698,652	0
Equity Securities				
Domestic Stock	3,675,573	3,675,573		
Depository Receipts	51,882	51,882		
ETF - Exchange Traded Funds	796,713	796,713		
International Stock	1,022,747	1,022,747		
Preferred Stock	593		593	
Stock Warrants	94	94		
Total Equity Securities	5,547,602	5,547,009	593	0
Total Investments by Fair Value Level	\$ 8,246,254	\$ 5,547,009	\$ 2,699,245	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	\$ 2,546,233			
Multi Strategy Hedge Funds	115,637			
Alternative Investments				
Real Estate Funds	1,826,338			
Private Equity Funds	1,626,460			
Total Alternative Investments	3,452,798			
Total Investments Measured at the NAV	6,114,668			
Total Investments Measured at the Fair Value	14,360,922			
Plus: Cash Held by Fund Managers	114,158			
Less: G/L on FX Transactions	(3,607)			
Less: Accrued Monthly Interest	(17,777)			
Total	\$ 14,453,696			
Investment Derivative Instruments				
Futures Contracts	\$ (20,993)	\$ (20,993)	\$	
Foreign Exchange Forward Contracts (Liability)	(3,607)		(3,607)	
Total Investment Derivative Instruments	\$ (24,600)	\$ (20,993)	\$ (3,607)	

Trust Portfolios:

	Trust Portfolios			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasury STRIPS	\$ 60,382	\$	\$ 60,382	\$
U.S. Agencies	5,079		5,079	
Investment Grade Corporates	65,246		65,246	
Agency Mortgage-Backed Securities	47,370		47,370	
Total Fixed Income Securities	<u>178,077</u>	<u>0</u>	<u>178,077</u>	<u>0</u>
Equity Securities				
Domestic Stock	270,970	270,970		
Depository Receipts	3,525	3,525		
ETF - Exchange Traded Funds	54,741	54,741		
International Stock	75,567	75,567		
Stock Warrants	1	1		
Total Equity Securities	<u>404,804</u>	<u>404,804</u>	<u>0</u>	<u>0</u>
Total Investments by Fair Value Level	<u>\$ 582,881</u>	<u>\$ 404,804</u>	<u>\$ 178,077</u>	<u>\$ 0</u>
Investments Measured at the Net Asset Value (NAV)				
Short-Term Investment Funds	\$ 663,245			
High Yield Bond Mutual Funds	114,718			
Alternative Investments				
Real Estate Funds	185,837			
Private Equity Funds	149,562			
Total Alternative Investments	<u>335,399</u>			
Total Investments Measured at the NAV	<u>1,113,362</u>			
Total Investments Measured at the Fair Value	<u>\$ 1,696,243</u>			

Other Funds:

	Other Funds			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 113,355	\$	\$ 113,355	\$
U.S. Agencies	75,005		75,005	
Total Fixed Income Securities	<u>188,360</u>	<u>0</u>	<u>188,360</u>	<u>0</u>
Total Investments by Fair Value Level	<u>\$ 188,360</u>	<u>\$ 0</u>	<u>\$ 188,360</u>	<u>\$ 0</u>
Investments Measured at the Net Asset Value (NAV)				
Short-Term Investment Funds	\$ 3,029			
Total Investments Measured at the NAV	<u>3,029</u>			
Total Investments Measured at the Fair Value	<u>\$ 191,389</u>			

Equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for identical securities as of the measurement date as issued by pricing vendors. Securities classified in Level 2 of the fair value hierarchy include valuations using quoted prices for a similar security in active markets and using observable inputs other than quoted prices for identical securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. The prices are determined by the use of matrix pricing techniques maintained by various pricing vendors/brokers for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

In the Retirement Portfolio, derivative instruments classified in Level 1 of the fair value hierarchy represents the pending variance margin on futures contracts which is calculated using quoted prices in active markets for identical securities. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. The foreign currency forward contract valuations are determined by interpolating FX rates for various settlement dates as of June 30, 2023.

The portfolios may hold shares or interest in investments where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment as a practical expedient. The NAV

valuations are based on valuations of the underlying companies as determined and reported by the fund manager or general partner.

The following table summarizes the fair value, unfunded commitments, and redemption rules of those investments as of June 30, 2023, (Expressed in Thousands):

Investments Measured at the NAV

	Cash Flow Fund Portfolio			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds	\$ 1,307,043	\$	Daily	0 days
Investments Measured at the Net Asset Value (NAV)	\$ 1,307,043			

Investments Measured at the NAV

	Trust Portfolios			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds	\$ 663,245	\$	Daily	0 days
High Yield Bond Mutual Funds	114,718		Daily	1 day
Alternative Investments				
Real Estate Funds	185,837	118,914		
Private Equity Funds	149,562	46,676		
Total Alternative Investments	335,399			
Investments Measured at the Net Asset Value (NAV)	\$ 1,113,362			

Investments Measured at the NAV

	Retirement Portfolio			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds	\$ 2,546,233	\$	Daily	0 days
Multi Strategy Hedge Funds	115,637		Monthly	5-30 days
Alternative Investments				
Real Estate Funds	1,826,338	1,122,233		
Private Equity Funds	1,626,460	505,630		
Total Alternative Investments	3,452,798			
Investments Measured at the Net Asset Value (NAV)	\$ 6,114,668			

	Other Funds Portfolio			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds	\$ 3,029	\$	Daily	0 days
Investments Measured at the Net Asset Value (NAV)	\$ 3,029			

a. *Short Term Investment Funds.* This type includes investments in open-end mutual funds that invest exclusively or primarily in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. The fair values of the investments in this type have been determined using the NAV per share of the investments.

b. *Mutual Funds.* This type includes investments in three open-end mutual funds that invest in specific asset categories including investment-grade bonds, high-yield bonds and real estate stocks. The fair value of the investments in this type has been determined using the NAV per share of the investment.

c. *Real Estate Funds.* This type includes 20 (Trust Portfolios) and 27 (Retirement Portfolio) real estate funds that invest primarily in commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 20 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

d. *Private Equity Funds.* This type includes 14 (Trust Portfolios) and 33 (Retirement Portfolio) private equity funds that invest primarily in leveraged buyouts. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 20 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

e. *Multi Strategy Hedge Funds.* This type includes two investments in funds that may invest in a wide range of asset classes in order to meet fund objectives. The fair values of the investments in this type have been determined using the NAV per share of the investments.

B. Component Units

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the component unit's deposits may not be returned to it. The Housing Development Authority deposit policy requires deposits in excess of the depository insurance maximums be collateralized 100%. Collateral must be deposited for safekeeping in a financial institution that is not owned or controlled either directly or indirectly by the pledging financial institution. The financial institution where the collateral is held must be a member of the Federal Reserve. The additional component units do not have deposit policies for custodial credit risk. As of June 30, 2023, the component units had no deposits that were not collateralized or covered by depository insurance.

Investments

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The component units do not have investment policies for custodial credit risk. At June 30, 2023, investments in the amount of \$8.5 million were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Development Authority limits the maturities of investments for their restricted accounts. Investments of the Capital Reserve accounts must provide for the purposes thereof as estimated by the Housing Development Authority. The investments must not mature later than the final maturity of the related Series of the Bonds. The average duration of individual securities will not exceed twenty years. Investments of the Mortgage Reserve accounts must provide for the purposes thereof as estimated by the Housing Development Authority. The duration of 50% of individual securities will not exceed two years from the date of purchase or deposit. The Housing Development Authority assumes that its callable investments will not be called. The Housing Development Authority invests in mortgage pass-through securities issued by GNMA, FNMA, and FHLMC. Because prepayments of mortgages underlying these securities affect the principal and interest payments received by these securities, the securities are considered highly sensitive to interest rate risk.

The Economic Development Finance Authority limits the maturities of investments for its restricted accounts (all accounts other than the General Account) to terms of two years or less from the date of the investment. The Ellsworth Development Authority and the Science and Technology Authority do not have policies for interest rate risk.

As of June 30, 2023, the Housing Development Authority and the Economic Development Finance Authority had investments maturing as follows (Expressed in Thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	Greater than 10
U.S. Government Obligations	\$ 79,986	\$ 11,300	\$ 41,074	\$ 27,262	\$ 350
U.S. Agencies	1,114,660	4,648	28,152	6,056	1,075,804
Investment Grade Corporates	2,696		259	467	1,970
Certificates of Deposit	422	181	241		
Mutual Funds	341,654	341,654			
Municipal Bonds	240		240		
State Obligations	10,273	1,759	5,034	808	2,672
Total	\$ 1,549,931	\$ 359,542	\$ 75,000	\$ 34,593	\$ 1,080,796

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the investment policy of the Housing Development Authority to invest in securities limited to direct general obligations of the U.S. Government, U.S. Government agencies, mortgage backed securities guaranteed by U.S. Government agencies, direct and general obligations of any state within the United States, mutual funds invested in securities mentioned above, and investment agreements secured by securities mentioned above. If securities are downgraded after purchase, the Authority will analyze the reason for the downgrade and determine what, if any, action is needed. Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have a credit risk.

The investment management policy of the Economic Development Finance Authority limits investments in Corporate Bonds to those rated in either of the two highest rating categories by either Moody's Investors Service or Standard & Poor's Corporation.

The Ellsworth Development Authority and the Science and Technology Authority are limited to investments permitted by State statute.

As of June 30, 2023, the Economic Development Finance Authority investments had the following ratings:

Moody's Rating	Fair Value
Aaa	\$ 239,787
Total Fair Value	\$ 239,787

As of June 30, 2023, the Housing Development Authority investments had the following ratings (Dollars Expressed in Thousands):

Type/Provider	Moody's Credit Rating	Amount	% of Total
Money Market Funds	NR	\$ 341,654	22.0%
Certificates of Deposit	NR	240	0.0%
Corporate-Backed Obligations	NR	2,696	0.2%
U.S. Agencies	Aaa	3,563	0.2%
U.S. Treasuries	Aaa	79,986	5.2%
State and Municipal Securities	A1 to Aaa	10,273	0.7%
Mortgage-backed Securities:			
GNMA	NR	689,222	44.5%
FNMA	NR	402,517	26.0%
FHLMC	NR	19,358	1.2%
		\$ 1,549,509	100.0%

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

The Housing Development Authority will minimize Concentration Credit Risk by diversifying the investment portfolio and reducing the impact of potential losses from any one type of security or issuer. (See previous table for investment diversification).

As of June 30, 2023, the Economic Development Finance Authority permits the maximum portfolio exposure to permitted investments:

	Restricted Account Portfolio Exposure		Unrestricted Account Portfolio Exposure	
	Total	Individual	Total	Individual
U.S. Governments	100%	100%	100%	100%
U.S. Agencies	100%	100%	100%	100%
Repurchase Agreements	50%	25%	50%	25%
Corporate Bonds	0%	0%	50%	10%
Municipal Bonds	0%	0%	50%	10%
Certificates of Deposit	100%	100%	100%	100%
Money Market Funds	25%	25%	25%	25%

Hedging Derivative Financial Instruments in Component Units

South Dakota Housing Development Authority

Swap Objectives. The Authority has entered into interest rate swap agreements in connection with issuing variable rate mortgage revenue bonds. The intentions of the swaps are to create synthetic fixed rate debt at a lower interest rate than achievable from long-term fixed rate bonds and to achieve the Authority’s goal of lending to low and moderate-income first-time home buyers at below market fixed interest rates.

Swap Terms. The terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2023, are contained in the table below. The initial notional amounts of the swaps match the principal amounts of the associated debt. The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally 10 years after the date of issuance of the related bonds (Dollars Expressed in Thousands):

Bond Series	Notional Amount	Effective Date	Termination Date	Fixed Payable Rate	Variable Rate Received	Credit Rating*	Fair Value
Wells Fargo Bank							
2015 E-1	\$ 25,000	12/17/2015	11/01/2037	2.11%	66.4% of LIBOR plus 0.22%	Aa1	\$ 1,712
2016 E-1	\$ 50,000	11/01/2016	05/01/2037	2.21%	66.4% of LIBOR plus 0.23%	Aa1	\$ 3,392
2020 D	\$ 33,000	05/01/2029	05/01/2043	0.928%	100% SIFMA	Aa1	\$ 6,888
MPB 2020 A	\$ 14,270	09/29/2020	05/01/2060	1.31%	100% SIFMA	Aa1	\$ 2,539
Bank of America, N.A.							
2022 D	\$ 33,000	06/23/2022	11/01/2046	2.3490%	70.0% of SOFR plus 0.08%	Aa1	\$ 2,317
Bank of New York Mellon							
2020 B	\$ 33,000	02/12/2020	11/01/2041	1.6525%	100% SIFMA	Aa1	\$ 4,126
2022 F	\$ 17,000	10/13/2022	11/01/2046	4.3770%	100% SOFR plus 0.15%	Aa1	\$ 31
2023 C	\$ 23,000	02/15/2023	11/01/2047	3.9500%	100% SOFR plus 0.15%	Aa1	\$ 1,054

* Moody’s Investors Service

The fair values presented on the above table were estimated by the Housing Development Authority’s counterparty to the swaps. The valuation was determined by calculating the difference between the present values of each fixed cash

flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero-coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations, along with consideration for non-performance risk, determine the current fair value of the Authority's swap contracts. The fair values in the previous table represent the termination payments that would have been due had the swaps been terminated as of June 30, 2023. A positive fair value represents money due to the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

Swap Risks

Credit Risk. The terms of the swaps expose the Housing Development Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure to its counterparties when the swap positions have a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement.

The collateral thresholds are based on the prevailing ratings, as determined by Moody's and Standard & Poor's, of each counterparty, in the case of the counterparties, or hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2023, neither the Authority nor any counterparty had been required to post collateral.

Basis Risk. The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds; but, under the terms of its swaps, receives a variable rate based upon either the one-month taxable LIBOR rate or the SIFMA rate. Basis risk will vary over time due to inter-market conditions. For the year ended June 30, 2023, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.15% per annum, while the weighted average interest rate on the swaps was 1.23% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax-exempt rates and the applicable swap index.

Termination Risk. The Authority's swap contracts are based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the fair value of the swap. The potential termination risks to the Authority are the liability for a termination payment to the counterparty or the inability to replace the swap under favorable financial terms. To reduce the Authority's termination risk, the swap contracts limit the counterparty's ability to terminate due to the following Authority actions or events: payment default, other defaults that remain uncured for 30 days after notice, bankruptcy, and insolvency.

Amortization Risk. The Authority may incur amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding amount of variable rate bonds to decline faster than the amortization of the swap. To ameliorate amortization risk, call options were structured within the swaps to enable the Authority to manage the outstanding balances of variable rate bonds and notional swap amounts. Additionally, the Authority may terminate the swaps at market value at any time.

Tax Risk. The structure of the variable interest rate payments the Authority receives from its swap contracts are based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents a risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Authority has chosen to assume this risk because it was not economically feasible to transfer to the swap counterparty.

Concentration Risk. The total outstanding bonds associated with swaps will be limited to 30% of the total of all outstanding bonds under the related indenture at the time bonds associated with swaps are issued. The total outstanding notional amount of swaps with a single counterparty will not exceed \$150.0 million.

Swap Payments and Associated Debt. Variable-rate bond interest payments and net swap payments will vary during their term. Future debt service requirements of the variable-rate debt and net swap payments as of June 30, 2023, were as follows (Expressed in Thousands):

Year-end June 30	Variable-rate Bond		Interest Rate Swap – Net	Total
	Principal	Interest		
2024	\$ 320	\$ 9,856	\$ (4,329)	\$ 5,847
2025	325	9,842	(4,319)	5,848
2026	340	9,828	(4,311)	5,857
2027	340	9,814	(4,302)	5,852
2028	1,750	9,794	(4,290)	7,254
2029-2033	46,235	45,383	(19,099)	72,519
2034-2038	72,265	31,654	(12,768)	91,151
2039-2043	65,340	17,456	(6,175)	76,621
2044-2048	37,480	4,855	(1,678)	40,657
2049-2053	1,225	768	(436)	1,557
2054-2058	1,350	495	(281)	1,564
2059-2063	1,300	115	(65)	1,350
Total	\$ 228,270	\$ 149,860	\$ (62,053)	\$ 316,077

Rollover Risk. Rollover risk is the risk that a swap associated with a bond issue does not extend to the maturity of that debt. When the swap terminates, the associated debt will no longer have the benefit of the swap. The Authority did not have any rollover risk as of June 30, 2023.

Fair Value Measurement

Investments are reported at fair value as of June 30, 2023, to the extent available. GASB Statement No. 72- *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included within Level 1 that are observable; Level 3 inputs are significant unobservable inputs.

The following table summarizes the Housing Development Authority and Economic Development Finance Authority investments within the fair value hierarchy as of June 30, 2023, (Expressed in Thousands):

	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 79,986	\$	\$ 79,986	\$
U.S. Agencies	1,114,660		1,114,660	
Corporate-Backed Obligations	2,696		2,696	
Money Market Mutual Funds	341,654	341,654		
Municipal Bonds	240		240	
Certificates of Deposit	422		422	
State Obligations	10,273		10,273	
Total Investments by Fair Value Level	\$ 1,549,931	\$ 341,654	\$ 1,208,277	\$ 0
Hedging Derivative Instruments				
Interest Rate Swaps	\$ 22,059	\$	\$ 22,059	\$
Total Hedging Derivative Instruments	\$ 22,059	\$ 0	\$ 22,059	\$ 0

For the Economic Development Finance Authority, which serves as trustee, uses a pricing service, FT interactive, to value investments. FT interactive uses market approach pricing which utilizes models and pricing systems as well as mathematical tools and pricing analyst judgment. All EDFA investments are priced by this service, which is not quoted prices in an active market, by rather significant other observable inputs; therefore, the investments are categorized as Level 2.

The Housing Development Authority obtains its fair value pricing on investments from their third-party trustee. There are multiple pricing methodologies which are used to value the Authority's investments. These methods include, but are not limited to, gathering pricing from multiple market sources and vendor credit information, observed market movements, sector news into the pricing applications and models, or manual methods. Money Market Mutual Funds classified as Level 1 are valued using quoted prices in active markets for those securities. Since the Authority's debt security investments are not actively traded on an exchange and rely on significant observable inputs for fair value pricing, these securities are classified as Level 2.

The Housing Development Authority obtains its fair value pricing on interest rate swaps from a third-party vendor. For interest rate swaps, the valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero-coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by current market implied volatility. Together these calculations, along with considerations from non-performance risks, determine the current fair value of the Housing Development Authority's swap contracts.

Continued on the next page

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

A. Receivables - Net

The line “Receivables, net” reported on the Government-wide Statement of Net Position consisted of the following (Expressed in Thousands):

	Governmental Activities								Total
	General Fund	Trans- portation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Dakota Cement Trust Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Internal Service Funds	
Taxes Receivable	\$ 286,039	\$ 19,638	\$	\$	\$	\$	\$ 2,657	\$	\$ 308,334
Allowance	(16,431)	(28)					(1)		(16,460)
Accounts Receivable	17,324	1,084	11,591	1,461			23,060	7,642	62,162
Allowance	(4,966)	(775)					(91)		(5,832)
Due From Other Governments	1,828	148,100	29,888	45,545			130,410	180	355,951
Interest Receivable	23,752	1,446			471	876	3,074	533	30,152
Current Debt, Notes, and Leases Receivables	14	367		14			6,601		6,996
Current Settlements Receivables							3,904		3,904
Non-current Debt, Notes, and Leases Receivables	106	4,781		157			48,613		53,657
Allowance							(560)		(560)
Non-current Settlements Receivables	499						19,866		20,365
Due From Fiduciary Funds	123							67	190
Receivables, net	\$ 308,288	\$ 174,613	\$ 41,479	\$ 47,177	\$ 471	\$ 876	\$ 237,533	\$ 8,422	\$ 818,859

	Business-type Activities					Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds		
Accounts Receivable	\$ 7,520	\$	\$	\$ 15,013	\$ 22,533	
Allowance	(8)			(3,853)	(3,861)	
Due From Other Governments		1,047	700	91	1,838	
Interest Receivable	141	3,958	2,287	1,027	7,413	
Current Debt, Notes, and Leases Receivables		23,207	10,431	10,206	43,844	
Allowance				(3)	(3)	
Non-current Accounts Receivables				17,281	17,281	
Allowance				(13,296)	(13,296)	
Non-current Debt, Notes, and Leases Receivables		334,793	226,373	36,970	598,136	
Allowance				(994)	(994)	
Due From Fiduciary Funds				30	30	
Receivables, net	\$ 7,653	\$ 363,005	\$ 239,791	\$ 62,472	\$ 672,921	

B. Accounts Payable and Other Current Liabilities

The line “Accounts Payable and Other Current Liabilities” reported on the Government-wide Statement of Net Position consisted of the following (Expressed in Thousands):

	Governmental Activities						Total
	General Fund	Trans- portation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Non-major Governmental Funds	Internal Service Funds	
Payroll and Withholdings	\$ 18,984	\$ 7,213	\$ 2,714	\$ 275	\$ 13,627	\$ 3,457	\$ 46,270
Accounts Payable	69,293	75,595	8,463	10,369	25,496	4,289	193,505
Medicaid and CHIP Claims	27,577		32,513	4,910	23,515		88,515
Due to Other Governments	3,361	7,901	216	60,823	34,899	171	107,371
Bank Tax Refund	17,262						17,262
Shared Revenue Distribution	31,239				37,195		68,434
Claims Payable						16,916	16,916
Due to Fiduciary Funds	119						119
Total	\$ 167,835	\$ 90,709	\$ 43,906	\$ 76,377	\$ 134,732	\$ 24,833	\$ 538,392

	Business-type Activities					Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds		
Payroll and Withholdings	\$ 160	\$ 28	\$ 45	\$ 944	\$ 1,177	
Accounts Payable	4,079	672	358	5,405	10,514	
Due to Fiduciary Funds				18	18	
Escrow Payable	182				182	
Other Liabilities	377			651	1,028	
Total	\$ 4,798	\$ 700	\$ 403	\$ 7,018	\$ 12,919	

5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2023, is as follows (Expressed in Thousands):

A. Interfund Receivables and Payables

Due From	Due To								Total
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$	\$ 3,020	\$	\$ 499	\$ 377	\$ 81	\$ 3,622	\$ 119	\$ 7,718
Transportation Fund					316	52	1,220		1,588
Social Services Federal Fund					441	3	1,061		1,505
COVID-19 Federal	166		47		4		234		451
Education Enhancement Trust Fund	26,389								26,389
Non-major Governmental Funds	47,012	2,009			8,629	427	3,720		61,797
Lottery Fund	12,305	603			1,078		77		14,063
Clean Water State Revolving							3		3
Drinking Water State Revolving							4		4
Non-major Enterprise Funds	32				120	1	192	18	363
Internal Service Funds	94	138			202	49	1,016		1,499
Fiduciary Funds	123					30	67		220
Total	\$ 86,121	\$ 5,770	\$ 47	\$ 499	\$ 11,167	\$ 643	\$ 11,216	\$ 137	\$ 115,600

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in *Note 3 Cash, Deposits, and Investments* in the Notes to the Financial Statements; 3) other payables existing between funds. Advances between funds, which come due beyond a year, are also included in the table above. Advances for fiscal year 2023 include, \$5.3 million between non-major governmental funds for maintenance and repair and energy conservation projects and \$3.0 million between the general fund and transportation fund for a new visitor center and rest area.

B. Interfund Transfers

Transferred From	Transferred To								Total
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Services Funds	
General Fund	\$	\$ 124	\$	\$ 326	\$	\$ 16,395	\$ 17,584	\$ 1,585	\$ 36,014
Transportation Fund	3,589					3,865			7,454
Social Services Federal Fund						112			112
COVID-19 Federal			36			494	7	58	595
Dakota Cement Trust Fund	14,369								14,369
Education Enhancement Trust Fund	26,389								26,389
Non-major Governmental Funds	86,841	4,379			11,986	7,879	67		111,152
Lottery Fund	178,259	1,251				2,438			181,948
Clean Water State Revolving Fund						45			45
Drinking Water State Revolving Fund						69			69
Non-major Enterprise Funds	516					1,281			1,797
Internal Service Funds	7								7
Total	\$ 309,970	\$ 5,754	\$ 36	\$ 326	\$ 11,986	\$ 32,578	\$ 17,658	\$ 1,643	\$ 379,951

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; 2) move receipts restricted for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. CAPITAL ASSETS

A. Primary Government

Capital Assets consisted of the following for fiscal year 2023 (Expressed in Thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated or Amortized:				
Land	\$ 127,054	\$ 4,777	\$ 1,038	\$ 130,793
Land Improvements	11,988			11,988
Land & Improvements - Roads	645,218	1,627		646,845
Construction in Progress	272,613	314,061	214,209	372,465
Total Capital Assets Not Being Depreciated or Amortized	1,056,873	320,465	215,247	1,162,091
Capital Assets Being Depreciated or Amortized:				
Land Improvements	81,970	21,018	231	102,757
Buildings	834,999	9,038		844,037
Equipment	282,768	26,499	6,848	302,419
Intangible Assets - Software	120,172	6,521	1,171	125,522
Vehicles	189,066	18,545	3,053	204,558
Infrastructure	4,662,465	117,507	14,246	4,765,726
Right-to-use Leased Land	28		4	24
Right-to-use Leased Buildings	42,006	57,020	15,769	83,257
Right-to-use Leased Equipment	154	133		287
Right-to-use Subscription IT Assets		8,371		8,371
Total Capital Assets Being Depreciated or Amortized	6,213,628	264,652	41,322	6,436,958
Less Accumulated Depreciation or Amortization:				
Land Improvements	25,925	3,559	169	29,315
Buildings	318,624	20,503		339,127
Equipment	179,620	19,004	6,180	192,444
Intangible Assets - Software	79,590	8,761	603	87,748
Vehicles	108,239	11,266	2,627	116,878
Infrastructure	1,864,503	77,213	11,320	1,930,396
Right-to-use Leased Land	6	6	4	8
Right-to-use Leased Buildings	6,281	7,701	3,103	10,879
Right-to-use Leased Equipment	37	81		118
Right-to-use Leased Subscription IT Assets		1,840		1,840
Total Accumulated Depreciation or Amortization	2,582,825	149,934	24,006	2,708,753
Total Capital Assets Being Depreciated or Amortized, Net	3,630,803	114,718	17,316	3,728,205
Total Governmental Activities, Net	\$ 4,687,676	\$ 435,183	\$ 232,563	\$ 4,890,296

Continued on next page

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated or Amortized:				
Land	\$ 295	\$	\$	\$ 295
Construction in Progress	1,678	25,721	2	27,397
Total Capital Assets Not Being Depreciated or Amortized	<u>1,973</u>	<u>25,721</u>	<u>2</u>	<u>27,692</u>
Capital Assets Being Depreciated or Amortized:				
Land Improvements	1,096			1,096
Buildings	7,819			7,819
Equipment	3,867	201	433	3,635
Intangible Assets - Software	749		276	473
Right-to-use Leased Buildings	1,839		73	2,338
Right-to-use Subscription IT Assets		1,300		1,300
Total Capital Assets Being Depreciated or Amortized	<u>15,370</u>	<u>2,073</u>	<u>782</u>	<u>16,661</u>
Less Accumulated Depreciation or Amortization:				
Land Improvements	728	17		745
Buildings	3,392	141		3,533
Equipment, as restated	3,161	158	420	2,899
Intangible Assets - Software	464	193	183	474
Right-to-use Leased Buildings	381	408	73	716
Right-to-use Subscription IT Assets		96		96
Total Accumulated Depreciation or Amortization	<u>8,126</u>	<u>1,013</u>	<u>676</u>	<u>8,463</u>
Total Capital Assets Being Depreciated or Amortized, Net	<u>7,244</u>	<u>1,060</u>	<u>106</u>	<u>8,198</u>
Total Business-type Activities, Net	<u>\$ 9,217</u>	<u>\$ 26,781</u>	<u>\$ 108</u>	<u>\$ 35,890</u>

Depreciation/Amortization was charged to the function of government as follows:

Governmental Activities	<u>Amount</u>
Unallocated	\$ 53
General Government	13,544
Health, Human, and Social Services	13,094
Law, Justice, Public Protection, and Regulation	14,139
Agriculture and Natural Resources	9,249
Transportation	95,065
Education	4,631
Economic Resources	159
Total Governmental Activities	<u>\$ 149,934</u>
Business-type Activities	
Enterprise Funds	<u>\$ 1,014</u>

B. Component Units

Capital Assets for Higher Education consisted of the following for fiscal year 2023 (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Higher Education*:				
Capital Assets Not Being Depreciated or Amortized:				
Land	\$ 31,694	\$	\$	\$ 31,694
Construction in Progress, as restated	75,307	117,255	101,347	91,215
Works of Art and Historical Treasures	10,109	9		10,118
Total Capital Assets Not Being Depreciated or Amortized, as restated	<u>117,110</u>	<u>117,264</u>	<u>101,347</u>	<u>133,027</u>
Capital Assets Being Depreciated or Amortized:				
Land Improvements	84,857	2,268	538	86,587
Infrastructure	110,227	4,097		114,324
Buildings, as restated	1,714,010	82,271	2,540	1,793,741
Equipment and Other Assets	310,945	22,285	7,786	325,444
Right-to-use Leased Buildings	5,976	500	29	6,447
Right-to-use Leased Subscription IT Assets, as restated	5,086			5,086
Total Capital Assets Being Depreciated or Amortized, as restated	<u>2,231,101</u>	<u>111,421</u>	<u>10,893</u>	<u>2,331,629</u>
Less Accumulated Depreciation or Amortization:				
Land Improvements	35,316	3,790	475	38,631
Infrastructure	43,281	3,671		46,952
Buildings, as restated	594,404	46,923	2,109	639,218
Equipment and Other Assets	252,467	12,901	7,148	258,220
Right-to-use Leased Buildings	1,718	1,798	29	3,487
Right-to-use Leased Subscription IT Assets, as restated		1,569		1,569
Total Accumulated Depreciation or Amortized, as restated	<u>927,186</u>	<u>70,652</u>	<u>9,761</u>	<u>988,077</u>
Total Capital Assets Being Depreciated or Amortized, Net, as restated	<u>1,303,915</u>	<u>40,769</u>	<u>1,132</u>	<u>1,343,552</u>
Total Higher Education Capital Assets, Net, as restated	<u>\$1,421,025</u>	<u>\$ 158,033</u>	<u>\$ 102,479</u>	<u>\$1,476,579</u>

* Higher Education amounts do not include their foundations.

Capital Asset breakouts for the Housing Development Authority, Science and Technology Authority, and the Ellsworth Development Authority can be found within their separately issued reports.

C. Construction in Progress

The State has entered contracts for the renovation and construction of buildings, structures, and infrastructure (highway projects). Construction in Progress as of June 30, 2023, are as follows (Expressed in Thousands):

	<u>Amount</u>
Primary Government	
Governmental Activities	
Land Improvements	\$ 5,868
Buildings and Structures	32,815
Equipment	7,579
Vehicles	1,474
Intangibles - Computer Software	54,604
Infrastructure	269,566
Right-to-use Subscription IT Assets	559
Total Governmental Activities	<u>372,465</u>
Business - Type Activities	
Buildings and Structures	22,776
Equipment	4,621
Total Business - Type Activities	<u>27,397</u>
Total Primary Government	<u>\$ 399,862</u>
Discretely Presented Component Units	
Higher Education*	
Land Improvements	\$ 17,318
Buildings and Structures	69,600
Infrastructure	3,066
Intangibles - Computer Software	1,039
Equipment	192
Total Higher Education	<u>\$ 91,215</u>

* Higher Education amounts do not include their foundations.

7. RETIREMENT PLANS

South Dakota Retirement System

General Description of the System. The South Dakota Retirement System (SDRS or the System) is a cost sharing, multiple employer public employee retirement system (PERS) established to provide retirement benefits for employees of the State and its political subdivisions. Members of SDRS include full time employees of public schools, the State, the Board of Regents, city and county governments, and other public entities. Public schools, cities, and counties may choose not to include certain full time employees in the System.

SDRS is considered a fiduciary component unit of the State and is included in the State's financial report as a fiduciary pension trust fund. More information about this relationship can be found in *Note 1. Summary of Significant Accounting Policies* in the Notes to the Financial Statements. Authority for establishing, administering, and amending plan provisions is found in South Dakota Codified Law (SDCL) 3-12C. Copies of the audited SDRS financial statements are available at <http://sdrs.sd.gov>.

The South Dakota Retirement System Board of Trustees (the Board) is the governing authority of SDRS. The Board consists of 14 elected representatives from participating groups, two appointees of the governor, and an ex officio nonvoting representative of the South Dakota Investment Council. The elected representatives of the Board are two teacher members; two State employee members; a participating municipality member; a participating county member; a participating classified employee member; a current contributing Class B member other than a justice, judge, or magistrate judge; a county commissioner of a participating county; a school district board member; a justice, judge, or magistrate judge; an elected municipal official of a participating municipality; a retiree; and a faculty or administrative member employed by the Board of Regents. The two Governor's appointees consist of one head of a principal department established pursuant to SDCL 1-32-2, or one head of a bureau under the office of executive management and one individual from the private or public sector.

SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions. The system includes four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members. Members and their employers make matching contributions, which are defined in State statute. SDRS may expend up to 3% of the annual contributions for administrative expenses subject to approval by the executive and legislative branches of the State.

Members that were hired before July 1, 2017, are Foundational members. Class A Foundation members and Class B Foundation judicial members who retire after age 65 with three years of service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of foundational members will receive a 60% joint and survivor benefit when the member dies.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60% joint and survivor benefit, or a 100% joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5% of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Class C Cement Plant Retirement Fund members have a normal retirement age of 65 and early retirement is age 55 with the required credited service. Class C Cement Plant provides for disability payments for those disabled on or before March 16, 2001. All members of the Cement Plant Retirement Plan on March 15, 2001, were 100% vested. Class C members may elect a single-life benefit, or joint and survivor benefits as described in their plan documents.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - * The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - * The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2022 reduced minimum COLA from 0.5% to 0.0%.

All benefits except those depending on the Member’s Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

SDRS is a qualified defined benefit retirement plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes. SDRS last received a favorable determination letter dated October 3, 2016, in which the Internal Revenue Service stated that the System, as then designated, was in compliance with the applicable requirements of the Internal Revenue Code. SDRS believes that the system currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, SDRS continues to be tax exempt as of June 30, 2023. Therefore, no provision for income taxes has been included in SDRS’s financial statements.

Summary of Significant Accounting Policies. SDRS’s financial statements are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles applicable to governmental accounting for a pension trust fund. Employee and employer contributions are recognized when due pursuant to formal commitment, as well as statutory requirements. Pension benefit payments are due the first day of the month following the retirement of a member, and the first of each month thereafter. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value, in accordance with GASB Statement No. 72. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additional required disclosures can be found in *Note 1, Summary of Significant Accounting Policies* in the Notes to the Financial Statements.

Foreign exchange rate gains and losses are included with the net appreciation in fair value in investments. Futures contracts are marked to market based on quoted futures prices with changes in fair value reflected in the current period.

Interest is accrued in the period in which it is earned, and dividend income is recorded on the ex-dividend date.

The arithmetically calculated money-weighted return net of fees was 5.80% in 2023. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investment by the proportion of time they are available to earn during that period. The rate of return equates the sum of weighted external cash flows into and out of pension plan investments to the ending fair value of the pension plan investment.

The preparation of SDRS’s financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and changes therein. Actual results could differ from those estimates.

Contributions. Covered employees are required by statute to contribute a percentage of their salary to SDRS as follows:

Class A members	6% of salary
Class B public safety members	8% of salary
Class B judicial members	9% of salary

All participating employers are required to contribute an amount equal to the members’ contributions. Members may make an additional contribution of 1.5% of compensation for optional spouse coverage (closed to new enrollees after July 1, 2010).

SDRS is funded by fixed member and employer contributions at a rate established by South Dakota law. On an annual basis, an actuarial valuation of SDRS is performed to determine the adequacy of the fixed contributions to pay the

normal costs and expenses, if the System is fully funded or pay the normal costs, expenses and amortize the unfunded actuarial accrued liability (UAAL) if the System is not fully funded. The June 30, 2023, actuarial valuation of the plan determined that the System is fully funded and that the statutorily required employer contributions meet the requirements for the annual required contributions of the employers under GASB Statement No. 67, *Financial Reporting for Pension Plans*; and the statutorily required employer contributions are sufficient to pay the employer normal cost and expenses.

Contributions for the primary government during fiscal year 2023 were \$31.9 million, during fiscal year 2022 were \$29.5 million, and during fiscal year 2021 were \$27.8 million. Contributions for the State’s component units during 2023 were \$21.2 million, during fiscal year 2022 were \$19.8 million, and during fiscal year 2021 were \$19.4 million.

State’s Proportionate Share of SDRS. For fiscal year 2023, the State and its component units used a July 1, 2021, to June 30, 2022, measurement date for reporting purposes.

The State’s proportionate share of SDRS’s collective net pension asset is 20.6% or \$1.9 million using a June 30, 2022, measurement date. This percentage was measured based on all employer contributions from July 1, 2021, through June 30, 2022. Pension expense (reduction of pension expense) for the State was \$16.5 million and contributions subsequent to the measurement date were \$31.9 million. The State’s proportionate share increased by 0.2% over the prior fiscal year’s proportionate share of 20.4%.

The State’s component unit’s proportionate share of SDRS’s collective net pension asset is 13.8% or \$1.3 million using a June 30, 2022, measurement date. This percentage was measured based on all employer contributions from July 1, 2021, through June 30, 2022. Pension expense (reduction of pension expense) for component units was \$14.1 million and contributions subsequent to the measurement date were \$21.2 million. The State’s component unit’s proportionate share decreased by 0.5% over the prior fiscal year’s proportionate share of 14.3%.

The components of the net pension asset of the System at June 30, 2022, were as follows (Dollars Expressed in Thousands):

	State of South Dakota Proportionate Allocation 20.6%	Discretely Presented Component Units Proportionate Allocation 13.8%
Total Pension Liability	\$ 2,902,521	\$ 1,949,318
Plan Fiduciary Net Position	(2,904,466)	(1,950,623)
Net Pension (Asset) Liability	<u>\$ (1,945)</u>	<u>\$ (1,305)</u>
Fiduciary Net Position as a Percentage of Net Pension Liability	100.1%	100.1%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.50%
- Salary Increase: Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
- Discount Rate: 6.50%, net of pension plan investment expenses. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
- Future COLAs: 2.10% FY23 and 1.91% FY24

Mortality rates:

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
 - Teachers, Certified Regents, and Judicial: PubT-2010
 - Other Class A Members: PubG-2010
 - Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
 Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
 Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table
 Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

Discount rate - The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

Investments - The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022, (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58%	3.7%
Fixed Income	30%	1.1%
Real Estate	10%	2.6%
Cash	2%	0.4%
Total	100%	

Sensitivity of (asset) liability to changes in the discount rate. The following presents the net pension (asset) liability of the State’s proportionate share of SDRS’s collective net pension asset of \$1.9 million using a June 30, 2022, measurement date, calculated using the discount rate of 6.5%, as well as what the System’s net pension (asset) liability would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate (Expressed in Thousands):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State’s Proportionate Share of SDRS’s Net Pension (Asset) Liability	\$ 403,476	\$ (1,945)	\$ (333,284)
Discretely Presented Component units Proportionate Share of SDRS Net Pension (Asset) Liability	270,973	(1,305)	(223,832)

Deferred Outflows and Inflows of Resources Related to Pensions. The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2023, were as follows (Expressed in Thousands):

State of South Dakota Deferred Outflows and Inflows of Resources Related to Pensions				
Source	Primary Government		Discretely Presented Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 36,989	\$ 126	\$ 24,842	\$ 85
Changes in Assumptions	123,499	108,229	82,942	72,689
Net Differences between Projected and Actual Earnings on Pension Plan Investments		4,656		3,127
Changes in Proportionate Share and Differences between Contributions and Proportionate Share of Contributions	211	177	1,027	88
Contributions Subsequent to the Measurement Date	31,875		21,181	
Total	\$ 192,574	\$ 113,188	\$ 129,992	\$ 75,989

The \$31.9 million and the \$21.2 million reported above as deferred outflows of resources by the primary government and the discretely presented component units are the result of employer contributions made subsequent to the measurement date of June 30, 2022. These contributions will be recognized as an increase of the net pension asset in the upcoming year.

The remaining amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (Expressed in Thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ending June 30	Primary Government	Discretely Presented Component Units
2024	\$ 12,914	\$ 8,982
2025	26,946	18,385
2026	(30,828)	(20,454)
2027	38,479	25,909
Total	\$ 47,511	\$ 32,822

8. FUND BALANCES AND NET POSITION

Fund Balance Classifications – Governmental Funds

The following table provides additional detail regarding the fund balances reported on the Governmental Fund Balance Sheet at June 30, 2023, (Expressed in Thousands):

	<u>General</u>	<u>Trans- portation</u>	<u>Social Services Federal</u>	<u>COVID-19 Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable								
Inventory	\$ 2,982	\$ 22,482	\$ 17	\$ 3,700	\$	\$	\$ 4,037	\$ 33,218
Prepays	3,502	272	1,698	708			4,360	10,540
Permanent Fund Principal						443,646	209,146	652,792
Total Nonspendable Fund Balances	6,484	22,754	1,715	4,408	0	443,646	217,543	696,550
Restricted								
Education					363,359	258,462	11,982	633,803
Health and Public Assistance							104,113	104,113
Law , Justice, and Public Protection							30,704	30,704
Economic Development				176			100,739	100,915
Transportation		304,440						304,440
Agriculture and Natural Resources							104,416	104,416
Energy Conservation or Development							12,475	12,475
Game and Fish							208	208
Parks and Recreation							2,130	2,130
Public Buildings							1,380	1,380
Public Broadcasting							350	350
Railroads							78,125	78,125
Debt Service							35,084	35,084
Capital Projects							322	322
Other							10,129	10,129
Total Restricted Fund Balances	0	304,440	0	176	363,359	258,462	492,157	1,418,594
Committed								
Education							327	327
Health and Public Assistance							4,776	4,776
Law , Justice, and Public Protection							18,890	18,890
Agriculture and Natural Resources							9,484	9,484
Environmental Cleanup							6,519	6,519
Energy Conservation or Development							824	824
Public Buildings							2,450	2,450
Railroads							420	420
Other							19,950	19,950
Total Committed Fund Balances	0	0	0	0	0	0	63,640	63,640
Assigned								
Education	18,180						471	18,651
Higher Education	103,760							103,760
Health and Public Assistance	62,556		1,488				6,277	70,321
Law , Justice, and Public Protection	418,259						3,372	421,631
Agriculture and Natural Resources	5,439						754	6,193
Game and Fish	4,079							4,079
Tourism Promotion	8,062							8,062
Public Buildings	30,048						2,087	32,135
Economic Development	76,235							76,235
School Districts	8,788							8,788
Transportation	6,250							6,250
Other	140,860						2,286	143,146
Total Assigned Fund Balances	882,516	0	1,488	0	0	0	15,247	899,251
Unassigned Fund Balances *	476,667						(13,090)	463,577
Total Fund Balances	\$ 1,365,667	\$ 327,194	\$ 3,203	\$ 4,584	\$ 363,359	\$ 702,108	\$ 775,497	\$ 3,541,612

* This amount includes \$201.9 million of equity from the Budget Reserve established by the 1991 South Dakota Legislature and \$133.7 million of equity from the General Revenue Replacement Fund established by the 2015 South Dakota Legislature, as discussed further in the following paragraphs.

Budget Reserve

The 1991 South Dakota Legislature established the Budget Reserve that is funded from any unobligated cash in the General Fund. The maximum balance of the Budget Reserve is 10% of the prior year's General Fund appropriation. Expenditures out of the Budget Reserve shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to South Dakota Constitution, Article III, Section 1. The balance in the Budget Reserve at June 30, 2023, was \$201.9 million and is reported as unassigned fund balance within the General Fund.

General Revenue Replacement Fund

The 2015 Legislative Session created the General Revenue Replacement Fund (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. The balance in the GRRF at June 30, 2023, was \$133.7 million and is reported as unassigned fund balance within the General Fund.

General Fund

GASB 54

The State has statutorily created funds that do not qualify as Special Revenue Funds and are required to be combined with the State's General Fund. As of June 30, 2023, the following equity balances are included within the State's General Fund in accordance with GASB 54 (Expressed in Thousands):

Fund Balance - June 30, 2023 as reported	\$ 1,365,667
Less Statutorily Created Funds Combined with the General Fund:	
Incarceration Construction Fund - assigned for Law, Justice, and Public Protection	365,565
Tourism Promotion - assigned for Tourism Promotion	8,062
Investment Council Operating - assigned for Other	2,048
Private Activity Bond - assigned for Other	160
Proof of Concept - assigned for Economic Development	23
Fine Arts - assigned for Other	1,251
Economic Development - assigned for Economic Development	44
Local Infrastructure Improvement - assigned for Economic Development	5,890
Workforce Education - assigned for Education	2,424
Extraordinary Litigation Expense - assigned for Other	1,793
IT Modernization Fund - assigned for Other	4,564
Department of Labor and Regulation Other - unassigned	(19)
Legislative Contingency Fund - unassigned	1,545
Unclaimed Property - unassigned	7
Fund Balance - June 30, 2023 excluding GASB 54 combinations	<u>\$ 972,310</u>

Net Position Restricted by Enabling Legislation

The Government-wide Statement of Net Position reports \$2.2 billion of restricted net position for the primary government of which \$279.0 million was restricted by enabling legislation. Restrictions imposed by enabling legislation could be changed by future legislative action.

Funds Held as Permanent Investments

Funds held as permanent investments represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. Funds held in special revenue funds for this purpose have their principal balance classified as nonspendable in the governmental fund financial statements since these amounts are not available for appropriation. In the Government-wide Statement of Net Position, the principal balance is shown as nonexpendable and the investment earnings remaining in these funds at June 30, 2023, is shown as expendable.

Education Enhancement Trust Fund. This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, monies from the Youth-at-Risk Fund and General Fund appropriations for scholarship purposes. The Fund is authorized by state law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, section 6 of the Constitution of the State of South Dakota also states that, “the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature.”

Health Care Trust Fund. This fund is authorized by state law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for health care related programs. Article XII, section 5 of the Constitution of the State of South Dakota also states that, “the Health Care Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all of the members-elect of each house of the legislature.”

Permanent Fund. This fund is administered by the Office of School and Public Lands and accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs.

These balances at June 30, 2023, are summarized as follows (Expressed in Thousands):

Fund	Expendable	Nonexpendable	Total Restriction
Education Enhancement Trust	\$ 258,462	\$ 443,646	\$ 702,108
Health Care Trust	73,974	135,632	209,606
Permanent	(1,769)	73,514	71,745
Total	\$ 330,667	\$ 652,792	\$ 983,459

Individual Fund Deficits

The following individual funds had deficit fund equity at June 30, 2023, (Expressed in Thousands):

Fund Type/Fund	Deficit
Internal Service:	
State Worker's Compensation	\$ 26,913
Special Revenue:	
State Fire Suppression	5,500
Parks and Recreation	1,537
Public Utilities Regulatory Assessment	292
Law Enforcement Revolving	257
Animal Damage Control	149
Public Utilities Commission Federal	88

9. COMMITMENTS

At June 30, 2023, the Primary Government had operating commitments of \$2.6 billion, the State's discretely presented component units had operating commitments of \$268.7 million, and the State's fiduciary component unit had operating commitments of \$1.4 million. The Primary Government and South Dakota Retirement System, a fiduciary component unit, also had uncalled capital commitments of \$1.8 billion. These commitments are broken down as follows:

Primary Government

Major Governmental Funds

General Fund: The General Fund had total operating commitments of \$251.4 million as broken down by departments as follows:

- Governor's Office of Economic Development has commitments totaling \$108.0 million for reinvestment payment program projects, Connect SD projects, local infrastructure improvement program grants, and service contracts.
- Department of Social Services has commitments totaling \$90.0 million for community mental health services, substance use disorder services, food services, janitorial services, other contractual agreements.
- Bureau of Administration has commitments totaling \$16.1 million for statewide maintenance and repair projects.
- Department of Education has commitments totaling \$15.1 million for grants, computer systems maintenance, various K-12 programs, construction projects, and other agreements.
- Bureau of Information and Telecommunications has commitments totaling \$5.9 million for service contracts relating to ERP System and Project Bison, state radio upgrades, and various purchase orders for supplies, building, hardware, software, and Ultra Terrain Vehicle.
- Department of Tourism has commitments totaling \$4.2 million for advertising and marketing services, and consulting contracts.
- Department of Corrections has commitments totaling \$3.6 million for contractual services to house offenders and sensor cables on security fences.
- Department of Human Services has commitments totaling \$2.9 million for various programs, systems, equipment purchases, and other agreements.
- Attorney General's Office has commitments totaling \$2.2 million for computerized criminal history online applications and maintenance agreements.
- Department of Public Safety has commitments totaling \$1.3 million for various equipment purchases and other agreements.
- Unified Judicial System has commitments totaling \$1.0 million for drug and DUI court programs and other agreements.
- South Dakota Investment Council has commitments totaling \$0.6 million for capital markets index data, London stock exchange data, and other contractual services.
- Department of Military has commitments totaling \$0.5 million for building renovation projects.

Transportation Fund: The Transportation Fund had total operating commitments of \$658.3 million as broken down as follows:

- Department of Transportation has commitments totaling \$656.2 million for highway projects, maintenance projects, bridge repairs, pavement markings, drainage projects, deer and debris pickup, snow plowing, street sweeping, and other agreements.
- Department of Public Safety has commitments totaling \$2.1 million for maintenance services, seminar trainings, vehicle and transport system purchase orders, and other agreements.

Social Services Federal Fund: Department of Social Services has commitments totaling \$109.5 million for contractual services and other agreements.

COVID-19 Federal Fund: The COVID-19 Federal Fund had total operating commitments of \$573.6 million as broken down as follows:

- Department of Agriculture and Natural Resources has commitments totaling \$461.8 million for American Rescue Plan Act (ARPA) contracts.
- Governor's Office of Economic Development has commitments totaling \$40.7 million for ARPA contracts.
- Department of Education has commitments totaling \$20.4 million for programs, K-5 stem education grants, and food services equipment grants.
- Department of Social Services has commitments totaling \$19.0 million for community mental health services, substance misuse prevention services, the water assistance program, and other agreements.
- Bureau of Administration has commitments totaling \$15.4 million for multiple ARPA contracts for sewer and water projects.
- Department of Health has commitments totaling \$9.2 million for contractual services.
- Bureau of Finance and Management has commitments totaling \$2.9 million for various service contracts.
- Department of Transportation has commitments totaling \$1.8 million for a service contract.
- Department of Tourism has commitments totaling \$1.4 million for advertising and marketing services, and public relations consulting contracts.
- Department of Labor and Regulation has commitments totaling \$1.0 million for consulting contracts.

Nonmajor Governmental Funds

Education Federal Fund: Department of Education has commitments totaling \$57.3 million for grants, programs, and other agreements.

Human Services Fund: Department of Human Services has commitments totaling \$0.7 million for furniture purchase orders, equipment, medical supplies order, systems updates, and programs.

Labor Fund: Department of Labor and Regulation has commitments totaling \$3.1 million for adult education programs, apprenticeship agreements, and other contractual services and agreements.

Health Federal Fund: Department of Health has commitments totaling \$2.7 million for various contractual services.

Governor's Office and State Development Federal Fund: Governor's Office of Economic Development has commitments totaling \$17.9 million for Community Development Block Grants and loan commitments.

Public Safety Emergency Management Fund: Department of Public Safety has commitments totaling \$40.0 million for grant payments, services contracts, clothing purchases, and other agreements.

Natural Resources Federal Fund: Department of Agriculture and Natural Resources has commitments totaling \$4.2 million in service contracts, Feeding South Dakota Local Food Purchase Assistance Program, and other contractual implementation projects.

Game, Fish, and Parks Federal Fund: Department of Game, Fish, and Parks has commitments totaling \$0.5 million for a construction contract.

Motor Vehicle Fund: Department of Public Safety has commitments totaling \$3.4 million for driver licenses and identification cards issuance services, service contracts, and other agreements. In addition, Department of Revenue has commitments totaling \$0.3 million for various contracts relating to motor vehicle programs.

Revenue Fund: Department of Revenue has commitments totaling \$17.3 million for the production and distribution of vehicle license plates, motor vehicle registration contracts, and self-service kiosks.

Future Fund: Governor's Office of Economic Development has commitments totaling \$29.3 million for future fund grants.

Maintenance and Repair Fund: Bureau of Administration has commitments totaling \$2.5 million for Capitol Complex maintenance and repair projects.

Water and Environment Fund: Department of Agriculture and Natural Resources has commitments totaling \$37.7 million in grants and loan commitments.

Military Federal Fund: Department of Military has commitments totaling \$1.2 million for building renovations and repair projects, cleaning service contracts, and other agreements.

Other Nonmajor Governmental Funds: The Other Nonmajor Governmental Funds had total operating commitments of \$113.0 million as broken down by agency as follows:

- Department of Public Safety has commitments totaling \$88.9 million for highway safety grant payments, emergency management grants, highway safety messages, vehicle and equipment purchases, and other service and consulting contracts.
- Department of Education has commitments totaling \$4.0 million for legal, curatorial, and consulting services, and other projects and agreements.
- Attorney General's Office has commitments totaling \$3.3 million for computerized criminal history online application, laboratory equipment and computer purchases, and alcohol monitoring system.
- Department of Health has commitments totaling \$2.2 million for consulting and contractual services.
- Unified Judicial System has commitments totaling \$1.3 million for court security grants and contractual services.
- Department of Social Services has commitments totaling \$1.1 million for substance use disorder services and other contractual commitments.
- Department of Revenue has commitments totaling \$0.9 million for software services.
- Department of Game, Fish, and Parks has commitments totaling \$0.8 million for a construction contract.
- South Dakota Soybean Research and Promotion Council has commitments totaling \$5.9 million for various contractual projects.
- South Dakota American Dairy Association has commitments totaling \$2.2 million for services to implement and administer the dairy promotion, research, and education programs.
- South Dakota Corn Council has commitments totaling \$1.6 million for the Regional Conversation Partnership Program and the operation and infrastructure of a bioprocessing center.
- South Dakota Wheat Utilization, Research and Market Development Commission has commitments totaling \$0.8 million for research, promotion, and other various activities aiming at enhancing producer awareness of wheat and wheat related issues.

Major Proprietary Funds

Clean Water State Revolving Fund: Department of Agriculture and Natural Resources has commitments totaling \$384.0 million for loan commitments that have been approved to borrowers but not disbursed.

Drinking Water State Revolving Fund: Department of Agriculture and Natural Resources has commitments totaling \$209.7 million for loan commitments that have been approved to borrowers but not disbursed.

Nonmajor Proprietary Funds

Revolving Economic Development and Initiative Fund: Governor's Office of Economic Development has commitments totaling \$25.3 million for loan commitments that have been approved to borrowers but not disbursed.

Professional and Licensing Fund: Department of Health has commitments totaling \$0.7 million for contractual services.

Self-Insurance Fund: The Bureau of Human Resources has commitments totaling \$12.3 million for claims administration, health plan, and wellness services.

Information Services Fund: The Bureau of Information and Telecommunications has commitments totaling \$1.2 million for hardware, software, and multiple purchase orders.

Telecommunications Fund: The Bureau of Information and Telecommunications has commitments totaling \$0.7 million for hardware, software, and various contracts.

Accounting and Payroll Fund: The Bureau of Finance and Management has commitments totaling \$1.3 million for computer hardware, service contracts, and other agreements.

Fleet and Travel Management Fund: The Bureau of Administration has commitments totaling \$1.7 million for vehicle contracts.

Discretely Presented Component Units

Higher Education: Higher Education has commitments totaling \$140.1 million of construction, renovation projects, and coaching contracts.

South Dakota Housing Development Authority: South Dakota Housing Development Authority has commitments totaling \$125.9 million to fund the Homeownership Mortgage Program.

South Dakota Science and Technology Authority: South Dakota Science and Technology Authority has commitments totaling \$2.1 million for building maintenance and repair projects.

South Dakota Ellsworth Development Authority: South Dakota Ellsworth Development Authority has commitments totaling \$0.6 million to operate and maintain the wastewater treatment plant.

Fiduciary Component Unit

South Dakota Retirement System: South Dakota Retirement System has commitments totaling \$1.4 million for audit services and other agreements.

Uncalled Capital Commitments

The Primary Government and the South Dakota Retirement System, a fiduciary component unit of the State, had uncalled capital commitments to private equity and real estate limited partnerships funds of approximately \$1.8 billion. The commitments may be called at the discretion of the general partner or may never be called. As capital is called, it is funded from capital and earnings returned by the limited partnerships or from other assets. Approximate uncalled capital commitments as of June 30, 2023, is broken down as follows (Expressed in Thousands):

	Permanent		Special Revenue			Fiduciary Component Unit	TOTAL
	Permanent Fund	Dakota Cement Trust	Education Enhancement Trust	Health Care Trust	South Dakota Retirement System Pension Trust Fund		
Real Estate Funds	\$ 27,394	\$ 26,524	\$ 51,380	\$ 13,616	\$ 1,122,233	\$ 1,241,147	
Private Equity Funds	13,271	13,105	24,652	6,885	505,630	563,543	
Total	\$ 40,665	\$ 39,629	\$ 76,032	\$ 20,501	\$ 1,627,863	\$ 1,804,690	

10. SELF-INSURANCE

A. Workers' Compensation Benefits and Unemployment Insurance

Various funds accumulate assets to cover risks that the State incurs in its normal operations. The State (rather than an insurance carrier) assumes the risk associated with claims of state employees for unemployment compensation benefits. "Premiums" charged to state funds to cover the costs of claims servicing and claims payments are based on a percentage of wages paid to state employees. Related transactions are accounted for in the State Unemployment Compensation Fund.

The State is self-insured for workers' compensation through the creation of reserves derived from a percentage of wages paid to state employees. This activity is accounted for in an internal service fund. Claims payable for workers' compensation is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses (those relating to a specific claim) are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. The claims liability is funded as claims are paid resulting in an actuarially determined unfunded liability of \$26.9 million at June 30, 2023.

The Workers' Compensation Fund liability at June 30, 2023, and the changes to the liability during fiscal years ended June 30, 2023 and 2022 were as follows (Expressed in Thousands):

	<u>FY2023</u>	<u>FY2022</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 35,015	\$ 33,930
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	6,835	6,290
Changes in provision for insured events of prior fiscal years	(839)	110
Total incurred claims and claim adjustment expenses	<u>5,996</u>	<u>6,400</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,109	1,124
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	4,207	4,191
Total payments	<u>5,316</u>	<u>5,315</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 35,695</u>	<u>\$ 35,015</u>

B. Health Insurance

The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance (However, an insurance carrier provides claims administration services for health insurance). The health insurance programs are accounted for in the Self-Insurance Fund, reported as an internal service fund. "Premiums" are charged to state funds for all covered employees. Employees may purchase varying levels of health and/or life coverage for their spouses and/or dependents. Claims payable for health insurance is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. Allocated claim adjustment expenses are uncommon and immaterial. Unallocated claim adjustment expenses are not included.

The health insurance program liability at June 30, 2023 and the changes to the liability during fiscal years ended June 30, 2023 and 2022 were as follows (Expressed in Thousands):

	<u>FY2023</u>	<u>FY2022</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 11,158	\$ 16,574
Incurred claims and claim adjustment expenses	<u>138,243</u>	<u>131,186</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	122,251	120,028
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>11,158</u>	<u>16,574</u>
Total payments	<u>133,409</u>	<u>136,602</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 15,992</u>	<u>\$ 11,158</u>

C. Public Entity Pool for Liability

The State is insured through a Public Entity Pool for Liability Fund (PEPL), reported as an internal service fund. The PEPL Fund covers risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability).

All funds and agencies of the State participate in the PEPL Fund. The PEPL Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund and agency based on the number of automobiles titled to each agency (for automobile liability) or approved full-time employees (for general tort liability). The PEPL Fund initially limits claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The State claims sovereign immunity for all other tort liabilities. A State Supreme Court opinion allows noneconomic damages against employees of the State while they are performing ministerial acts; therefore, the PEPL Fund coverage document provides liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance is purchased. For the current fiscal year, the State purchased reinsurance for claims costs over \$500,000 with 100% of the remaining \$500,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated and unallocated claim adjustment expenses are included in the determination of claims payable. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2023, \$5.8 million of the net position balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2023, and the changes to the liability during fiscal years ended June 30, 2023, and 2022 were as follows (Expressed in Thousands):

	<u>FY2023</u>	<u>FY2022</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 5,439	\$ 4,401
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	2,078	2,129
Changes in provision for insured events of prior fiscal years	<u>(490)</u>	<u>842</u>
Total incurred claims and claim adjustment expenses	<u>1,588</u>	<u>2,971</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	536	272
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>1,457</u>	<u>1,661</u>
Total payments	<u>1,993</u>	<u>1,933</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 5,034</u>	<u>\$ 5,439</u>

D. Risk Management

The State is commercially insured for aircraft, and crime bonds through outside insurance companies. Entities participating in these insurance coverages are only billed for premiums applicable to their coverage needs. The South Dakota Property and Casualty Insurance Company, a discretely presented component unit of the State of South Dakota, provides property, including content, business income, and extra expense coverage on the State's buildings.

11. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2023, and changes to long-term liabilities during the fiscal year then ended are as follows (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities *					
Revenue Bonds	\$ 102,843	\$	\$ (15,501)	\$ 87,342	\$ 15,203
Add Unamortized Premium	5,404		(432)	4,972	427
Net Revenue Bonds	108,247	0	(15,933)	92,314	15,630
Compensated Absences	70,265	59,083	(49,567)	79,781	43,245
Policy Claims Liability	5,439	1,588	(1,993)	5,034	1,678
Workers Compensation	35,021	5,996	(5,317)	35,700	4,313
Leases Payable	36,281	46,670	(9,286)	73,665	6,968
Subscription IT Payable		8,381	(1,949)	6,432	1,879
Notes Payable	102,502	4,808	(7,294)	100,016	7,154
Pollution Remediation Obligation	12,535	367		12,902	600
Escheat Property	62,036	27,628	(28,953)	60,711	44,329
Other Long Term Liabilities	116	56	(56)	116	59
Total Governmental Activities	\$ 432,442	\$ 154,577	\$ (120,348)	\$ 466,671	\$ 125,855
Business-type Activities					
Revenue Bonds	\$ 341,415	\$ 156,675	\$ (23,475)	\$ 474,615	\$ 22,835
Add Unamortized Premium	59,574	10,232	(4,174)	65,632	4,107
Net Revenue Bonds	400,989	166,907	(27,649)	540,247	26,942
Leases Payable	1,471	569	(387)	1,653	316
Subscription IT Payable		1,301	(467)	834	419
Compensated Absences	1,924	1,303	(1,217)	2,010	1,089
Other Noncurrent Liabilities	1,778	841	(1,778)	841	
Total Business-type Activities	\$ 406,162	\$ 170,921	\$ (31,498)	\$ 545,585	\$ 28,766
Component Units					
Revenue Bonds	\$ 1,637,296	\$ 218,000	\$ (98,579)	\$ 1,756,717	\$ 88,889
Less Unamortized Discount	(71)		4	(67)	(4)
Add Unamortized Premium	66,476	3,671	(6,885)	63,262	3,136
Direct Placement Bonds	69,439		(1,697)	67,742	1,773
Net Revenue Bonds	1,773,140	221,671	(107,157)	1,887,654	93,794
Compensated Absences	48,642	23,763	(20,362)	52,043	17,026
Leases Payable	4,397	500	(1,763)	3,134	2,076
Subscription IT Payable		5,086	(1,636)	3,450	1,934
Notes Payable	8,060	694	(2,117)	6,637	1,581
Rural Development Loans	1,134		(1,134)		
Federal Contributions for Education					
Loan Programs	28,671	402	(3,414)	25,659	
Total Component Units	\$ 1,864,044	\$ 252,116	\$ (137,583)	\$ 1,978,577	\$ 116,411

* Governmental Activities Other Long-Term Obligations - The General Fund, special revenue, and internal service funds in which the leases and subscription IT payables are recorded will liquidate these obligations. The General Fund, special revenue, and internal service funds that account for the salaries, wages, and employer pension contributions of the related employees will liquidate the compensated absences and net pension liability. The workers' compensation and policy claims liabilities will be liquidated by applicable internal service funds which will ultimately be billed out to the applicable funds that account for the salaries and wages of the related employees. The pollution remediation obligations will be liquidated by the Petroleum Release Compensation Fund and the Department of Agriculture and Natural Resources – Other Fund. The escheat property obligation will be liquidated by the State's General Fund.

Revenue Bonds and Trust Certificates

A. Governmental Activities

1. South Dakota Building Authority

The SDBA issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of state departments and institutions. Bonds and certificates of participation are payable from revenues generated through agreements between the SDBA and state departments and institutions. Payments for bonds are paid from the General Fund and other state dedicated fees of state departments, boards, and commissions.

The indebtedness or obligations incurred or created by the SDBA may not be or become a lien, charge, or liability against the State of South Dakota. This financial presentation does not change the legal liability of the indebtedness.

Following are SDBA bonds outstanding at June 30, 2023, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2014A	2024	5.000%	\$ 135
2014D	2027	5.000%	2,842
2014E	2024	5.000%	360
2017A	2040	4.000%-5.000%	37,085
2019B	2038	2.062%-3.201%	6,140
2020A	2039	0.802%-2.619%	8,895
	Add Unamortized Premium		4,972
Total			\$ 60,429

As of June 30, 2023, debt service requirements for principal and interest for the SDBA were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,218	\$ 2,213	\$ 6,431
2025	4,051	2,070	6,121
2026	4,187	1,927	6,114
2027	4,352	1,775	6,127
2028	3,639	1,633	5,272
2029-2033	15,469	6,298	21,767
2034-2038	14,899	3,344	18,243
2039-2040	4,642	308	4,950
Total	\$ 55,457	\$ 19,568	\$ 75,025

2. Educational Enhancement Funding Corporation

During the 2001 Legislative Session, the Legislature authorized the SDBA to provide for the establishment of a corporation for the purpose of selling a portion or all the State’s rights, title, and interest in the proceeds of the tobacco companies master settlement agreement. On July 26, 2002, the Educational Enhancement Funding Corporation (EEFC) was created pursuant to South Dakota Codified Law 5-12-48 through 5-12-60. The State of South Dakota gave up its rights to any proceeds of the tobacco companies master settlement agreement while the bonds are outstanding, or over the term of the bonds, whichever is shorter.

Following are EEFC bonds outstanding at June 30, 2023, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2021	2026	0.961-1.495%	\$ 31,885
Total			\$ 31,885

As of June 30, 2023, debt service requirements for principal and interest for the EEFC were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,985	\$ 391	\$ 11,376
2025	10,780	286	11,066
2026	10,120	151	10,271
Total	\$ 31,885	\$ 828	\$ 32,713

B. Business-type Activities

South Dakota Conservancy District - State Revolving Funds

The SDCD issued tax-exempt revenue bonds for the Clean Water State Revolving Fund (CWSRF) and for the Drinking Water State Revolving Fund (DWSRF). The SRF’s provide low interest loans or other types of financial assistance to political units for the construction of publicly-owned wastewater treatment facilities, implementation of nonpoint source management programs, development and implementation of plans under the Estuary Protection Program, and construction and maintenance of drinking water facilities. To date, the programs have been used to make loans and refinance existing debt with a maximum of twenty years for repayment. Loans for the DWSRF can be made for 30 years if the funds are for a disadvantaged community.

The SDCD bonds do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. This financial presentation does not change the legal liability of the indebtedness.

The following is a schedule of outstanding bonds as of June 30, 2023, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
Clean Water State Revolving Fund			
2010AB	2030-2031	4.884%-5.646%	\$ 20,159
2012AB	2027-2031	2.733%-5.000%	13,860
2014B	2035	5.000%	31,555
2017B	2030-2038	5.000%	58,855
2018	2039	5.000%	50,390
2020	2043	5.000%	76,310
2022AB	2029-2047	4.400%-5.000%	73,705
Add Unamortized Premium			54,240
Total			379,074
Drinking Water State Revolving Fund			
2010AB	2030-2031	4.884%-5.646%	10,466
2012A	2027	2.733%-3.183%	6,315
2014B	2035	5.000%	4,215
2017B	2030-2038	5.000%	11,455
2018	2039	5.000%	34,360
2022AB	2029-2040	4.400%-5.360%	82,970
Add Unamortized Premium			11,392
Total			161,173
Total Revenue Bonds			\$ 540,247

As of June 30, 2023, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Clean Water State Revolving Fund			
2024	\$ 16,520	\$ 15,612	\$ 32,132
2025	17,130	14,837	31,967
2026	20,760	13,949	34,709
2027	19,998	12,976	32,974
2028	18,870	12,019	30,889
2029-2033	89,651	46,120	135,771
2034-2038	72,560	26,221	98,781
2039-2043	48,160	11,086	59,246
2044-2048	21,185	2,751	23,936
Total	324,834	155,571	480,405
Drinking Water State Revolving Fund			
2024	6,315	7,257	13,572
2025	6,425	6,996	13,421
2026	8,625	6,660	15,285
2027	9,062	6,242	15,304
2028	9,015	5,804	14,819
2029-2033	36,239	22,794	59,033
2034-2038	30,880	15,104	45,984
2039-2043	20,600	8,298	28,898
2044-2048	22,620	3,054	25,674
Total	149,781	82,209	231,990
Total	\$ 474,615	\$ 237,780	\$ 712,395

C. Component Units

1. South Dakota Housing Development Authority

The HDA provides mortgage financing for construction, rehabilitation, and purchase of residential housing and assists in coordinating with federal, state, regional, and local public and private efforts with statewide housing planning. The HDA issues negotiable notes and bonds in amounts authorized by the Governor of South Dakota. Notes and bonds of the HDA do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. These notes and bonds are payable solely from the revenues or assets of the HDA.

Following is a schedule of bonds, consolidated by category, outstanding at June 30, 2023, (Expressed in Thousands):

	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
Home-Ownership Mortgage Program Bonds	2023-2054	0.250%-6.000%	
Serial Bonds			\$ 433,395
Term Bonds			861,445
Term Direct Placement Bonds			50,000
Add Unamortized Premium			31,867
Total			<u>1,376,707</u>
Single Family Mortgage Bonds	2023-2041	2.344%-3.500%	
Serial Bonds			4,825
Term Bonds			9,375
Add Unamortized Premium			112
Total			<u>14,312</u>
Multiple Purpose Bonds	2023-2062	3.650%-4.260%	
Term Bonds			20,180
Total			<u>20,180</u>
Total Bonds			<u>\$ 1,411,199</u>

As of June 30, 2023, debt service requirements for principal and interest for the HDA were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Bonds</u>		<u>Direct Placement Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 57,997	\$ 41,397	\$	\$ 630	\$ 100,024
2025	62,865	38,689		630	102,184
2026	53,090	37,372		630	91,092
2027	48,460	36,231		630	85,321
2028	51,075	34,776		630	86,481
2029-2033	230,365	151,317	24,405	2,620	408,707
2034-2038	179,960	123,567	25,595	715	329,837
2039-2043	194,675	100,973			295,648
2044-2048	281,164	63,735			344,899
2049-2053	163,735	18,309			182,044
2054-2058	4,535	117			4,652
2059-2063	1,300	4			1,304
Total	<u>\$ 1,329,221</u>	<u>\$ 646,487</u>	<u>\$ 50,000</u>	<u>\$ 6,485</u>	<u>\$ 2,032,193</u>

2. South Dakota Economic Development Finance Authority

The EDFA was established for the purpose of making loans to businesses for the acquisition and/or construction of land, buildings, machinery, and equipment to spawn economic growth. The EDFA is authorized by South Dakota Codified Law to provide sufficient funds for achieving any of its corporate purposes. The total outstanding amount of such notes and bonds shall not exceed \$300.0 million at any time. No obligation issued by the EDFA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision.

The EDFA issues pooled and stand-alone bond issues. A pooled bond issue is secured by the EDFA’s Capital Reserve Account. A stand-alone issue is based solely on the credit of the borrower and the EDFA acts only as a conduit to the financing. Therefore, the debt is not included in the accompanying financial statements.

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2023 the balance in the Capital Reserve Account was \$5.0 million and the reserve requirement was \$780.6 thousand.

The following is a schedule of outstanding bonds as of June 30, 2023, (Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2013A	2033	4.650%-5.800%	\$ 6,245
Total			\$ 6,245

As of June 30, 2023, debt service requirements for principal and interest for the EDFA were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2024	\$ 480	\$ 362	\$ 842
2025	505	335	840
2026	535	305	840
2027	565	274	839
2028	600	241	841
2029-2033	3,560	643	4,203
Total	\$ 6,245	\$ 2,160	\$ 8,405

3. Higher Education

a. Higher Education Facilities

Revenue bonds were issued for the purpose of constructing buildings. The bonds are payable only from and secured by a pledge of net revenues of the University Housing and Auxiliary Facilities System. Net revenue is defined as gross revenue, less reasonable and necessary costs of currently maintaining, repairing, insuring, and operating the University Housing and Auxiliary Facilities System. Total net revenue pledges for fiscal year 2023 equaled \$32.8 million. Following are revenue bonds outstanding at June 30, 2023, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
School of Mines and Technology			
2008B Direct Placement	2028	4.550%	\$ 1,445
2014A	2039	4.000%-5.000%	5,190
2014B	2033	5.000%	4,020
2017A	2042	4.000%-5.000%	14,080
Add Unamortized Premium			2,289
University of South Dakota			
2013A	2028	3.000%-4.000%	4,820
2015	2030	4.000%-5.000%	5,445
2017A	2039	4.000%-5.000%	27,560
Add Unamortized Premium			4,447
South Dakota State University			
2006 Direct Placement	2026	3.920%	1,625
2014A	2025	5.000%	5,140
2015	2030	4.000%-5.000%	1,085
2016	2041	4.000%-5.000%	10,755
2017A	2042	4.000%-5.000%	31,655
2021	2036	3.000%-4.000%	34,515
Less Unamortized Discount			(68)
Add Unamortized Premium			10,052
Northern State University			
2008B Direct Placement	2028	4.550%	385
2014B	2029	5.000%	1,795
2016	2041	4.000%-5.000%	5,685
2017A	2034	5.000%	735
2019B	2036	2.500%-3.350%	4,000
Add Unamortized Premium			610
Dakota State University			
2007 Direct Placement	2029	3.880%	150
2008 Direct Placement	2028	3.880%	1,550
2014B	2025	5.000%	370
2015	2040	4.000%-5.000%	9,020
2019A	2044	3.000%-5.000%	11,280
Add Unamortized Premium			2,077
Black Hills State University			
2006 Direct Placement	2026	3.920%	265
2007 Direct Placement	2029	3.880%	3,135
2014A	2039	4.000%-5.000%	6,010
2014B	2026	5.000%	545
Add Unamortized Premium			352
Total			\$ 212,019

As of June 30, 2023, debt service requirements for principal and interest were as follows (Expressed in Thousands):

Year Ended June 30	Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2024	\$ 12,995	\$ 8,025	\$ 1,725	\$ 335	\$ 23,080
2025	13,580	7,437	1,795	266	23,078
2026	11,245	6,822	1,865	193	20,125
2027	11,720	6,303	1,255	117	19,395
2028	12,250	5,776	1,315	66	19,407
2029-2033	59,175	20,751	600	12	80,538
2034-2038	44,140	8,303			52,443
2039-2043	17,830	1,621			19,451
2044-2048	770	23			793
Total	\$ 183,705	\$ 65,061	\$ 8,555	\$ 989	\$ 258,310

b. South Dakota Building Authority (Higher Education Portion)

The SDBA issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities for Higher Ed institutions. Payments are made from tuition and fees paid by students. The obligations incurred or created by the SDBA may not be a lien, charge, or liability against the State of South Dakota.

Following is a schedule of bonds outstanding at June 30, 2023, (Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Revenue Bonds			
2014A	2024	5.000%	\$ 1,150
2014B	2025	5.000%	1,635
2014D	2026	5.000%	568
2014E	2024	5.000%	1,885
2014F	2024	3.700%	510
2015B	2025	5.000%	690
2017A	2042	4.000%-5.000%	9,730
2018A	2040	5.000%	25,225
2019A	2034	4.000%-5.000%	10,795
2019B	2038	2.062%-3.201%	62,440
2020A	2040	0.802%-2.619%	66,026
2020B	2029	0.676%-1.732%	9,280
2020C	2045	3.000%-4.000%	22,865
2022A	2046	4.000%	8,920
2022B Direct Placement	2035	2.170%	9,187
Add Unamortized Premium			11,456
Total Revenue Bonds			\$ 242,362

As of June 30, 2023, debt service requirements for principal and interest for the SDBA (Higher Ed portion) were as follows (Expressed in Thousands):

Year Ended June 30	Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2024	\$ 16,227	\$ 6,710	\$ 48	\$ 199	\$ 23,184
2025	17,049	6,173	49	198	23,469
2026	16,973	5,764	50	197	22,984
2027	15,548	5,350	702	196	21,796
2028	14,151	4,980	970	181	20,282
2029-2033	67,722	19,244	5,155	580	92,701
2034-2038	52,411	9,847	2,213	73	64,544
2039-2043	17,353	2,490			19,843
2044-2048	4,285	293			4,578
Total	\$ 221,719	\$ 60,851	\$ 9,187	\$ 1,624	\$ 293,381

4. South Dakota Ellsworth Development Authority

The EDA was established to protect and promote the economic impact of Ellsworth Air Force Base and associated industry, and to promote the health and safety of those living or working near the base. No obligation issued by the EDA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision. Debt payments will be paid with pledged user fees from operating the waste water treatment plant.

Following is a schedule of bonds outstanding at June 30, 2023, (Expressed in Thousands):

Bond Series	Maturity Through	Interest Rate	Amount
2012A	2036	2.390%	\$ 5,135
2012B	2036	2.390%	5,135
2013A	2036	2.390%	1,132
2013B	2036	2.390%	3,429
2013C	2036	2.390%	485
2013D	2036	2.390%	511
Total			\$ 15,827

As of June 30, 2023, debt service requirements for principal and interest for the EDA were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2024	\$ 1,190	\$ 371	\$ 1,561
2025	1,219	343	1,562
2026	1,248	313	1,561
2027	1,278	283	1,561
2028	1,309	253	1,562
2029-2033	7,031	775	7,806
2034-2036	2,552	68	2,620
Total	\$ 15,827	\$ 2,406	\$ 18,233

Leases Payable

During the fiscal year the State had 306 lessee lease agreements for the use of land, buildings, and equipment. The terms of the leases range from 1 to 40 years. The leases have a weighted average interest rate of 3.56%.

The following schedule is a summary of the future minimum principal and interest lease payments as of June 30, 2023, (Expressed in Thousands):

Year Ended June 30	Primary Government		Component Units	
	Principal	Interest	Principal	Interest
2024	\$ 7,284	\$ 2,493	\$ 2,076	\$ 106
2025	6,672	2,265	379	48
2026	6,179	2,060	439	25
2027	5,619	1,867	220	8
2028	4,868	1,695	18	1
2029-2033	16,452	6,432	2	
2034-2038	8,978	4,295		
2039-2043	8,209	2,693		
2044-2048	5,683	1,478		
2049-2053	5,198	404		
2054-2058	167	14		
2059-2063	9			
Total Lease Payments	\$ 75,318	\$ 25,696	\$ 3,134	\$ 188

Subscription IT Payable

During the year State had 47 subscription IT agreements that convey control of the right-to-use another entity's information technology asset, alone, or in conjunction with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. The terms of the agreements range from 1 to 10 years and have a weighted average interest rate of 3.56%. The related obligations are presented in the amounts equal to the present value of payments on the agreements, payable during the remaining agreement term.

The following schedule is a summary of the future minimum principal and interest payments under subscription IT agreement as of June 30, 2023, (Expressed in Thousands):

Year Ended June 30	Primary Government		Component Units	
	Principal	Interest	Principal	Interest
2024	\$ 2,298	\$ 285	\$ 1,934	\$ 169
2025	1,989	191	1,198	86
2026	751	109	272	15
2027	571	79	46	2
2028	370	54		
2029-2033	1,287	88		
Total Payments	\$ 7,266	\$ 806	\$ 3,450	\$ 272

Notes Payable and Installment Purchases

Funding of the Vocational Education Program is obtained through the bonds issued by the HEFA. HEFA issues bonds and enters into an agreement with the State for the construction of vocational education facilities. The agreements are recorded as notes payable by the State.

Following is a schedule of the Vocational Education Program notes payable outstanding at June 30, 2023, (Expressed in Thousands):

<u>Note Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2015A	2039	3.750%-5.000%	\$ 20,190
2015B	2036	5.000%	11,935
2015C	2036	3.000%-5.000%	13,145
2021	2041	2.290%	29,408
2022	2042	3.380%	12,926
Total			\$ 87,604

Following is a schedule of the installment purchases payable outstanding at June 30, 2023, (Expressed in Thousands):

<u>Note Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2017B	2024	3.900%	\$ 663
2018A	2025	3.460%	1,770
2019A	2025	4.780%	31
2019B	2024	4.780%	40
2020A	2026	2.680%	1,940
2020B	2024	3.400%	76
2020C	2024	3.350%	20
2021A	2027	2.400%	522
2021B	2027	2.300%	2,542
2023A	2029	4.950%	4,808
Total			\$ 12,412

The State also enters into purchase agreements for various facilities and equipment. The following schedule is a summary of the future minimum payments under notes and installment purchases, together with the present value of the net minimum payments as of June 30, 2023, (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 7,154	\$ 3,645	\$ 1,686	\$ 210
2025	6,973	3,455	1,295	173
2026	6,805	3,164	818	143
2027	6,238	2,911	320	118
2028	5,732	2,674	335	103
2029-2033	28,238	9,989	1,306	459
2034-2038	27,828	4,143	445	111
2039-2043	11,048	483	221	66
2044-2048			211	18
Total	\$ 100,016	\$ 30,464	\$ 6,637	\$ 1,401

Conduit Debt Obligations

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by state governments for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The State has no obligation for such debt beyond the resources provided by an agreement or loan with the third party on whose behalf they are issued and the debt is not included in the accompanying financial statements.

1. South Dakota Economic Development Finance Authority

The EDFA provides low interest financing to agricultural enterprises in the State of South Dakota. The loans can be used to acquire agricultural property. The EDFA is authorized to issue federal tax-exempt bonds. The bond proceeds are lent to qualifying applicants. The applicant assumes the bond payment obligation to the bond purchaser in the form of a loan with the third party bond purchaser.

As of June 30, 2023, there were 105 Beginning Farmer Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2023, could not be determined; however, the original issue amount totaled \$23.0 million.

As of June 30, 2023, there were 7 Agribusiness Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2023, could not be determined; however, the original issue amount totaled \$18.6 million.

As of June 30, 2023, there were 23 Livestock Nutrient Management Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2023, could not be determined; however, the original issue amount totaled \$61.9 million.

2. South Dakota Housing Development Authority

The HDA has issued certain conduit debt bonds under the Multifamily Housing Revenue Bonds Resolution adopted April 15, 1991, the proceeds of which were made available to developers for the construction or rehabilitation of multifamily housing. The bonds and the interest thereon are a limited obligation of the issuer, payable solely from the trust estate pledged therefor under this indenture. The faith and credit of the HDA is not pledged for the payment of the principal and interest on the bonds. Accordingly, these obligations are excluded from the HDA's financial statements.

As of June 30, 2023, the aggregate principal amount of conduit debt outstanding totaled \$9.7 million.

Refunded and Defeased Bonds**1. South Dakota Building Authority**

The SDBA has entered into refunding transactions whereby refunding bonds have been issued to facilitate defeasance of the SDBA's obligation with respect to certain bond issues. The proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the issues being refunded. Refunded bonds and the related assets held in the trust are not included in the accompanying financial statements since the SDBA has satisfied its obligations with respect thereto through consummation of the refunding transactions.

Fully defeased bonds not yet paid to bondholders as of June 30, 2023, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Original Amount Defeased</u>
Series 2014A	2020	\$ 26,865
Series 2014B	2020	2,085
Series 2014E	2020	17,010
Series 2014F	2020	4,265
Series 2015B	2020	8,015
Total		\$ 58,240

The Series 2012A bonds were called on September 1, 2022. The Series 2013B, 2013D and 2015A bonds were called on June 1, 2023. The Series 2014A, 2014E and 2014F bonds will be called on June 1, 2024. The Series 2014B bonds will be called September 1, 2024. The Series 2015B will be called June 1, 2025.

2. South Dakota Housing Development Authority

During the year ended June 30, 2023, the HDA issued Homeownership Mortgage Bonds Series 2023A in the aggregate principal amount of \$99.0 million of which \$40.0 million of bond proceeds were used to refund previously issued bonds for the sole purpose of recycling the volume cap utilized for the issuance of the refunded bonds.

Pollution Remediation Obligations

The State has pollutions remediation obligation liabilities as of June 30, 2023 of \$12.9 million.

1. Gilt Edge Superfund Site

The State of South Dakota, acting through the Department of Agriculture and Natural Resources, has contracted with the United States Environmental Protection Agency (EPA) for participation in the remediation of the Gilt Edge Mine Superfund Site in Lawrence County. The State is required by law to pay a 10.0% cost share for the total EPA costs for remediation of the site. The total state costs to be paid to EPA is estimated to be \$15.9 million. The State has spent approximately \$6.6 million with an estimated remaining outstanding liability as of June 30, 2023 of \$9.3 million. The State’s cost share for remediation has been paid from the Brohm Mining Co. forfeited reclamation bond and the Regulated Substance Response Fund. After EPA completes the site remediation, the State is required to take control of the site and will use the reclamation bond and settlement money to pay 100.0% for site management and ongoing water treatment costs. The State cash balance on June 30, 2023 for those two funds was approximately \$19.3 million. However, actual costs incurred when the State takes control of the site cannot be anticipated at this time because they are dependent on the efficacy of the final EPA cleanup action to reduce the quantity of acid mine drainage produced.

2. Petroleum Release Compensation Fund

The Petroleum Release Compensation Fund (PRCF) provides reimbursement for remediation of sites where a petroleum release has occurred. This fund and the requirement that the State provide reimbursement were established under SDCL 34A-13. As of June 30, 2023, PRCF was currently involved with 39 active cases, 18 active/monitoring cases, and 15 pending cases (spill report not yet filed), for a total of 72 cases. The estimated cost remaining for sites that have received at least one payment is \$416.0 thousand, the estimated cost for sites that haven’t received any payments is \$2.6 million and the estimated cost for the Abandoned Tank Removal Program is \$600.0 thousand. The total liability as of June 30, 2023 for this program is \$3.6 million. The cash balance in the PRCF on June 30, 2023 is \$6.0 million.

12. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES

The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented in natural classifications. The following table presents those same expenses in functional classifications for Higher Education (excluding Foundations) as of June 30, 2023, as recommended by NACUBO (Expressed in Thousands):

Function	Personal Services	Travel	Contractual	Supplies & Noncapitalized Equipment	Grants & Subsidies	Interest & Other Expenses	Depreciation & Amortization	Total
Instruction	\$ 190,009	\$ 4,250	\$ 11,116	\$ 9,213	\$ 671	\$ 387	\$ 7,143	\$ 222,789
Research	49,071	2,833	8,448	12,150	10,388	3	4,924	87,817
Public Service	35,276	2,020	9,364	7,450	1,211	183	552	56,056
Academic Support	48,721	937	11,166	5,393	43	1	1,543	67,804
Student Services	51,203	11,622	12,113	10,148	537	296	1,745	87,664
Institutional Support	53,197	805	21,259	3,484	2,300	931	4,771	86,747
O&M of Plant	29,794	301	20,488	10,142	1	13	44,934	105,673
Scholarships and Fellowships	1,035	10	162	387	25,603	524		27,721
Auxiliary Enterprises	11,719	75	43,501	12,030	5	51	2,620	70,001
Other						310	2,405	2,715
	\$ 470,025	\$ 22,853	\$ 137,617	\$ 70,397	\$ 40,759	\$ 2,699	\$ 70,637	\$ 814,987

13. POSTSECONDARY TECHNICAL INSTITUTE SYSTEM

The primary government has an ongoing financial responsibility for funding the four postsecondary technical institutes. The postsecondary technical institutes are considered part of the local school districts or local education authority in the district where they are located. The oversight of the postsecondary technical institutes resides within the primary government through the South Dakota Board of Technical Education (SDBTE). The SDBTE provides overall policies, goals, and objectives for the management of the postsecondary technical institutes. The SDBTE consists of nine members appointed by the Governor. The SDBTE may adopt rules governing the operation of the postsecondary technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2023, the State provided \$42 million in General Fund state aid payments to the postsecondary technical institutes.

Construction and renovation of facilities at the postsecondary technical institutes is funded with proceeds from debt issued by the Health and Educational Facilities Authority (HEFA). HEFA was created as a public instrumentality of the State to provide tax-exempt revenue bonds, notes, or other obligations on behalf of nonprofit health and educational institutions within the State. Although the primary government appoints a voting majority of HEFA's board, the State's accountability for this organization does not extend beyond making the appointments and is considered a related organization of the State.

The State enters into financed purchase agreements with HEFA and rents the facilities at the postsecondary technical institutes to the school districts. The State makes debt payments to HEFA from a combination of General Fund appropriations, interest earnings from a debt service fund, and from student facility fees collected by the postsecondary technical institutes and remitted to the State. Upon completion of payments under the debt agreements, titles to the facilities pass to the State. The agreements with the school districts are then extended annually as long as the school districts pay the State \$100 per year and continue to use the facilities for postsecondary technical education. Facilities constructed or renovated and the financed purchase agreements between the State and HEFA are reported under the governmental activities column in the Government-wide Statement of Net Position.

14. TAX ABATEMENTS

The **Reinvestment Payment Program** is an economic development program authorized under SDCL 1-16G-56 to 1-16G-68. The program is designed to promote new employment opportunities and increase property tax revenues in South Dakota by offsetting the costs associated with relocation or expansion of operations and/or the upgrading of equipment in South Dakota through the reimbursement of South Dakota sales and use tax that has been paid on approved projects. The program is intended for projects that would not have occurred without the reimbursement payment.

The Reinvestment Payment Program is administered by the Governor's Office of Economic Development (GOED) with qualifying projects being approved by the Board of Economic Development. Companies pursuing new or expanded facilities with total project costs exceeding \$20 million, or equipment upgrade costs exceeding \$2 million are eligible for program consideration upon timely completion of an application. A key criterion considered when approving or denying an application is the likelihood the project would have occurred without the reimbursement payment. The Board of Economic Development can approve individual projects from the application for a reimbursement payment that is equal to or less than South Dakota sales and use tax paid on the project costs. All sales and use tax must continue to be paid on the approved projects. Reimbursement payments are made after the project is complete and cannot exceed actual sales and use tax paid.

During fiscal year 2023, the State abated \$21.6 million of sales and use tax as estimated reimbursement amounts for approved projects that have not met all the reimbursement criteria. The State reimbursed \$11.5 million of sales and use tax during fiscal year 2023, all of which was abated in prior fiscal years.

15. RELATED PARTY TRANSACTIONS

The following transactions occurred between the State and external entities:

The South Dakota Corn Utilization Council (SDCUC) is a functional subunit of the Department of Agriculture and Natural Resources, created for market maintenance and expansion, research, education, transportation, and for the prevention, modification or elimination of trade barriers which obstruct the free flow of corn and corn products to market.

SDCUC has a management agreement with South Dakota Corn Growers Association (SDCGA). Under the agreement SDCGA shares employees with SDCUC and provides utilities, insurance and building maintenance, taxes, accounting services, clerical services, office equipment, office supplies, and internet and telephone services. For the fiscal year ended June 30, 2023, SDCUC paid \$0.9 million to SDCGA for these services. The SDCUC also leases office space from SDCGA under a lease agreement that commenced July 1, 2011. The terms of the lease called for an advance payment of the eleven-year lease term, which was paid in 2011. The lease was extended for an additional six months set to expire June 30, 2023.

The American Dairy Association of South Dakota (ADASD) is a functional subunit of the Department of Agriculture and Natural Resources which has the responsibility of conducting dairy promotion, research, and educational programs on behalf of South Dakota dairy producers.

ADASD contracted with Midwest Dairy, a related organization through similar control and management, to implement and administer programs intended to contribute to the betterment of South Dakota's dairy farmers and the State's dairy industry. Such programs include, but are not limited to strategic initiatives, wellness, farmer relations, consumer demand, economic and dairy product research and innovation, farmer communications, and consumer confidence. Under the terms of the contracts, Midwest Dairy also provides administrative, financial, and reporting services. Payments under these contracts amounted to \$4.3 million for the year ended June 30, 2023.

The following transactions occurred between the State and discretely presented component units:

Higher Education consists of six state public universities (Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and University of South Dakota), two schools serving special K-12 populations (South Dakota School for the Deaf and South Dakota School for the Blind and Visually Impaired), and the governing board, South Dakota Board of Regents (BOR). Higher Education is considered a discretely presented component unit of the State.

Higher Education received state General Fund appropriations of \$289 million to support Higher Education universities.

Higher Education received \$3.7 million from the Governor's Office of Economic Development (GOED) to fund Research Centers at various universities around the state.

During fiscal year 2023, Northern State University was awarded a loan from GOED in the amount of \$1.7 million for a campus energy project. As of June 30, 2023, there was \$0.8 million disbursed to NSU. South Dakota School of Mines and Technology was also awarded a loan from GOED in the amount of \$1.5 million for a campus energy project. As of June 30, 2023, there was \$0.2 million disbursed to Mines.

South Dakota State University Foundation received a letter of commitment from SDCUC for \$2.0 million for a seven-year period beginning June 2022. This funding is for the operation and/or infrastructure of the bioprocessing center to be located within the State. As of June 30, 2023, there has been \$1.1 million paid on this commitment.

The South Dakota Housing Development Authority (SDHDA) was created to encourage the investment of private capital for the construction and rehabilitation of residential housing to meet the needs of persons and families in the state. SDHDA is considered a discretely presented component unit of the State.

SDHDA administers the Housing Opportunity Program. This program provides funding for new construction or the purchase and rehabilitation of rental or homeownership housing, housing preservation, including home repair grants and grants to make homes more accessible to individuals with disabilities, homelessness prevention activities, and community land trusts. During fiscal year 2023, the following transactions occurred between SDHDA and the GOED for the Housing Opportunity Program:

- GOED received a \$1.0 million General Fund Appropriation for the Housing Opportunity Program.
- GOED received \$1.5 million from SDHDA.
- GOED distributed \$0.3 million from private activity bond fees to the Housing Opportunity Program.
- GOED received \$0.1 million in private activity bond fees from SDHDA.
- GOED disbursed \$2.9 million of Housing Opportunity Program funds to SDHDA.

The South Dakota Science and Technology Authority (SDSTA) was created to foster and facilitate scientific and technology, investigation, experimentation, and development by creating a mechanism through which laboratory, experimental, and development facilities may be acquired and operated. SDSTA is considered a discretely presented component unit of the State.

SDSTA received appropriations through Senate Bill 35 for the amount of \$13 million from the state General Fund for purposes of expanding laboratory space at the Sanford Underground Research Facility.

The following transactions occurred between discretely presented component units:

The South Dakota Ellsworth Development Authority (SDEDA) was created for the purpose of protecting and promoting the economic impact of Ellsworth Air Force Base and associated industries, and to promote the health and safety of those living or working near the base. SDEDA is considered a discretely presented component unit of the State.

SDHDA has a note receivable of \$1.6 million from the SDEDA. The note receivable is based on funding through the Neighborhood Stabilization Program (NSP) which is a non-interest-bearing note that will be forgiven in 2033, if restrictive covenants related to providing low-income housing are maintained for the 20-year duration.

The South Dakota State University Foundation and the **University of South Dakota Foundation** have notes receivable of \$2.0 million each from SDSTA. The loan amounts are used for the purchase of xenon for future experiments. The loans will be repaid at the end of the experiment from the sale of the xenon previously purchased. SDSTA pays the Foundations interest quarterly at a rate of 2.5% per annum per year. The notes mature December 31, 2026.

16. SUBSEQUENT EVENTS**Component Units****South Dakota Housing Development Authority**

The South Dakota Housing Development Authority, a discretely presented component unit of the State, issued Homeownership Mortgage Bonds of \$174.0 million in October and \$235.0 million in December of 2023.

South Dakota Board of Regents

In December 2023, the South Dakota Board of Regents, a discretely presented component unit of the State, issued \$14.0 million of Housing and Auxiliary Facilities System Revenue Bonds.

17. CONTINGENCIES AND LITIGATION

The State of South Dakota and its component units are defendants to various legal proceedings. Substantial litigation includes three claims related to property damage. The State and its component units intend to vigorously defend against any of the plaintiffs' actions. The outcome of these lawsuits is not presently determinable. The plaintiffs are seeking damages of approximately \$30.0 million. If a liability exists, the State believes the damages will be significantly less than the amounts the Plaintiffs are seeking. Any damages awarded would be paid from the Extraordinary Litigation Fund which is reported as part of the State's General Fund. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the State.



REQUIRED SUPPLEMENTARY INFORMATION

The *Required Supplementary Information* includes the Budgetary Reporting and Pension Information. The following individual schedules are included:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation
- Notes to Required Supplementary Information – Budgetary Reporting
- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions
- Notes to Required Supplementary Information – Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
RESOURCES (inflows) AVAILABLE FOR APPROPRIATION				
ONGOING RESOURCES				
Sales and Use Tax	\$ 1,331,552	\$ 1,487,499	\$ 1,480,582	\$ (6,917)
Lottery	170,540	179,396	176,664	(2,732)
Contractor's Excise Tax	152,237	188,221	189,408	1,187
Insurance Company Tax	101,685	109,757	112,141	2,384
Unclaimed Property Receipts	47,049	71,281	74,981	3,700
Licenses, Permits, and Fees	72,756	76,820	77,636	816
Tobacco Taxes	50,781	48,043	47,075	(968)
Trust Funds	46,398	46,540	46,259	(281)
Net Transfers In	22,655	24,355	25,752	1,397
Alcohol Beverage Tax	9,013	8,876	8,940	64
Bank Franchise Tax	17,008	19,110	20,425	1,315
Charges for Goods and Services	15,461	14,867	13,374	(1,493)
Telecommunications Tax	2,601	2,364	2,467	103
Severance Taxes	7,625	6,939	5,658	(1,281)
Investment Income and Interest	15,967	13,971	14,001	30
Alcohol Beverage 2% Wholesale Tax	2,817	3,090	2,937	(153)
TOTAL ONGOING	2,066,145	2,301,129	2,298,300	(2,829)
ONE-TIME RESOURCES				
Unexpended Carryovers and Specials	0	8,364	17,709	9,345
Bank Franchise Tax Prior Year Revenue	0	692	699	7
One-Time Unclaimed Property Receipts	0	0	10,555	10,555
Transfer from General Revenue Replacement Fund	0	183,685	183,685	0
Prior Year Carryover and Encumbered	66,280	66,280	66,280	0
TOTAL ONE-TIME RESOURCES	66,280	259,021	278,928	19,907
TOTAL RESOURCES AVAILABLE FOR APPROPRIATION	\$ 2,132,425	\$ 2,560,150	\$ 2,577,228	\$ 17,078
CHARGES TO APPROPRIATIONS (outflows)				
OFFICE OF THE GOVERNOR				
Personal Services	\$ 2,185	\$ 2,185	\$ 2,185	\$ 0
Operating Expenses	491	509	509	0
TOTAL	2,676	2,694	2,694	0
GOVERNOR'S CONTINGENCY FUND				
Personal Services	0	0	0	0
Operating Expenses	75	75	74	1
TOTAL	75	75	74	1
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT				
Personal Services	2,949	2,949	2,567	382
Operating Expenses	86,091	86,097	16,744	69,353
TOTAL	89,040	89,046	19,311	69,735
SD SCIENCE AND TECH AUTHORITY				
Personal Services	0	0	0	0
Operating Expenses	0	13,000	13,000	0
TOTAL	0	13,000	13,000	0
LOCAL INFRASTRUCTURE IMPROVEMENT				
Personal Services	0	0	0	0
Operating Expenses	1,470	1,470	1,470	0
TOTAL	1,470	1,470	1,470	0
SD HOUSING OPPORTUNITY				
Personal Services	0	0	0	0
Operating Expenses	1,040	1,040	1,040	0
TOTAL	1,040	1,040	1,040	0
WORKFORCE EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	490	490	490	0
TOTAL	490	490	490	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
LIEUTENANT GOVERNOR				
Personal Services	\$ 25	\$ 25	\$ 25	\$ 0
Operating Expenses	14	14	14	0
TOTAL	39	39	39	0
BUREAU OF FINANCE AND MANAGEMENT				
Personal Services	981	10,561	978	9,583
Operating Expenses	319	60,739	308	60,431
TOTAL	1,300	71,300	1,286	70,014
ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION				
Personal Services	0	0	0	0
Operating Expenses	1	1	0	1
TOTAL	1	1	0	1
CENTRAL SERVICES				
Personal Services	227	227	203	24
Operating Expenses	231	232	208	24
TOTAL	458	459	411	48
STATEWIDE MAINTENANCE AND REPAIR				
Personal Services	0	0	0	0
Operating Expenses	28,208	31,408	16,956	14,452
TOTAL	28,208	31,408	16,956	14,452
OFFICE OF HEARING EXAMINERS				
Personal Services	315	315	311	4
Operating Expenses	82	82	64	18
TOTAL	397	397	375	22
EXTRAORDINARY LITIGATION FUND				
Personal Services	0	0	0	0
Operating Expenses	0	2,000	2,000	0
TOTAL	0	2,000	2,000	0
SOUTH DAKOTA PUBLIC BROADCASTING				
Personal Services	3,411	3,411	3,411	0
Operating Expenses	1,436	1,632	1,632	0
TOTAL	4,847	5,043	5,043	0
STATE RADIO ENGINEERING				
Personal Services	1,013	1,013	928	85
Operating Expenses	7,652	7,660	6,764	896
TOTAL	8,665	8,673	7,692	981
PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS				
Personal Services	253	253	253	0
Operating Expenses	65	66	66	0
TOTAL	318	319	319	0
DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT				
Personal Services	11,359	20,939	10,861	10,078
Operating Expenses	127,665	206,515	61,339	145,176
TOTAL	139,024	227,454	72,200	155,254
SECRETARIAT				
Personal Services	799	799	18	781
Operating Expenses	1,010	26,010	6	26,004
TOTAL	1,809	26,809	24	26,785

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
MOTOR VEHICLES				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	28,000	28,000	11,333	16,667
TOTAL	28,000	28,000	11,333	16,667
PROPERTY TAXES				
Personal Services	761	773	650	123
Operating Expenses	1,335	1,773	1,203	570
TOTAL	2,096	2,546	1,853	693
DEPARTMENT TOTAL, REVENUE				
Personal Services	1,560	1,572	668	904
Operating Expenses	30,345	55,783	12,542	43,241
TOTAL	31,905	57,355	13,210	44,145
ADMINISTRATION, SECRETARY OF AGRICULTURE & NATURAL RESOURCES				
Personal Services	1,078	1,078	1,078	0
Operating Expenses	488	499	499	0
TOTAL	1,566	1,577	1,577	0
AGRICULTURAL AND ENVIRONMENTAL SERVICES				
Personal Services	3,213	2,957	2,956	1
Operating Expenses	656	831	831	0
TOTAL	3,869	3,788	3,787	1
RESOURCE CONSERVATION AND FORESTRY				
Personal Services	1,641	2,066	1,604	462
Operating Expenses	3,402	3,938	457	3,481
TOTAL	5,043	6,004	2,061	3,943
ANIMAL INDUSTRY BOARD				
Personal Services	2,152	2,152	2,152	0
Operating Expenses	432	437	437	0
TOTAL	2,584	2,589	2,589	0
STATE FAIR				
Personal Services	0	0	0	0
Operating Expenses	12,325	18,326	17,433	893
TOTAL	12,325	18,326	17,433	893
FINANCIAL AND TECHNICAL ASSISTANCE				
Personal Services	1,850	1,643	1,643	0
Operating Expenses	1,095	1,311	1,302	9
TOTAL	2,945	2,954	2,945	9
OFFICE OF WATER				
Personal Services	1,419	1,208	1,208	0
Operating Expenses	342	663	663	0
TOTAL	1,761	1,871	1,871	0
DEPARTMENT TOTAL, AGRICULTURE & NATURAL RESOURCES				
Personal Services	11,353	11,104	10,641	463
Operating Expenses	18,740	26,005	21,622	4,383
TOTAL	30,093	37,109	32,263	4,846
ARTS				
Personal Services	0	0	0	0
Operating Expenses	106	106	91	15
TOTAL	106	106	91	15

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, TOURISM				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	106	106	91	15
TOTAL	106	106	91	15
ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS				
Personal Services	169	169	169	0
Operating Expenses	6,300	6,300	2,887	3,413
TOTAL	6,469	6,469	3,056	3,413
STATE PARKS AND RECREATION				
Personal Services	3,291	3,291	3,291	0
Operating Expenses	2,460	2,460	2,460	0
TOTAL	5,751	5,751	5,751	0
DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION				
Personal Services	0	0	0	0
Operating Expenses	1,564	1,564	1,564	0
TOTAL	1,564	1,564	1,564	0
DEPARTMENT TOTAL, GAME, FISH, & PARKS				
Personal Services	3,460	3,460	3,460	0
Operating Expenses	10,324	10,324	6,911	3,413
TOTAL	13,784	13,784	10,371	3,413
OFFICE OF TRIBAL RELATIONS				
Personal Services	604	604	604	0
Operating Expenses	207	213	211	2
TOTAL	811	817	815	2
DEPARTMENT TOTAL, TRIBAL RELATIONS				
Personal Services	604	604	604	0
Operating Expenses	207	213	211	2
TOTAL	811	817	815	2
ADMINISTRATION, SECRETARY OF SOCIAL SERVICES				
Personal Services	6,161	6,234	6,234	0
Operating Expenses	6,161	6,197	6,197	0
TOTAL	12,322	12,431	12,431	0
ECONOMIC ASSISTANCE				
Personal Services	10,010	10,533	10,328	205
Operating Expenses	21,378	21,744	18,878	2,866
TOTAL	31,388	32,277	29,206	3,071
MEDICAL SERVICES				
Personal Services	1,640	2,184	1,587	597
Operating Expenses	302,343	266,531	236,445	30,086
TOTAL	303,983	268,715	238,032	30,683
CHILDREN'S SERVICES				
Personal Services	14,793	14,837	14,837	0
Operating Expenses	42,818	40,165	36,185	3,980
TOTAL	57,611	55,002	51,022	3,980
BEHAVIORAL HEALTH				
Personal Services	39,389	38,658	36,632	2,026
Operating Expenses	93,203	91,597	75,799	15,798
TOTAL	132,592	130,255	112,431	17,824

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	\$ 71,993	\$ 72,446	\$ 69,618	\$ 2,828
Operating Expenses	465,903	426,234	373,504	52,730
TOTAL	537,896	498,680	443,122	55,558
ADMINISTRATION, SECRETARY OF HEALTH				
Personal Services	938	938	938	0
Operating Expenses	256	258	258	0
TOTAL	1,194	1,196	1,196	0
HEALTHCARE ACCESS AND QUALITY AND HEALTH PREVENTION				
Personal Services	2,981	2,831	2,831	0
Operating Expenses	4,438	5,687	3,115	2,572
TOTAL	7,419	8,518	5,946	2,572
FAMILY AND COMMUNITY HEALTH				
Personal Services	2,881	2,981	2,981	0
Operating Expenses	3,713	5,688	3,061	2,627
TOTAL	6,594	8,669	6,042	2,627
LABORATORY SERVICES				
Personal Services	0	0	0	0
Operating Expenses	3	12,803	903	11,900
TOTAL	3	12,803	903	11,900
EPIDEMIOLOGY, SURVEILLANCE AND INFORMATICS				
Personal Services	160	210	210	0
Operating Expenses	157	187	187	0
TOTAL	317	397	397	0
DEPARTMENT TOTAL, HEALTH				
Personal Services	6,960	6,960	6,960	0
Operating Expenses	8,567	24,623	7,524	17,099
TOTAL	15,527	31,583	14,484	17,099
ADMINISTRATION, SECRETARY OF LABOR				
Personal Services	65	65	65	0
Operating Expenses	1,463	1,463	1,450	13
TOTAL	1,528	1,528	1,515	13
REEMPLOYMENT ASSISTANCE				
Personal Services	0	0	0	0
Operating Expenses	1,499	1,499	9	1,490
TOTAL	1,499	1,499	9	1,490
FIELD OPERATIONS				
Personal Services	644	644	644	0
Operating Expenses	188	189	189	0
TOTAL	832	833	833	0
STATE LABOR LAW ADMINISTRATION				
Personal Services	728	728	728	0
Operating Expenses	110	111	111	0
TOTAL	838	839	839	0
DEPARTMENT TOTAL, LABOR AND REGULATION				
Personal Services	1,437	1,437	1,437	0
Operating Expenses	3,260	3,262	1,759	1,503
TOTAL	4,697	4,699	3,196	1,503

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
GENERAL OPERATIONS				
Personal Services	\$ 615	\$ 599	\$ 491	\$ 108
Operating Expenses	26	43	43	0
TOTAL	641	642	534	108
CONSTRUCTION CONTRACTS				
Personal Services	0	0	0	0
Operating Expenses	0	6,250	0	6,250
TOTAL	0	6,250	0	6,250
DEPARTMENT TOTAL, TRANSPORTATION				
Personal Services	615	599	491	108
Operating Expenses	26	6,293	43	6,250
TOTAL	641	6,892	534	6,358
ADMINISTRATION, SECRETARY OF EDUCATION				
Personal Services	2,163	2,163	2,163	0
Operating Expenses	1,937	1,753	1,752	1
TOTAL	4,100	3,916	3,915	1
STATE AID TO GENERAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	552,842	543,252	540,130	3,122
TOTAL	552,842	543,252	540,130	3,122
STATE AID TO SPECIAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	84,500	84,500	73,917	10,583
TOTAL	84,500	84,500	73,917	10,583
SPARSITY PAYMENTS				
Personal Services	0	0	0	0
Operating Expenses	2,123	2,083	2,082	1
TOTAL	2,123	2,083	2,082	1
NATIONAL BOARD CERTIFIED TEACHERS				
Personal Services	0	0	0	0
Operating Expenses	88	88	52	36
TOTAL	88	88	52	36
TECHNOLOGY AND INNOVATION IN SCHOOLS				
Personal Services	0	0	0	0
Operating Expenses	13,788	13,820	13,820	0
TOTAL	13,788	13,820	13,820	0
POSTSECONDARY VOCATIONAL EDUCATION				
Personal Services	247	247	243	4
Operating Expenses	48,227	47,816	38,884	8,932
TOTAL	48,474	48,063	39,127	8,936
POSTSECONDARY VOCATIONAL EDUCATION TUITION ASSISTANCE				
Personal Services	0	0	0	0
Operating Expenses	1,832	1,832	1,832	0
TOTAL	1,832	1,832	1,832	0
POSTSECONDARY INSTRUCTOR SALARY ENHANCEMENTS				
Personal Services	0	0	0	0
Operating Expenses	3,439	3,439	3,439	0
TOTAL	3,439	3,439	3,439	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
EDUCATION RESOURCES				
Personal Services	\$ 2,122	\$ 2,122	\$ 2,079	\$ 43
Operating Expenses	10,652	15,448	10,205	5,243
TOTAL	12,774	17,570	12,284	5,286
HISTORY				
Personal Services	1,139	1,191	1,191	0
Operating Expenses	10,321	10,510	2,418	8,092
TOTAL	11,460	11,701	3,609	8,092
LIBRARY SERVICES				
Personal Services	1,237	1,185	1,110	75
Operating Expenses	988	989	989	0
TOTAL	2,225	2,174	2,099	75
DEPARTMENT TOTAL, EDUCATION				
Personal Services	6,908	6,908	6,786	122
Operating Expenses	730,737	725,530	689,520	36,010
TOTAL	737,645	732,438	696,306	36,132
ADMINISTRATION, SECRETARY OF PUBLIC SAFETY				
Personal Services	388	388	387	1
Operating Expenses	703	793	791	2
TOTAL	1,091	1,181	1,178	3
HIGHWAY PATROL				
Personal Services	706	706	605	101
Operating Expenses	1,066	1,067	934	133
TOTAL	1,772	1,773	1,539	234
EMERGENCY SERVICES				
Personal Services	2,449	2,374	2,371	3
Operating Expenses	8,285	15,940	8,019	7,921
TOTAL	10,734	18,314	10,390	7,924
EMERGENCY DISASTER				
Personal Services	0	0	0	0
Operating Expenses	0	4,988	4,988	0
TOTAL	0	4,988	4,988	0
CRIMINAL JUSTICE SERVICES				
Personal Services	242	242	187	55
Operating Expenses	8,724	8,679	5,519	3,160
TOTAL	8,966	8,921	5,706	3,215
DEPARTMENT TOTAL, PUBLIC SAFETY				
Personal Services	3,785	3,710	3,550	160
Operating Expenses	18,778	31,467	20,251	11,216
TOTAL	22,563	35,177	23,801	11,376
REGENTS CENTRAL OFFICE				
Personal Services	5,296	5,296	5,296	0
Operating Expenses	39,049	62,711	46,053	16,658
TOTAL	44,345	68,007	51,349	16,658
RESEARCH POOL				
Personal Services	0	0	0	0
Operating Expenses	2,121	2,121	2,121	0
TOTAL	2,121	2,121	2,121	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
SOUTH DAKOTA SCHOLARSHIPS				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	6,513	5,938	5,917	21
TOTAL	6,513	5,938	5,917	21
UNIVERSITY OF SOUTH DAKOTA PROPER				
Personal Services	38,957	38,957	38,957	0
Operating Expenses	20,975	21,270	6,192	15,078
TOTAL	59,932	60,227	45,149	15,078
UNIVERSITY OF SOUTH DAKOTA LAW SCHOOL				
Personal Services	1,930	1,930	1,930	0
Operating Expenses	206	206	206	0
TOTAL	2,136	2,136	2,136	0
UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE				
Personal Services	23,164	23,164	23,164	0
Operating Expenses	3,724	3,724	3,724	0
TOTAL	26,888	26,888	26,888	0
SOUTH DAKOTA STATE UNIVERSITY PROPER				
Personal Services	51,869	51,869	51,868	1
Operating Expenses	29,405	33,236	20,675	12,561
TOTAL	81,274	85,105	72,543	12,562
SDSU EXTENSION				
Personal Services	9,330	9,330	9,330	0
Operating Expenses	355	355	305	50
TOTAL	9,685	9,685	9,635	50
AGRICULTURAL EXPERIMENT STATION				
Personal Services	13,422	13,622	13,465	157
Operating Expenses	7,203	7,003	666	6,337
TOTAL	20,625	20,625	14,131	6,494
SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY				
Personal Services	19,555	19,555	19,555	0
Operating Expenses	23,660	28,422	13,974	14,448
TOTAL	43,215	47,977	33,529	14,448
NORTHERN STATE UNIVERSITY				
Personal Services	13,524	13,508	13,508	0
Operating Expenses	1,096	2,660	1,275	1,385
TOTAL	14,620	16,168	14,783	1,385
NORTHERN STATE UNIVERSITY CENTER				
Personal Services	3,365	3,288	3,065	223
Operating Expenses	369	446	399	47
TOTAL	3,734	3,734	3,464	270
BLACK HILLS STATE UNIVERSITY				
Personal Services	11,259	11,259	11,259	0
Operating Expenses	914	2,538	990	1,548
TOTAL	12,173	13,797	12,249	1,548
DAKOTA STATE UNIVERSITY				
Personal Services	29,815	29,815	12,300	17,515
Operating Expenses	13,274	13,288	2,597	10,691
TOTAL	43,089	43,103	14,897	28,206

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
SOUTH DAKOTA SCHOOL FOR THE DEAF				
Personal Services	\$ 2,099	\$ 2,099	\$ 2,020	\$ 79
Operating Expenses	733	697	579	118
TOTAL	2,832	2,796	2,599	197
SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
Personal Services	2,905	2,905	2,638	267
Operating Expenses	617	609	436	173
TOTAL	3,522	3,514	3,074	440
DEPARTMENT TOTAL, BOARD OF REGENTS				
Personal Services	226,490	226,597	208,355	18,242
Operating Expenses	150,214	185,224	106,109	79,115
TOTAL	376,704	411,821	314,464	97,357
ADJUTANT GENERAL				
Personal Services	528	490	485	5
Operating Expenses	281	323	223	100
TOTAL	809	813	708	105
ARMY GUARD				
Personal Services	487	487	482	5
Operating Expenses	11,024	11,777	4,091	7,686
TOTAL	11,511	12,264	4,573	7,691
AIR GUARD				
Personal Services	268	268	267	1
Operating Expenses	299	638	638	0
TOTAL	567	906	905	1
DEPARTMENT TOTAL, MILITARY				
Personal Services	1,283	1,245	1,234	11
Operating Expenses	11,604	12,738	4,952	7,786
TOTAL	12,887	13,983	6,186	7,797
VETERANS' BENEFITS AND SERVICES				
Personal Services	1,470	1,470	1,467	3
Operating Expenses	1,498	1,505	625	880
TOTAL	2,968	2,975	2,092	883
STATE VETERANS' HOME				
Personal Services	2,398	2,079	2,079	0
Operating Expenses	0	0	0	0
TOTAL	2,398	2,079	2,079	0
STATE VETERANS' CEMETERY				
Personal Services	85	85	85	0
Operating Expenses	1,558	1,558	1,556	2
TOTAL	1,643	1,643	1,641	2
DEPARTMENT TOTAL, VETERANS' AFFAIRS				
Personal Services	3,953	3,634	3,631	3
Operating Expenses	3,056	3,063	2,181	882
TOTAL	7,009	6,697	5,812	885
ADMINISTRATION, CENTRAL OFFICE				
Personal Services	2,080	2,773	2,773	0
Operating Expenses	2,388	1,755	1,753	2
TOTAL	4,468	4,528	4,526	2

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
MIKE DURFEE STATE PRISON				
Personal Services	\$ 14,845	\$ 16,125	\$ 16,123	\$ 2
Operating Expenses	10,041	10,196	10,170	26
TOTAL	24,886	26,321	26,293	28
STATE PENITENTIARY				
Personal Services	23,120	23,773	23,771	2
Operating Expenses	10,262	36,004	10,641	25,363
TOTAL	33,382	59,777	34,412	25,365
WOMEN'S PRISON				
Personal Services	5,272	5,499	5,498	1
Operating Expenses	5,746	7,768	5,513	2,255
TOTAL	11,018	13,267	11,011	2,256
INMATE SERVICES				
Personal Services	3,529	3,500	3,499	1
Operating Expenses	33,953	34,450	34,448	2
TOTAL	37,482	37,950	37,947	3
PAROLE SERVICES				
Personal Services	5,388	5,114	5,113	1
Operating Expenses	2,221	2,201	2,200	1
TOTAL	7,609	7,315	7,313	2
JUVENILE COMMUNITY CORRECTIONS				
Personal Services	1,921	1,762	1,761	1
Operating Expenses	9,216	8,105	8,105	0
TOTAL	11,137	9,867	9,866	1
DEPARTMENT TOTAL, CORRECTIONS				
Personal Services	56,155	58,546	58,538	8
Operating Expenses	73,827	100,479	72,830	27,649
TOTAL	129,982	159,025	131,368	27,657
ADMINISTRATION, SECRETARY OF HUMAN SERVICES				
Personal Services	1,114	1,114	1,114	0
Operating Expenses	371	372	371	1
TOTAL	1,485	1,486	1,485	1
DEVELOPMENTAL DISABILITIES				
Personal Services	1,058	1,058	1,001	57
Operating Expenses	100,146	95,254	80,314	14,940
TOTAL	101,204	96,312	81,315	14,997
SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD				
Personal Services	8,445	6,736	6,163	573
Operating Expenses	2,409	2,108	2,037	71
TOTAL	10,854	8,844	8,200	644
LONG-TERM SERVICES AND SUPPORT				
Personal Services	2,941	2,941	2,934	7
Operating Expenses	125,335	106,763	86,061	20,702
TOTAL	128,276	109,704	88,995	20,709
REHABILITATION SERVICES				
Personal Services	1,037	1,037	924	113
Operating Expenses	4,766	4,423	4,245	178
TOTAL	5,803	5,460	5,169	291

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2023
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
SERVICES TO THE BLIND AND VISUALLY IMPAIRED				
Personal Services	\$ 594	\$ 594	\$ 509	\$ 85
Operating Expenses	473	474	442	32
TOTAL	1,067	1,068	951	117
DEPARTMENT TOTAL, HUMAN SERVICES				
Personal Services	15,189	13,480	12,645	835
Operating Expenses	233,500	209,394	173,470	35,924
TOTAL	248,689	222,874	186,115	36,759
ADMINISTRATION, PUBLIC UTILITIES COMMISSION				
Personal Services	607	607	607	0
Operating Expenses	61	63	63	0
TOTAL	668	670	670	0
DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION				
Personal Services	607	607	607	0
Operating Expenses	61	63	63	0
TOTAL	668	670	670	0
UNIFIED JUDICIAL SYSTEM				
Personal Services	48,938	48,938	47,713	1,225
Operating Expenses	6,286	5,870	5,157	713
TOTAL	55,224	54,808	52,870	1,938
EQUAL ACCESS TO OUR COURTS				
Personal Services	0	0	0	0
Operating Expenses	50	50	50	0
TOTAL	50	50	50	0
DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM				
Personal Services	48,938	48,938	47,713	1,225
Operating Expenses	6,336	5,920	5,207	713
TOTAL	55,274	54,858	52,920	1,938
LEGISLATIVE OPERATIONS				
Personal Services	0	0	0	0
Operating Expenses	0	0	0	0
Appropriation	8,044	8,076	7,958	118
TOTAL	8,044	8,076	7,958	118
AUDITOR GENERAL				
Personal Services	4,098	4,098	3,633	465
Operating Expenses	452	665	647	18
Appropriation	0	0	0	0
TOTAL	4,550	4,763	4,280	483
DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT				
Personal Services	4,098	4,098	3,633	465
Operating Expenses	452	665	647	18
Appropriation	8,044	8,076	7,958	118
TOTAL	12,594	12,839	12,238	601
LEGAL SERVICES PROGRAM				
Personal Services	5,240	5,240	5,240	0
Operating Expenses	781	895	884	11
TOTAL	6,021	6,135	6,124	11
CRIMINAL INVESTIGATION				
Personal Services	7,630	7,630	7,630	0
Operating Expenses	2,969	5,523	5,441	82
TOTAL	10,599	13,153	13,071	82

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
LAW ENFORCEMENT TRAINING				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	2,686	2,686	2,337	349
TOTAL	2,686	2,686	2,337	349
DEPARTMENT TOTAL, ATTORNEY GENERAL				
Personal Services	12,870	12,870	12,870	0
Operating Expenses	6,436	9,104	8,662	442
TOTAL	19,306	21,974	21,532	442
ADMINISTRATION OF SCHOOL AND PUBLIC LANDS				
Personal Services	586	507	506	1
Operating Expenses	10,522	10,604	1,139	9,465
TOTAL	11,108	11,111	1,645	9,466
DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS				
Personal Services	586	507	506	1
Operating Expenses	10,522	10,604	1,139	9,465
TOTAL	11,108	11,111	1,645	9,466
SECRETARY OF STATE				
Personal Services	784	659	617	42
Operating Expenses	641	1,079	701	378
TOTAL	1,425	1,738	1,318	420
DEPARTMENT TOTAL, SECRETARY OF STATE				
Personal Services	784	659	617	42
Operating Expenses	641	1,079	701	378
TOTAL	1,425	1,738	1,318	420
TREASURY MANAGEMENT				
Personal Services	456	456	451	5
Operating Expenses	677	681	270	411
TOTAL	1,133	1,137	721	416
DEPARTMENT TOTAL, STATE TREASURER				
Personal Services	456	456	451	5
Operating Expenses	677	681	270	411
TOTAL	1,133	1,137	721	416
STATE AUDITOR				
Personal Services	1,318	1,318	1,296	22
Operating Expenses	216	225	194	31
TOTAL	1,534	1,543	1,490	53
DEPARTMENT TOTAL, STATE AUDITOR				
Personal Services	1,318	1,318	1,296	22
Operating Expenses	216	225	194	31
TOTAL	1,534	1,543	1,490	53
STATE TOTAL				
Personal Services	492,761	502,694	467,172	35,522
Operating Expenses	1,912,200	2,055,594	1,571,742	483,852
Appropriation	8,044	8,076	7,958	118
TOTAL CHARGES TO APPROPRIATION	\$ 2,413,005	\$ 2,566,364	\$ 2,046,872	\$ 519,492
NON-BUDGETED OUTFLOWS				
Transfer to Budget Reserve Fund	\$ 0	\$ 0	\$ 7,177	\$ (7,177)
Transfer to General Revenue Replacement Fund	0	0	113,634	(113,634)
Non-budgeted Transfers Out	0	0	353,174	(353,174)
TOTAL NON-BUDGETED OUTFLOWS	\$ 0	\$ 0	\$ 473,985	\$ (473,985)
CHANGE IN BUDGETARY FUND BALANCE	\$ (280,580)	\$ (6,214)	\$ 56,371	\$ 62,585
BUDGETARY FUND BALANCE JULY 1, 2022	462,486	462,486	462,486	0
BUDGETARY FUND BALANCE JUNE 30, 2023	\$ 181,906	\$ 456,272	\$ 518,857	\$ 62,585

The notes to Required Supplementary Information are an integral part of this schedule.

**STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 BUDGET-TO-GAAP RECONCILIATION
 For the Fiscal Year Ended June 30, 2023
 (Expressed in Thousands)**

	<u>General Fund</u>
Inflows of Resources:	
Actual amounts (budgetary basis) "Amounts Available for Appropriation" from the budgetary comparison schedule	\$ 2,577,228
Differences-budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(138,581)
To adjust revenues for accruals and other year-end entries such as the recording tax receivables, shared revenue receipts, and reclassification of lottery revenues	(73,372)
To adjust revenues for statutorily created funds that do not qualify as special revenue funds	63,056
Money from the General Revenue Replacement Fund are inflows of budgetary resources but are not revenues for financial reporting purposes	(183,685)
Prior year carryover and encumbered amounts are inflows of budgetary resources but are not revenues for financial reporting purposes	(66,280)
Unexpended carryovers, specials, and deferred maintenances are inflows of budgetary resources but are not revenues for financial reporting purposes	(17,709)
Sales of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(66)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 2,160,591</u>
	<u>General Fund</u>
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "Total Charges to Appropriations" from the budgetary comparison schedule	\$ 2,046,872
Differences-budget to GAAP:	
Encumbrances for supplies, equipment ordered but not yet received and for uncompleted contracts are reported in the year first encumbered for budgetary purposes, but expenditures are reported in the year the related expenditure is incurred for financial reporting purposes.	(68,865)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(23,950)
To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution	39,293
To adjust expenditures/expenses for statutorily created funds that do not qualify as special revenue funds	75,474
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 2,068,824</u>

The notes to Required Supplementary Information are an integral part of this schedule.

Required Supplementary Information

Notes to Required Supplementary Information - Budgetary Reporting

A Budgetary Comparison Schedule is presented for the General Fund and all major special revenue funds that have a legally adopted annual budget. The only fund that meets these criteria is the General Fund. The remainder of the State's budget is adopted on a program level, which does not correlate to specific funds.

The Budgetary Comparison Schedule is comprised of three sections: 1) Resources Available for Appropriation (Resources), 2) Charges to Appropriations and 3) Non-Budgeted Outflows. The first section presents comparisons of the legally adopted original estimated resources, the revised adopted estimated resources, and actual amounts for each category of resources in the General Fund on a budgetary basis. The originally adopted estimated resources are defined as the estimated resources for the next fiscal year as referenced in SDCL 4-7-10(2), as adopted by the Legislature. The prior year carryover and encumbered amount is adopted before the current fiscal year and is carried over to subsequent years based on the expiration date. The revised adopted estimated resources are defined as the estimated resources in the current fiscal year as referenced in SDCL 4-7-10(2). The actual amounts are comprised of actual collections as of the close of the fiscal year.

The second section presents comparisons of the original charges to the appropriations budget and legally revised final charges to the appropriations budget, with actual amounts for each program in the General Fund on a budgetary basis. The Budgetary Comparison Schedule follows the same format, terminology, and classification as the State's General Appropriations Act (General Bill). Also included is a column that compares the variance between the final budget and actual amounts. A positive variance refers to unused budget, while a negative variance refers to an over-expended budget. For the year ended June 30, 2023, there were no over-expenditures by any State department.

The original appropriations budget is defined as the first complete appropriated budget, adjusted by reserves, transfers, allocations, supplemental appropriations, reorganizations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. Any such transaction that is authorized as legislative or executive change before the beginning of the fiscal year is included in the original budget, regardless of the effective date of the document loaded on the accounting system. The amount appropriated for employee compensation in the General Bill is reported as distributed to the departments and programs. Any of these adjustments may change the format, terminology, or classification of a Budgetary Comparison Schedule. The original budget also includes any actual appropriation amounts carried forward by law from prior years, including special appropriations, maintenance and repair, and carryovers. The final budget is defined as the original budget, adjusted by all reserves, transfers, allocations, supplemental appropriations, reorganizations, and other legally authorized legislative and executive changes after the beginning of the fiscal year. The actual amounts do not include multiyear appropriation amounts that roll forward for a set number of years and are not encumbered. This can result in a large variance between the final budget and actual amounts.

The third section presents non-budgeted outflows which account for items that are outflows but not charges to appropriations. An example of a non-budgeted outflow includes statutorily required year-end transfers to the Budget Reserve.

The Budgetary Comparison Schedule reports amounts on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes information presented on this basis for the fiscal year. A reconciliation of the two methods for the fiscal year ended June 30, 2023, has also been included as Required Supplementary Information.

STATE OF SOUTH DAKOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM
July 1, 2021 to June 30, 2022 Measurement Date
Last Ten Fiscal Years *
(Dollars Expressed in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
State's proportion of net pension liability (asset)	20.56%	20.45%	20.65%	20.73%	21.05%	21.58%	22.27%	22.45%	22.07%	
State's proportionate share of the net pension liability (asset)	\$ (1,945)	\$ (156,577)	\$ (898)	\$ (2,195)	\$ (489)	\$ (1,958)	\$ 75,220	\$ (95,216)	\$ (158,996)	
State's covered payroll	\$ 461,360	\$ 436,935	\$ 426,298	\$ 413,938	\$ 409,773	\$ 410,337	\$ 395,647	\$ 389,949	\$ 367,417	
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.42%)	(35.84%)	(0.21%)	(0.53%)	(0.12%)	(0.48%)	19.01%	(24.42%)	(43.27%)	
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.07%	105.52%	100.04%	100.08%	100.02%	100.10%	96.90%	104.10%	107.29%	

The notes to Required Supplementary Information are an integral part of this schedule.

** Note: This schedule is intended to present information for the last 10 years. However, until a full 10-year trend is compiled, information is presented for the years in which information is available.*

STATE OF SOUTH DAKOTA
SCHEDULE OF CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM
June 30, 2023
Last Ten Fiscal Years *
(Dollars Expressed in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 31,875	\$ 29,452	\$ 27,834	\$ 27,199	\$ 26,441	\$ 26,231	\$ 26,313	\$ 25,406	\$ 24,588	
Contributions in relation to the contractually required contribution	(31,875)	(29,452)	(27,834)	(27,199)	(26,441)	(26,231)	(26,313)	(25,406)	(24,588)	
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
State's covered payroll	\$ 498,296	\$ 461,360	\$ 436,935	\$ 426,298	\$ 413,938	\$ 409,773	\$ 410,337	\$ 395,647	\$ 389,949	
Contributions as a percentage of covered payroll	6.40%	6.38%	6.37%	6.38%	6.39%	6.40%	6.41%	6.42%	6.31%	

The notes to Required Supplementary Information are an integral part of this schedule.

** Note: This schedule is intended to present information for the last 10 years. However, until a full 10-year trend is compiled, information is presented for the years in which information is available.*

Required Supplementary Information

Notes to Required Supplementary Information – Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions

Changes from Prior Valuation:

The June 30, 2022 Actuarial Valuation reflects changes in actuarial methods and assumptions described below. There were no substantive changes in plan provisions.

The details of the changes since the last valuation are as follows:

Changes of Benefit Terms:

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Changes of Assumptions:

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The changes in the actuarial assumptions implemented as a result of the 2022 experience analysis and the method changes described below reduced the Actuarial Accrued Liability by \$204 million, excluding changes in the COLA assumption.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

The changes in the actuarial assumption for future COLAs decreased the Actuarial Accrued Liability by \$215 million, or 1.5% of the Actuarial Accrued Liability based on the 2.25% baseline COLA assumption.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Changes of Actuarial Method:

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance. The impact of these actuarial method changes is included in the assumption change impact noted above.

COMBINING FINANCIAL STATEMENTS

The *Combining Financial Statements* include the Nonmajor Governmental Funds, Nonmajor Enterprise Funds, Internal Service Funds, Fiduciary Funds, Component Units, and Nonmajor Component Units. The following individual statements are included:

- Combining Balance Sheet – Nonmajor Governmental Funds – By Type
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – By Type
- Combining Balance Sheet – Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Debt Service Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
- Combining Statement of Net Position – Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds
- Combining Statement of Fiduciary Net Position – Custodial Funds
- Combining Statement of Changes in Fiduciary Net Position – Custodial Funds
- Combining Statement of Net Position – Component Units
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units
- Statement of Cash Flows – Higher Education
- Combining Statement of Fiduciary Net Position – Higher Education
- Combining Statement of Changes in Fiduciary Net Position – Higher Education
- Combining Statement of Net Position – Nonmajor Component Units
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Component Units

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
June 30, 2023
(Expressed in Thousands)**

Assets	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Cash and Cash Equivalents	\$ 442,986	\$ 4,106	\$	\$ 6	\$ 447,098
Restricted Cash		12,220			12,220
Investments	218,158	10,958		75,036	304,152
Restricted Other Assets		7,654			7,654
Receivables from:					
Taxes, net	2,656				2,656
Interest and Dividends	2,961	15		98	3,074
Other Funds	11,167				11,167
Component Units	9				9
Other Governments	130,279	131			130,410
Loans and Notes, net	54,204			450	54,654
Other, net	36,105	10,634			46,739
Inventory	4,593				4,593
Advances to Component Units	1,010				1,010
Other Assets	4,596	14			4,610
Total Assets	\$ 908,724	\$ 45,732	\$ 0	\$ 75,590	\$ 1,030,046
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 62,638	\$	\$	\$	\$ 62,638
Payable to:					
Other Funds	57,952			3,845	61,797
Component Units	1,058				1,058
Other Governments	72,094				72,094
Claims, Judgments, and Compensated Absences	65				65
Unearned Revenue	14,166				14,166
Total Liabilities	207,973	0	0	3,845	211,818
Deferred Inflows of Resources:					
Related to Leases	1,291				1,291
Unavailable Revenue	30,806	10,634			41,440
Total Deferred Inflows of Resources	32,097	10,634	0	0	42,731
Fund Balances:					
Nonspendable	144,015	14		73,514	217,543
Restricted	457,073	35,084			492,157
Committed	63,640				63,640
Assigned	15,247				15,247
Unassigned	(11,321)			(1,769)	(13,090)
Total Fund Balances	668,654	35,098	0	71,745	775,497
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 908,724	\$ 45,732	\$ 0	\$ 75,590	\$ 1,030,046

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Revenue:					
Taxes	\$ 127,105	\$	\$	\$	\$ 127,105
Licenses, Permits, and Fees	327,492	5,944			333,436
Fines, Forfeits, and Penalties	25,655				25,655
Use of Money and Property	27,747	1,129		6,068	34,944
Sales and Services	24,001				24,001
Administering Programs	754,099				754,099
Tobacco Settlement		23,691			23,691
Other Revenue	15,065				15,065
Total Revenue	1,301,164	30,764	0	6,068	1,337,996
Expenditures:					
Current:					
General Government	45,413	157		2,422	47,992
Education	207,771				207,771
Health, Human, and Social Services	433,134				433,134
Law, Justice, Public Protection, and Regulation	157,207				157,207
Agriculture and Natural Resources	183,291				183,291
Economic Resources	9,094				9,094
Transportation	1,931				1,931
State Shared Revenue Paid to Other Governments	183,403				183,403
Debt Service:					
Principal	3,589	18,647			22,236
Interest	947	6,096			7,043
Total Expenditures	1,225,780	24,900	0	2,422	1,253,102
Excess of Revenue Over (Under) Expenditures	75,384	5,864	0	3,646	84,894
Other Financing Sources (Uses):					
Lease Issuance	16,843				16,843
Subscriptions	3,280				3,280
Proceeds from Sale of Capital Assets	410				410
Insurance Proceeds	408				408
Transfers In	24,400	8,178			32,578
Transfers Out	(98,559)	(12,029)		(564)	(111,152)
Total Other Financing Sources (Uses)	(53,218)	(3,851)	0	(564)	(57,633)
Net Change in Fund Balances	22,166	2,013	0	3,082	27,261
Fund Balances at Beginning of Year	646,488	33,085	0	68,663	748,236
Fund Balances at End of Year	\$ 668,654	\$ 35,098	\$ 0	\$ 71,745	\$ 775,497

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023
(Expressed in Thousands)**

Assets	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Cash and Cash Equivalents	\$ 716	\$	\$ 5,411	\$ 424	\$ 6,476
Investments					
Receivables from:					
Taxes, net					
Interest and Dividends		1	3		3
Other Funds		659	280	225	
Component Units				2	
Other Governments	27,136	29,492	1,922	3,786	1,345
Loans and Notes, net					3,290
Other, net				131	1
Inventory	555	136	31	3,696	
Advances to Component Units					
Other Assets	56				3
Total Assets	\$ 28,463	\$ 30,288	\$ 7,647	\$ 8,264	\$ 11,118
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 3,414	\$ 26,756	\$ 2,084	\$ 2,609	\$ 14
Payable to:					
Other Funds	186	1,009	264	292	90
Component Units	6	116		173	
Other Governments	23,607	361	30	248	1,243
Claims, Judgments, and Compensated Absences	2	1	4	3	
Unearned Revenue	1,192		143	1,214	
Total Liabilities	28,407	28,243	2,525	4,539	1,347
Deferred Inflows of Resources:					
Related to Leases					
Unavailable Revenue					
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Nonspendable	56	136	31	3,696	3
Restricted			3,901	29	9,768
Committed					
Assigned		1,909	1,190		
Unassigned					
Total Fund Balances	56	2,045	5,122	3,725	9,771
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,463	\$ 30,288	\$ 7,647	\$ 8,264	\$ 11,118

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$ 5,699	\$ 4,645	\$ 349	\$ 4,164	\$ 6,330
			54	31	73		1,056
4,871			56	86		90	15
16,319	2,479	5,269		282		5	
2,510						413	
68			910	1,250		5,355	
						132	
22							
\$ 23,790	\$ 2,479	\$ 5,269	\$ 6,719	\$ 6,294	\$ 422	\$ 10,159	\$ 7,401
\$ 1,095	\$ 534	\$ 1,403	\$ 4,070	\$ 4,013	\$ 205	\$ 625	\$ 87
15,895	1,757	2,777	2,175	3,761	28	17	1,038
9	3	303	52	2			
4,431	184	785	210	54		27	625
7	2	1	4	1			
55							4,997
21,492	2,480	5,269	6,511	7,831	233	669	6,747
0	0	0	0	0	0	3,992	0
						3,992	
22						132	
185			208	2,452		4,407	
					188		654
2,091					1	959	
	(1)			(3,989)			
2,298	(1)	0	208	(1,537)	189	5,498	654
\$ 23,790	\$ 2,479	\$ 5,269	\$ 6,719	\$ 6,294	\$ 422	\$ 10,159	\$ 7,401

Continued on next page

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2023
(Expressed in Thousands)

Assets	Motor Vehicle	Revenue	Future	Vocational Education	Petroleum Release Compensation
Cash and Cash Equivalents	\$ 26,688	\$ 2,520	\$ 80,924	\$ 217	\$ 6,310
Investments					
Receivables from:					
Taxes, net					286
Interest and Dividends	130	31	478		43
Other Funds	4	81	15		
Component Units					
Other Governments	17,216	507			
Loans and Notes, net					
Other, net	51				
Inventory					
Advances to Component Units					
Other Assets	2		3,451		
Total Assets	\$ 44,091	\$ 3,139	\$ 84,868	\$ 217	\$ 6,639
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 969	\$ 904	\$ 34	\$	\$ 117
Payable to:					
Other Funds	2,172	624	26		3
Component Units					
Other Governments	32,926				
Claims, Judgments, and Compensated Absences	8	1			
Unearned Revenue					
Total Liabilities	36,075	1,529	60	0	120
Deferred Inflows of Resources:					
Related to Leases					
Unavailable Revenue					
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Nonspendable	2		3,451		
Restricted			81,357		
Committed	8,014	2,580			6,519
Assigned				217	
Unassigned		(970)			
Total Fund Balances	8,016	1,610	84,808	217	6,519
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,091	\$ 3,139	\$ 84,868	\$ 217	\$ 6,639

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$ 3,848	\$ 31,922	\$ 8,680	\$	\$ 33 216,573	\$ 51,369	\$ 196,261 1,585	\$ 442,986 218,158
	887	25				402	2,656
14	225	114		276	464	1,006	2,961
767	1,072	393				2,568	11,167
						2	9
	151		12,264			11,698	130,279
	14,911	3,079			26,369	4,045	54,204
					259	28,080	36,105
						43	4,593
		1,010					1,010
						1,062	4,596
\$ 4,629	\$ 49,168	\$ 13,301	\$ 12,264	\$ 216,882	\$ 78,461	\$ 246,752	\$ 908,724
\$ 89	\$	\$ 2	\$ 3,843	\$	\$	\$ 9,771	\$ 62,638
3			8,135	7,276		10,424	57,952
					217	177	1,058
	1,964		242			5,157	72,094
			2			29	65
						6,565	14,166
92	1,964	2	12,222	7,276	217	32,123	207,973
						1,291	1,291
	28					26,786	30,806
0	28	0	0	0	0	28,077	32,097
				135,632		854	144,015
	47,176	12,475		73,974	77,824	143,317	457,073
2,450		824			420	41,991	63,640
2,087			42			6,751	15,247
						(6,361)	(11,321)
4,537	47,176	13,299	42	209,606	78,244	186,552	668,654
\$ 4,629	\$ 49,168	\$ 13,301	\$ 12,264	\$ 216,882	\$ 78,461	\$ 246,752	\$ 908,724

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	<u>Education Federal</u>	<u>Human Services</u>	<u>Labor</u>	<u>Health Federal</u>	<u>Governor's Office and State Development Federal</u>
Revenue:					
Taxes	\$	\$	\$ 480	\$	\$
Licenses, Permits, and Fees		129	1,007		
Fines, Forfeits, and Penalties				420	
Use of Money and Property		37	14		79
Sales and Services		2,230			14
Administering Programs	204,620	296,471	25,126	62,717	4,243
Other Revenue	15	16	18	3	9
Total Revenue	<u>204,635</u>	<u>298,883</u>	<u>26,645</u>	<u>63,140</u>	<u>4,345</u>
Expenditures:					
General Government					
Education	204,580				
Health, Human, and Social Services		301,329	30,097	62,567	
Law, Justice, Public Protection, and Regulation			31		
Agriculture and Natural Resources					
Economic Resources					4,243
Transportation					
State Shared Revenue Paid to Other Governments					
Debt Service:					
Principal	54	663	869	318	
Interest	1	158	166	40	
Total Expenditures	<u>204,635</u>	<u>302,150</u>	<u>31,163</u>	<u>62,925</u>	<u>4,243</u>
Excess of Revenue Over (Under) Expenditures	0	(3,267)	(4,518)	215	102
Other Financing Sources (Uses):					
Lease Issuance	15	3,421	1,723	568	
Subscriptions	95	68			
Proceeds from Sale of Capital Assets					
Insurance Proceeds					
Transfers In	22	789	2,652	482	
Transfers Out	(96)	(656)			
Total Other Financing Sources (Uses)	<u>36</u>	<u>3,622</u>	<u>4,375</u>	<u>1,050</u>	<u>0</u>
Net Change in Fund Balances	36	355	(143)	1,265	102
Fund Balances at Beginning of Year	20	1,690	5,265	2,460	9,669
Fund Balances at End of Year	<u>\$ 56</u>	<u>\$ 2,045</u>	<u>\$ 5,122</u>	<u>\$ 3,725</u>	<u>\$ 9,771</u>

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$	\$	\$	\$	\$
			38,114	2,056 25,517	28,326 37,123 627	3,324	12,680 5,284 38
115		320	363	3,526	330		70
			90	119		1,035	
51,090	11,164	20,576	31	55			
677		17	758	1,913		5,835	
51,882	11,164	20,913	39,356	33,186	66,406	10,194	18,072
						15,642	
55,009					3,303		1,664
	11,538	20,127	48,021	37,616			
							8,730
9	59		21		87	286	30
1	3		1		8	218	
55,019	11,600	20,127	48,043	37,616	3,398	16,146	10,424
(3,137)	(436)	786	(8,687)	(4,430)	63,008	(5,952)	7,648
18	57		23		11	5,984	
41			184	172		7	
				408			
2,525	378		1,170	2,860		66	
		(803)	(493)	(3,824)	(63,354)	(1,308)	(7,808)
2,584	435	(803)	884	(384)	(63,343)	4,749	(7,808)
(553)	(1)	(17)	(7,803)	(4,814)	(335)	(1,203)	(160)
2,851	0	17	8,011	3,277	524	6,701	814
\$ 2,298	\$ (1)	\$ 0	\$ 208	\$ (1,537)	\$ 189	\$ 5,498	\$ 654

Continued on next page

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (continued)
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Motor Vehicle	Revenue	Future	Vocational Education	Petroleum Release Compensation
Revenue:					
Taxes	\$ 4,031	\$ 12,897	\$ 24,388	\$	\$ 3,015
Licenses, Permits, and Fees	156,921	4,913			
Fines, Forfeits, and Penalties	2				
Use of Money and Property	545	139	1,786		201
Sales and Services	1,470				
Administering Programs					
Other Revenue	54	4	29		
Total Revenue	163,023	17,953	26,203	0	3,216
Expenditures:					
General Government	9,087	22,394			
Education					
Health, Human, and Social Services					
Law, Justice, Public Protection, and Regulation	11,547				
Agriculture and Natural Resources					1,062
Economic Resources			3,406		
Transportation					
State Shared Revenue Paid to Other Governments	142,703				
Debt Service:					
Principal	244	194			6
Interest	68	70			1
Total Expenditures	163,649	22,658	3,406	0	1,069
Excess of Revenue Over (Under) Expenditures	(626)	(4,705)	22,797	0	2,147
Other Financing Sources (Uses):					
Lease Issuance	1,496	1,460			101
Subscriptions	15				
Proceeds from Sale of Capital Assets					
Insurance Proceeds					
Transfers In	1,033				
Transfers Out	(2,316)		(26)		(2,466)
Total Other Financing Sources (Uses)	228	1,460	(26)	0	(2,365)
Net Change in Fund Balances	(398)	(3,245)	22,771	0	(218)
Fund Balances at Beginning of Year	8,414	4,855	62,037	217	6,737
Fund Balances at End of Year	\$ 8,016	\$ 1,610	\$ 84,808	\$ 217	\$ 6,519

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$	\$ 9,385 1,938	\$ 266	\$	\$	\$ 272	\$ 29,581 52,950 24,568	\$ 127,105 327,492 25,655
88	1,226	465	40	12,611	1,280	4,512	27,747
2,165					485	16,393	24,001
33			29,334			48,639	754,099
148			1		30	5,538	15,065
2,434	12,549	731	29,375	12,611	2,067	182,181	1,301,164
4,471				722		8,739 3,191	45,413 207,771
			29,302			23,499	433,134
	18,526					56,351	157,207
		37				46,401	183,291
						1,408	9,094
					628	1,303	1,931
						31,970	183,403
			48 25			701 187	3,589 947
4,471	18,526	37	29,375	722	628	173,750	1,225,780
(2,037)	(5,977)	694	0	11,889	1,439	8,431	75,384
						1,966 3,061	16,843 3,280
					4	43	410
							408
1,492	2,224					8,707	24,400
	(600)			(7,276)		(7,533)	(98,559)
1,492	1,624	0	0	(7,276)	4	6,244	(53,218)
(545)	(4,353)	694	0	4,613	1,443	14,675	22,166
5,082	51,529	12,605	42	204,993	76,801	171,877	646,488
\$ 4,537	\$ 47,176	\$ 13,299	\$ 42	\$ 209,606	\$ 78,244	\$ 186,552	\$ 668,654

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2023
(Expressed in Thousands)**

Assets	Vocational Educational Facilities	Building Authority	Tobacco Securitization	Total
Cash and Cash Equivalents	\$ 3,029	\$ 39	\$ 1,038	\$ 4,106
Restricted Cash			12,220	12,220
Investments	10,958			10,958
Restricted Other Assets	7,609		45	7,654
Receivables from:				
Interest and Dividends	11		4	15
Due from Other Governments	131			131
Other, net			10,634	10,634
Other Assets			14	14
Total Assets	\$ 21,738	\$ 39	\$ 23,955	\$ 45,732
Deferred Inflows of Resources:				
Unavailable Revenue	\$ 0	\$ 0	\$ 10,634	\$ 10,634
Total Deferred Inflows of Resources	0	0	10,634	10,634
Fund Balances:				
Nonspendable			14	14
Restricted	21,738	39	13,307	35,084
Total Fund Balances	21,738	39	13,321	35,098
Total Deferred Inflows of Resources and Fund Balances	\$ 21,738	\$ 39	\$ 23,955	\$ 45,732

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Vocational Educational Facilities	Building Authority	Tobacco Securitization	Total
Revenue:				
Use of Money and Property	\$ 621	\$	\$ 508	\$ 1,129
Tobacco Settlement			23,691	23,691
Licenses, Permits, and Fees	5,944			5,944
Total Revenue	6,565	0	24,199	30,764
Expenditures:				
Current:				
General Government	69		88	157
Debt Service:				
Principal	3,146	4,051	11,450	18,647
Interest	3,267	2,357	472	6,096
Total Expenditures	6,482	6,408	12,010	24,900
Excess of Revenue Over (Under) Expenditures	83	(6,408)	12,189	5,864
Other Financing Sources (Uses):				
Transfers In	1,731	6,447		8,178
Transfers Out		(43)	(11,986)	(12,029)
Total Other Financing Sources (Uses)	1,731	6,404	(11,986)	(3,851)
Net Change in Fund Balances	1,814	(4)	203	2,013
Fund Balances at Beginning of Year	19,924	43	13,118	33,085
Fund Balances at End of Year	\$ 21,738	\$ 39	\$ 13,321	\$ 35,098

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2023
(Expressed in Thousands)

Assets	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Current Assets:					
Cash and Cash Equivalents	\$ 89,853	\$ 205,033	\$ 745	\$ 3,401	\$ 642
Receivables:					
Interest and Dividends	728		6	7	3
Other Funds		46			
Component Units					
Other Governments		60			15
Loans, Notes, and Leases, net	9,808				
Other, net	37	11,018			26
Inventory					357
Other Assets					
Total Current Assets	100,426	216,157	751	3,408	1,043
Assets Held for Resale	321				
Restricted Assets:					
Net Pension Asset	1			2	2
Capital Assets:					
Land and Other Non-depreciable Assets				192	103
Property, Plant, and Equipment				7,058	559
Right-to-use Leased Assets					
Right-to-use Subscription IT Assets	32				
Accumulated Depreciation and Amortization	(15)			(2,678)	(522)
Construction in Progress				22,776	
Total Capital Assets	17	0	0	27,348	140
Other Noncurrent Assets	32,065	3,985			
Total Assets	132,830	220,142	751	30,758	1,185
Deferred Outflows of Resources					
Related to Pensions	98		4	179	165
Total Deferred Outflows of Resources	98	0	4	179	165
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	39	47	1	217	52
Payable to:					
Other Funds	10	117		43	5
Other Governments		393		4	
Bonds, Notes, Leases, and Subscription IT Payable	14				
Claims, Judgments, and Compensated Absences	9		1	39	66
Accrued Interest Payable					
Unearned Revenue		115		592	1
Total Current Liabilities	72	672	2	895	124
Noncurrent Liabilities:					
Bonds, Notes, Leases, and Subscription IT Payable					
Claims, Judgments, and Compensated Absences	8		1	33	56
Total Noncurrent Liabilities	8	0	1	33	56
Total Liabilities	80	672	3	928	180
Deferred Inflows of Resources					
Related to Pensions	61		2	104	98
Related to Leases					
Total Deferred Inflows of Resources	61	0	2	104	98
Net Position					
Net Investment in Capital Assets	3			27,347	139
Restricted for:					
Disaster Relief Fund	10,237				
Pensions	38		2	77	69
Other	1,639				
Unrestricted	120,870	219,470	748	2,481	864
Total Net Position	\$ 132,787	\$ 219,470	\$ 750	\$ 29,905	\$ 1,072

Rural Rehabilitation	Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 5,968	\$ 512	\$ 2,044	\$ 17,464	\$ 12,757	\$ 3,717	\$ 342,136
56	6	6	111	81	23	1,027
	591		6			643
	35					35
					16	91
272					123	10,203
	76				3	11,160
	1,126				87	1,570
	12		9		259	280
<u>6,296</u>	<u>2,358</u>	<u>2,050</u>	<u>17,590</u>	<u>12,838</u>	<u>4,228</u>	<u>367,145</u>
						321
	3		14	11	5	38
						295
18	2,864		56		1,043	11,598
			884	466	9	1,359
			1,268			1,300
(17)	(2,124)		(456)	(160)	(913)	(6,885)
					4,621	27,397
<u>1</u>	<u>740</u>	<u>0</u>	<u>1,752</u>	<u>306</u>	<u>4,760</u>	<u>35,064</u>
<u>2,912</u>					<u>999</u>	<u>39,961</u>
<u>9,209</u>	<u>3,101</u>	<u>2,050</u>	<u>19,356</u>	<u>13,155</u>	<u>9,992</u>	<u>442,529</u>
	317		1,361	1,052	461	3,637
<u>0</u>	<u>317</u>	<u>0</u>	<u>1,361</u>	<u>1,052</u>	<u>461</u>	<u>3,637</u>
	359	12	1,384	4,172	320	6,603
	35		103	22	28	363
			524	79	2	619
	61		315	278	102	871
			9	1		10
	5		1,010			1,723
<u>0</u>	<u>460</u>	<u>12</u>	<u>3,345</u>	<u>4,552</u>	<u>452</u>	<u>10,586</u>
			865	235	3	1,103
	52		267	235	87	739
<u>0</u>	<u>52</u>	<u>0</u>	<u>1,132</u>	<u>470</u>	<u>90</u>	<u>1,842</u>
<u>0</u>	<u>512</u>	<u>12</u>	<u>4,477</u>	<u>5,022</u>	<u>542</u>	<u>12,428</u>
	184		791	614	270	2,124
<u>0</u>	<u>184</u>	<u>0</u>	<u>791</u>	<u>614</u>	<u>1,085</u>	<u>3,209</u>
1	740		353	(8)	4,755	33,330
						10,237
	136		584	449	196	1,551
						1,639
9,208	1,846	2,038	14,512	8,130	3,605	383,772
<u>\$ 9,209</u>	<u>\$ 2,722</u>	<u>\$ 2,038</u>	<u>\$ 15,449</u>	<u>\$ 8,571</u>	<u>\$ 8,556</u>	<u>\$ 430,529</u>

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	<u>Revolving Economic Development and Initiative</u>	<u>Unemployment Insurance</u>	<u>Second Injury</u>	<u>State Fair</u>	<u>Federal Surplus Property</u>
Operating Revenue:					
Licenses, Permits, and Fees	\$	\$	\$	\$ 1,535	\$
Use of Money and Property	572			524	
Sales and Services				1,151	2,044
Administering Programs		1,450		20	
Assessments		43,302			
Other Revenue	261			2,352	1
Total Operating Revenue	<u>833</u>	<u>44,752</u>	<u>0</u>	<u>5,582</u>	<u>2,045</u>
Operating Expenses:					
Personal Services and Benefits	134		13	1,267	554
Travel	7			13	5
Contractual Services	298			510	615
Supplies and Materials	1			337	1,097
Other	31			139	
Interest	1				
Provision for Loan Loss (Recovery)	(83)				
Depreciation and Amortization	16			121	9
Insurance Claims		28,631	461		
Total Operating Expenses	<u>405</u>	<u>28,631</u>	<u>474</u>	<u>2,387</u>	<u>2,280</u>
Operating Income (Loss)	428	16,121	(474)	3,195	(235)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets				1,505	
Loss on Disposal of Assets				(1)	
Investment Income	3,082	4,437	38	54	21
Other Expense	(162)				
Grant and Other Income					
Total Nonoperating Revenue (Expenses)	<u>2,920</u>	<u>4,437</u>	<u>38</u>	<u>1,558</u>	<u>21</u>
Income (Loss) Before Transfers	3,348	20,558	(436)	4,753	(214)
Transfers:					
Transfers In				17,542	
Transfers Out		(994)	(1)		
Net Transfers	<u>0</u>	<u>(994)</u>	<u>(1)</u>	<u>17,542</u>	<u>0</u>
Change in Net Position	3,348	19,564	(437)	22,295	(214)
Net Position at Beginning of Year	129,439	199,906	1,187	7,610	1,286
Net Position at End of Year	<u>\$ 132,787</u>	<u>\$ 219,470</u>	<u>\$ 750</u>	<u>\$ 29,905</u>	<u>\$ 1,072</u>

Rural Rehabilitation	Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$	\$	\$	\$ 11,160	\$ 5,541	\$ 1,824	\$ 20,060
118						1,214
	9,163	50	366	709	1,081	14,564
			64			1,534
			520	2	105	43,302
118	9,163	50	12,110	6,252	3,010	83,915
1	1,115		5,138	3,616	1,829	13,667
	17		546	180	203	971
4	366	28	4,497	1,960	775	9,053
	6,788		320	49	232	8,824
8			3			181
			29	9		39
						(83)
	111		271	95	219	842
						29,092
13	8,397	28	10,804	5,909	3,258	62,586
105	766	22	1,306	343	(248)	21,329
						1,505
						(1)
166	19	(16)	491	348	121	8,761
(1)			(3)	(2)		(168)
135						135
300	19	(16)	488	346	121	10,232
405	785	6	1,794	689	(127)	31,561
					116	17,658
	(516)		(132)	(153)	(1)	(1,797)
0	(516)	0	(132)	(153)	115	15,861
405	269	6	1,662	536	(12)	47,422
8,804	2,453	2,032	13,787	8,035	8,568	383,107
\$ 9,209	\$ 2,722	\$ 2,038	\$ 15,449	\$ 8,571	\$ 8,556	\$ 430,529

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 261	\$ 47,358	\$	\$ 2,880	\$ 1,988
Receipts from Interfund Services Provided				44	86
Receipts from Federal Agencies		796			37
Receipts from Loan Payments	8,271				
Payments to Suppliers and for Benefits and Claims	(306)	(28,632)	(461)	(600)	(1,423)
Payments for Employee Services	(174)		(14)	(1,293)	(592)
Payments for Interfund Services Used				(285)	(81)
Payments for Loans Originated	(23,574)				
Other Receipts (Payments)	(31)			2,350	7
Net Cash Provided (Used) by Operating Activities	(15,553)	19,522	(475)	3,096	22
Cash Flows from Capital and Related Financing Activities:					
Activities:					
Purchases of Capital Assets					
Construction in Progress				(21,089)	
Sale or Disposition of Capital Assets				1,505	
Payments for Right-to-use Leased Assets					
Payments for Right-to-use Subscription IT Assets	(19)				
Net Cash Provided (Used) by Capital and Related Financing Activities	(19)	0	0	(19,584)	0
Cash Flows from Noncapital Financing Activities:					
Transfers In				17,541	
Transfers Out		(980)	(1)		
Subsidies Provided to Others	(159)				
Other Noncapital Financing Activities		(19)			
Net Cash Provided (Used) by Noncapital Financing Activities	(159)	(999)	(1)	17,541	0
Cash Flows from Investing Activities:					
Investment Income	2,679	4,436	36	54	19
Investment Expense	(16)				
Purchase of Investment Securities					
Net Cash Provided (Used) by Investing Activities	2,663	4,436	36	54	19
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(13,068)	22,959	(440)	1,107	41
Cash and Cash Equivalents at Beginning of Year	102,921	182,074	1,185	2,294	601
Cash and Cash Equivalents at End of Year	\$ 89,853	\$ 205,033	\$ 745	\$ 3,401	\$ 642
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 428	\$ 16,121	\$ (474)	\$ 3,195	\$ (235)
Adjustments to Reconcile Operating Income (Loss):					
Depreciation and Amortization Expense	15			121	9
Bad Debt Expense					
Interest Expense	1				
Decrease (Increase) in Assets:					
Accounts Receivable	56	4,062			(14)
Bonds and Notes Receivable	(16,014)				
Due From Other Funds		(2)			
Due From Component Units					
Due From Other Governments		(654)			79
Inventory					226
Other Assets					
Other Restricted Assets					
Restricted Net Pension Asset	95		3	140	147
Decrease (Increase) in Deferred Outflows of Resources:					
Deferred Outflows - Related to Pensions	31			17	38
Increase (Decrease) in Liabilities:					
Accounts Payable				97	(10)
Accrued Liabilities	3			23	3
Compensated Absences Payable	(20)		1		7
Due To Other Funds				17	
Due To Other Component Units					
Unearned Revenue		(4)		(307)	1
Bond and Note Payable					
Policy Claim Liabilities		(1)			
Other Liabilities					
Increase (Decrease) in Deferred Inflows of Resources:					
Deferred Inflows - Related to Pensions	(148)		(5)	(207)	(229)
Deferred Inflows - Related to Leases					
Net Cash Provided (Used) by Operating Activities	\$ (15,553)	\$ 19,522	\$ (475)	\$ 3,096	\$ 22
Noncash Investing, Capital, and Financing Activities:					
Gain (Loss) on Disposal of Capital Assets	\$	\$	\$	\$ 1,504	\$
Right-to-use Lease Obligations Entered Into					
Right-to-use Subscription IT Obligations Entered Into	14				
Other					

Rural Rehabilitation	Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 116	\$ 750	\$ 193	\$ 11,516	\$ 6,160	\$ 2,722	\$ 73,944
	7,889		102	91	180	8,392
						833
2						8,273
(10)	(6,750)	(148)	(3,640)	(1,383)	(997)	(44,350)
	(1,209)	(17)	(5,416)	(3,856)	(1,954)	(14,525)
(2)	(56)		(878)	(413)	(196)	(1,911)
						(23,574)
			521	2	91	2,940
106	624	28	2,205	601	(154)	10,022
						(183)
1	(184)					(25,710)
	157				(4,621)	1,662
			(180)	(40)	(2)	(222)
			(449)			(468)
1	(27)	0	(629)	(40)	(4,623)	(24,921)
					116	17,657
	(516)		(132)	(153)	(1)	(1,783)
						(159)
160					10	151
160	(516)	0	(132)	(153)	125	15,866
						8,161
141	15	(17)	420	295	83	8,161
(1)			(3)	(2)		(22)
				(18)		(18)
140	15	(17)	417	275	83	8,121
						9,088
407	96	11	1,861	683	(4,569)	9,088
5,561	416	2,033	15,603	12,074	8,286	333,048
\$ 5,968	\$ 512	\$ 2,044	\$ 17,464	\$ 12,757	\$ 3,717	\$ 342,136
\$ 105	\$ 766	\$ 22	\$ 1,306	\$ 343	\$ (248)	\$ 21,329
	111		271	95	219	841
			14			14
						1
	(38)				(1)	4,065
1						(16,013)
	(33)					(35)
	29					29
	(377)				(1)	(953)
	186				17	429
	(12)		(9)		(1)	(22)
					245	245
12	233		1,062	808	159	2,659
14	11		124	81	95	411
	47	6	(25)	430	(49)	496
	(4)		941	26	11	1,003
			59	27	(10)	64
	33		3	22	7	82
			(6)			(6)
	5		36			(269)
			(6)			(6)
					29	(1)
						29
(26)	(333)		(1,565)	(1,179)	(626)	(4,318)
				(52)		(52)
\$ 106	\$ 624	\$ 28	\$ 2,205	\$ 601	\$ (154)	\$ 10,022
\$	\$	\$	\$	\$	\$	\$
			1,054	79	2	1,504
			819			1,135
						833
					25	25

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023
(Expressed in Thousands)

Assets	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Current Assets:						
Cash and Cash Equivalents	\$ 40,044	\$ 563	\$ 2,293	\$ 5,465	\$ 241	\$ 510
Receivables:						
Interest and Dividends	292	15	11	36	1	4
Other Funds		2,438	1,653	1,727	2,275	283
Component Units		3	135	104		
Other Governments						
Other, net	7,518	2	14	1		2
Inventory						225
Other Assets	100	2,270	1,468	1,150		
Total Current Assets	47,954	5,291	5,574	8,483	2,517	1,024
Restricted Assets:						
Net Pension Asset	3	59	20	6	11	1
Capital Assets:						
Property, Plant, and Equipment		11,151	5,810	14,251	1,576	427
Right-to-use Leased Assets		382	962		1,777	776
Right-to-use Subscription IT Assets		614	355	2,092		
Accumulated Depreciation and Amortization		(9,801)	(4,487)	(13,917)	(1,364)	(360)
Construction in Progress			62			
Total Capital Assets	0	2,346	2,702	2,426	1,989	843
Total Assets	47,957	7,696	8,296	10,915	4,517	1,868
Deferred Outflows of Resources						
Related to Pensions	309	5,829	2,002	575	1,112	113
Total Deferred Outflows of Resources	309	5,829	2,002	575	1,112	113
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	2,302	1,928	1,303	376	486	39
Payable to:						
Other Funds	50	227	341	116	64	9
Component Units						
Bonds, Notes, Leases, and Subscription IT Payable		296	233	690	52	44
Claims, Judgments, and Compensated Absences	16,982	1,655	772	187	269	50
Accrued Interest Payable		17	7	49	8	3
Unearned Revenue		224	1,073			
Total Current Liabilities	19,334	4,347	3,729	1,418	879	145
Noncurrent Liabilities:						
Bonds, Notes, Leases, and Subscription IT Payable		525	812	684	1,712	710
Claims, Judgments, and Compensated Absences	56	1,403	654	158	221	43
Other Noncurrent Liabilities	60					
Total Noncurrent Liabilities	116	1,928	1,466	842	1,933	753
Total Liabilities	19,450	6,275	5,195	2,260	2,812	898
Deferred Inflows of Resources						
Related to Pensions	185	3,429	1,179	340	648	66
Total Deferred Inflows of Resources	185	3,429	1,179	340	648	66
Net Position						
Net Investment in Capital Assets		1,510	1,650	1,002	215	86
Restricted for Pensions	127	2,459	843	241	475	48
Unrestricted	28,504	(148)	1,431	7,647	1,479	883
Total Net Position	\$ 28,631	\$ 3,821	\$ 3,924	\$ 8,890	\$ 2,169	\$ 1,017

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 546	\$ 11,034	\$ 665	\$ 803	\$ 8,572	\$ 6,783	\$ 77,519
4	62		5	55	48	533
80		1,290	626		844	11,216
126		288			33	689
					180	180
	15	2		11	77	7,642
					506	731
86			7	200	81	5,362
842	11,111	2,245	1,441	8,838	8,552	103,872
1	2	2	11	1	19	136
1,743		66,744	378		10,373	112,453
			93		1,429	5,419
					285	3,346
(1,715)		(45,355)	(372)		(3,152)	(80,523)
		78				140
28	0	21,467	99	0	8,935	40,835
871	11,113	23,714	1,551	8,839	17,506	144,843
128	192	174	1,108	79	1,849	13,470
128	192	174	1,108	79	1,849	13,470
28	66	494	305	18	631	7,976
15	16	275	80	8	298	1,499
		35	23			58
		3,512	2		209	5,038
46	1,760	45	327	4,346	564	27,003
					13	97
					9	1,306
89	1,842	4,361	737	4,372	1,724	42,977
		8,732	88		1,449	14,712
39	3,426	38	269	31,414	478	38,199
						60
39	3,426	8,770	357	31,414	1,927	52,971
128	5,268	13,131	1,094	35,786	3,651	95,948
75	113	104	647	45	1,089	7,920
75	113	104	647	45	1,089	7,920
28		9,223	9		7,266	20,989
54	81	72	472	35	779	5,686
714	5,843	1,358	437	(26,948)	6,570	27,770
\$ 796	\$ 5,924	\$ 10,653	\$ 918	\$ (26,913)	\$ 14,615	\$ 54,445

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Operating Revenue:						
Use of Money and Property	\$	\$	\$	\$	\$	\$
Sales and Services	157,477	24,438	19,746	5,844	8,276	3,174
Other Revenue	10,585	4	97	17	1	
Total Operating Revenue	168,062	24,442	19,843	5,861	8,277	3,174
Operating Expenses:						
Personal Services and Benefits	940	19,538	7,016	1,895	4,193	443
Travel	23	120	180	19	10	
Contractual Services	30,962	7,124	10,818	2,593	2,763	152
Supplies and Materials	37	305	951	226	1,067	2,621
Grant and Other						
Interest		42	32	49	31	14
Depreciation and Amortization		826	742	1,178	107	74
Insurance Claims	142,762					
Total Operating Expenses	174,724	27,955	19,739	5,960	8,171	3,304
Operating Income (Loss)	(6,662)	(3,513)	104	(99)	106	(130)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets		31			24	8
Loss on Disposal of Assets						
Investment Income	1,662	148	34	136	6	21
Other Expense	(7)			(1)		
Grant and Other Income			42			
Total Nonoperating Revenue (Expenses)	1,655	179	76	135	30	29
Income (Loss) Before Transfers	(5,007)	(3,334)	180	36	136	(101)
Transfers:						
Transfers In				733		
Transfers Out						
Net Transfers	0	0	0	733	0	0
Change in Net Position	(5,007)	(3,334)	180	769	136	(101)
Net Position at Beginning of Year	33,638	7,155	3,744	8,121	2,033	1,118
Net Position at End of Year	\$ 28,631	\$ 3,821	\$ 3,924	\$ 8,890	\$ 2,169	\$ 1,017

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$	\$	\$	\$	\$	\$ 9	\$ 9
680	4,163	13,915	5,971	6,777	10,480	260,941
	91	40		26	296	11,157
680	4,254	13,955	5,971	6,803	10,785	272,107
478	645	561	4,177	312	6,971	47,169
6	46	3	101	3	386	897
223	774	2,565	1,457	186	2,052	61,669
4	10	7,005	289	1	2,263	14,779
					4	4
		280	2		37	487
42		3,926	7		658	7,560
	1,588			5,996	251	150,597
753	3,063	14,340	6,033	6,498	12,622	283,162
(73)	1,191	(385)	(62)	305	(1,837)	(11,055)
		269			23	355
		(69)				(69)
19	291	57	25	168	232	2,799
	(1)			(1)	(1)	(11)
						42
19	290	257	25	167	254	3,116
(54)	1,481	(128)	(37)	472	(1,583)	(7,939)
			319		591	1,643
					(7)	(7)
0	0	0	319	0	584	1,636
(54)	1,481	(128)	282	472	(999)	(6,303)
850	4,443	10,781	636	(27,385)	15,614	60,748
\$ 796	\$ 5,924	\$ 10,653	\$ 918	\$ (26,913)	\$ 14,615	\$ 54,445

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 78,869	\$ 471	\$ 1,901	\$ 442	\$ 8	\$ 211
Receipts from Interfund Services Provided	78,608	23,541	17,341	5,234	6,931	2,923
Payments to Suppliers and for Benefits and Claims	(174,001)	(5,972)	(9,881)	(1,521)	(2,955)	(2,753)
Payments for Employee Services	(996)	(20,480)	(7,297)	(1,935)	(4,398)	(459)
Payments for Interfund Services Used	(779)	(1,356)	(1,565)	(1,113)	(839)	(92)
Other Receipts (Payments)	12,675	4	34	15	1	
Net Cash Provided (Used) by Operating Activities	(5,624)	(3,792)	533	1,122	(1,252)	(170)
Cash Flows from Capital and Related Financing Activities:						
Activities:						
Purchases of Capital Assets		(474)	(752)		(24)	(62)
Sale or Disposition of Capital Assets		153	(14)		3	
Payments for Right-to-use Leased Assets		(241)	(272)		(89)	(58)
Payments for Right-to-use Subscription IT Assets				(717)		
Payments for Financed Purchase Assets		(381)				
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(943)	(1,038)	(717)	(110)	(120)
Cash Flows from Noncapital Financing Activities:						
Transfers In				733		
Transfers Out						
Other Noncapital Financing Activities			42			
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	42	733	0	0
Cash Flows from Investing Activities:						
Investment Income	1,519	147	25	110	6	19
Investment Expense	(7)			(1)		
Net Cash Provided (Used) by Investing Activities	1,512	147	25	109	6	19
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(4,112)	(4,588)	(438)	1,247	(1,356)	(271)
Cash and Cash Equivalents at Beginning of Year	44,156	5,151	2,731	4,218	1,597	781
Cash and Cash Equivalents at End of Year	\$ 40,044	\$ 563	\$ 2,293	\$ 5,465	\$ 241	\$ 510
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (6,662)	\$ (3,513)	\$ 104	\$ (99)	\$ 106	\$ (130)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation and Amortization Expense	51	826	743	1,178	107	74
Interest Expense		42	31	49	30	14
Decrease (Increase) in Assets:						
Accounts Receivable	(3,609)		5			1
Due From Other Funds		(313)	(161)	(179)	(1,338)	(40)
Due From Component Units			15	12		
Due From Other Governments						
Inventory			1			(68)
Other Assets		(195)	345	72		
Restricted Net Pension Asset	258	4,911	1,641	431	860	94
Decrease (Increase) in Deferred Outflows of Resources:						
Deferred Outflows - Related to Pensions	50	975	281	33	93	17
Increase (Decrease) in Liabilities:						
Accounts Payable	(581)	337	76	118	14	(8)
Accrued Liabilities	3	242	72	32	46	8
Compensated Absences Payable	20	388	185	81	56	7
Due To Other Funds	1	81	83	11	11	3
Due To Component Units						
Due To Other Governments					23	
Unearned Revenue		(115)	(428)			
Policy Claim Liabilities	5,232					
Increase (Decrease) in Deferred Inflows of Resources:						
Deferred Inflows - Related to Pensions	(387)	(7,458)	(2,460)	(617)	(1,260)	(142)
Net Cash Provided (Used) by Operating Activities	\$ (5,624)	\$ (3,792)	\$ 533	\$ 1,122	\$ (1,252)	\$ (170)
Noncash Investing, Capital, and Financing Activities:						
Gain (Loss) on Disposal of Capital Assets	\$	\$ 31	\$	\$	\$ 24	\$ 8
Right-to-use Lease Obligations Entered Into		171	958		1,838	816
Right-to-use Subscription IT Obligations Entered Into				2,092		

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 465	\$ 1,194	\$ 2,802	\$ 21	\$ 1,178	\$ 4,317	\$ 91,879
298	2,970	11,397	5,947	5,600	6,174	166,964
(147)	(2,635)	(8,528)	(1,063)	(5,464)	(3,353)	(218,273)
(481)	(619)	(581)	(4,429)	(335)	(7,239)	(49,249)
(100)	(136)	(1,420)	(593)	(43)	(1,543)	(9,579)
	1	46		32	296	13,104
35	775	3,716	(117)	968	(1,348)	(5,154)
		(636)			(164)	(2,112)
		473			7	622
			(4)		(107)	(771)
					(72)	(789)
		(3,990)			(76)	(4,447)
0	0	(4,153)	(4)	0	(412)	(7,497)
			319		591	1,643
					(7)	(7)
						42
0	0	0	319	0	584	1,678
16	253	65	21	124	202	2,507
	(1)			(1)	(1)	(11)
16	252	65	21	123	201	2,496
51	1,027	(372)	219	1,091	(975)	(8,477)
495	10,007	1,037	584	7,481	7,758	85,996
\$ 546	\$ 11,034	\$ 665	\$ 803	\$ 8,572	\$ 6,783	\$ 77,519
\$ (73)	\$ 1,191	\$ (385)	\$ (62)	\$ 305	\$ (1,837)	\$ (11,055)
42		3,926	8		659	7,614
		282	2		36	486
	(2)	6		1	44	(3,554)
34		314	(17)		(54)	(1,754)
45		(29)			23	66
					(11)	(11)
					22	(45)
(7)			124		12	351
126	152	156	848	65	1,510	11,052
42	18	41	82	11	252	1,895
	12	(8)	7		(70)	(103)
7	8	10	32	(3)	89	546
25	24	15	50	4	144	999
(3)	2	(348)	29	5	91	(34)
	(1)	(22)	15			(8)
						23
					1	(542)
	(405)			680		5,507
(203)	(224)	(242)	(1,235)	(100)	(2,259)	(16,587)
\$ 35	\$ 775	\$ 3,716	\$ (117)	\$ 968	\$ (1,348)	\$ (5,154)
\$	\$	\$ 200	\$	\$	\$ 23	\$ 286
			130		1,488	5,401
					142	2,234

**STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 June 30, 2023
 (Expressed in Thousands)**

	Common School	Other	Total
Assets			
Cash and Cash Equivalents	\$ 39	\$ 937	\$ 976
Receivables:			
Investment Income	406	2	408
Other	6	1	7
Total Receivables	412	3	415
Investments, at Fair Value:			
Pooled Investment Funds	312,914		312,914
Total Investments	312,914	0	312,914
Properties, at Cost	14,162	40	14,202
Other Assets		17	17
Total Assets	327,527	997	328,524
Liabilities			
Payables:			
Accounts Payable and Other Liabilities		14	14
Due To Other Funds		34	34
Total Liabilities	0	48	48
Net Position - Restricted for Others	\$ 327,527	\$ 949	\$ 328,476

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Common School	Other	Total
Additions			
Contributions:			
From Clients and Inmates	\$	\$ 659	\$ 659
Other	7,525		7,525
Total Contributions	7,525	659	8,184
Investment Income:			
<i>From Investing Activities</i>			
Net Increase (Decrease) in Fair Value of Investments	9,417		9,417
Real Estate	376		376
Pooled Interest and Dividends	7,948		7,948
Net Investment Income (Loss)	17,741	0	17,741
<i>From Security Lending Activities</i>			
Securities Lending Income	3		3
Escheated Property	44		44
Miscellaneous Income		31	31
Total Additions	25,313	690	26,003
Deductions			
Distribution to School Districts	9,985		9,985
Payments Made for Trust Purposes		628	628
Administrative Expenses		10	10
Total Deductions	9,985	638	10,623
Change in Net Position	15,328	52	15,380
Net Position at Beginning of Year	312,199	897	313,096
Net Position at End of Year	\$ 327,527	\$ 949	\$ 328,476

STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 June 30, 2023
 (Expressed in Thousands)

	Department of Revenue Collections	Child Support Collections	Clerk of Courts	Soybean	Corrections	Other	Total
Assets							
Cash and Cash Equivalents	\$ 7,523	\$ 2,694	\$ 17,036	\$ 462	\$ 1,707	\$ 332	\$ 29,754
Receivables:							
Taxes, net	62,607						62,607
Due From Other Funds					137		137
Other	12			1,258			1,270
Total Receivables	62,619	0	0	1,258	137	0	64,014
Total Assets	70,142	2,694	17,036	1,720	1,844	332	93,768
Liabilities							
Payables:							
Accounts Payable and Other Liabilities		2,694	31	1,720			4,445
Due To Other Governments	70,142		84			18	70,244
Due To Other Funds					119		119
Total Liabilities	70,142	2,694	115	1,720	119	18	74,808
Net Position - Restricted for Others	\$ 0	\$ 0	\$ 16,921	\$ 0	\$ 1,725	\$ 314	\$ 18,960

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Department of Revenue Collections	Child Support Collections	Clerk of Courts	Soybean	Corrections	Other	Total
Additions							
Tax and Fee Collections for Other Governments	\$ 569,503	\$	\$	\$	\$	\$	\$ 569,503
Child Support Collections		110,685					110,685
Collections from Defendants and Inmates			19,423		8,129	554	28,106
Collections for Other Governments			978			32,623	33,601
Collections from Participants			18			2,614	2,632
Assessments				14,459			14,459
Total Additions	569,503	110,685	20,419	14,459	8,129	35,791	758,986
Deductions							
Tax and Fee Distributions to Other Governments	569,503						569,503
Child Support Distributions		110,685					110,685
Forfeiture Returns			11,820			86	11,906
Required Distributions			2,181	7,035		346	9,562
Payments Made to Other Governments			978	7,424		32,662	41,064
Payments Made for Custodial Purposes			2,680		8,053	2,574	13,307
Total Deductions	569,503	110,685	17,659	14,459	8,053	35,668	756,027
Change in Net Position	0	0	2,760	0	76	123	2,959
Net Position at Beginning of Year	0	0	14,161	0	1,649	191	16,001
Net Position at End of Year	\$ 0	\$ 0	\$ 16,921	\$ 0	\$ 1,725	\$ 314	\$ 18,960

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2023
(Expressed in Thousands)**

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 585,264	\$ 28,287	\$ 342,352	\$ 18,197	\$ 974,100
Receivables:					
Interest and Dividends	6,059	96	1,713	65	7,933
Primary Government			1,717		1,717
Other Governments			28,992		28,992
Loans and Notes, net	33,417		4,391	577	38,385
Other, net	1,825	2,642	38,893	550	43,910
Investments	180,578		11,090	181	191,849
Restricted Assets:					
Cash and Cash Equivalents				6,205	6,205
Inventory	3,957	3,119	10,548		17,624
Other Assets		1,216	9,762	86	11,064
Total Current Assets	811,100	35,360	449,458	25,861	1,321,779
Investments	1,027,278		666,778	240	1,694,296
Assets Held for Resale				361	361
Restricted Assets:					
Cash and Cash Equivalents			23,125		23,125
Investments			151,088		151,088
Net Pension Asset	15	58	1,232		1,305
Other			20,221		20,221
Capital Assets:					
Land and Other Non-depreciable Assets	220	19,931	48,250	653	69,054
Property, Plant, and Equipment	10,879	94,387	2,358,158	36,349	2,499,773
Right-to-use Leased Assets			6,446		6,446
Right-to-use Subscription IT Assets			5,086		5,086
Accumulated Depreciation and Amortization	(6,592)	(24,150)	(998,546)	(7,905)	(1,037,193)
Construction in Progress		6,192	91,215		97,407
Total Capital Assets	4,507	96,360	1,510,609	29,097	1,640,573
Other Noncurrent Assets, net	299,639	8,688	87,274	6,282	401,883
Total Assets	2,142,539	140,466	2,909,785	61,841	5,254,631
Deferred Outflows of Resources					
Related to Pensions	1,528	5,765	122,699		129,992
Related to Asset Retirement Obligations		1,092			1,092
Related to Debt Refunding	2,048		12,636		14,684
Total Deferred Outflows of Resources	3,576	6,857	135,335	0	145,768
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	1,418	1,613	69,654	303	72,988
Payable to Primary Government	70		741		811
Escrow Payable	1,375				1,375
Bonds, Notes, and Leases Payable	57,997		40,806	1,670	100,473
Claims, Judgments, and Compensated Absences	381	712	16,354		17,447
Accrued Interest Payable	8,039		2,806	138	10,983
Unearned Revenue	21,000		68,298	275	89,573
Other Current Liabilities			18,853	1,630	20,483
Total Current Liabilities	90,280	2,325	217,512	4,016	314,133
Noncurrent Liabilities:					
Bonds, Notes, and Leases Payable	1,353,201	3,121	440,345	22,020	1,818,687
Unearned Revenue	51,808				51,808
Claims, Judgments, and Compensated Absences	323	712	33,657		34,692
Federal Capital Contribution Refundable Advance			25,659		25,659
Advances from Primary Government			1,010		1,010
Other Noncurrent Liabilities	1,199	1,197	9,519	1,640	13,555
Total Noncurrent Liabilities	1,406,531	5,030	510,190	23,660	1,945,411
Total Liabilities	1,496,811	7,355	727,702	27,676	2,259,544
Deferred Inflows of Resources					
Related to Pensions	902	3,448	71,639		75,989
Related to Gain on Debt Refunding	9,111		785		9,896
Related to Swaps	22,059				22,059
Total Deferred Inflows of Resources	32,072	3,448	72,424	0	107,944
Net Position					
Net Investment in Capital Assets	(1,253)	96,360	1,037,723	13,756	1,146,586
Restricted for:					
Debt Service	357,581		3,222	5,000	365,803
HOME, HTF, NSP, and HAF Program	89,722				89,722
Higher Education - Expendable			331,793		331,793
Higher Education - Nonexpendable			624,130		624,130
Underground Expansion		13,114			13,114
Experiments		621			621
Mine Closure		1,595			1,595
Sanford Center for Science Education		640			640
Indemnification		7,800			7,800
Pensions	641	2,375	52,292		55,308
Other	170,541				170,541
Unrestricted		14,015	195,834	15,409	225,258
Total Net Position	\$ 617,232	\$ 136,520	\$ 2,244,994	\$ 34,165	\$ 3,032,911

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Operating Revenue:					
Tuition and Fees (net of discounts and allowances for scholarships of Higher Education of \$51,131)	\$	\$	\$ 231,275	\$	\$ 231,275
Use of Money and Property	18,058			405	18,463
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$16,471)		520	133,108	5,939	139,567
Administering Programs	60,950	36,232	154,419	619	252,220
Other Revenue	6,788	298	114,669	84	121,839
Total Operating Revenue	85,796	37,050	633,471	7,047	763,364
Operating Expenses:					
Personal Services and Benefits	5,109	20,580	479,842		505,531
Travel	333	296	24,102	12	24,743
Contractual Services	7,932	7,891	137,444	2,571	155,838
Supplies and Materials	3,573	3,734	73,888	337	81,532
Grants and Subsidies	51,138		40,775	1,544	93,457
Other			4,045	3,272	7,317
Interest	35,156		510	383	36,049
Provisions for Loan Loss (Recovery)	5,092			(38)	5,054
Depreciation and Amortization	417	2,767	72,081	1,178	76,443
Total Operating Expenses	108,750	35,268	832,687	9,259	985,964
Operating Income (Loss)	(22,954)	1,782	(199,216)	(2,212)	(222,600)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets		1,790		724	2,514
Loss on Disposal of Assets			(1,043)		(1,043)
Investment Income		386	(32,246)	147	(31,713)
Interest Expense			(14,685)	(396)	(15,081)
Other Expense		(399)	(26,658)	(3)	(27,060)
State Aid from Primary Government			289,029		289,029
Federal Appropriation			7,121		7,121
Grant and Other Income		9	41,492		41,501
Total Nonoperating Revenue (Expenses)	0	1,786	263,010	472	265,268
Income (Loss) Before Capital Grants and Additions to Endowments	(22,954)	3,568	63,794	(1,740)	42,668
Capital Grants		13,000	30,080	2,718	45,798
Additions to Endowments			14,668		14,668
Change in Net Position	(22,954)	16,568	108,542	978	103,134
Net Position at Beginning of Year, as restated	640,186	119,952	2,136,452	33,187	2,929,777
Net Position at End of Year	\$ 617,232	\$ 136,520	\$ 2,244,994	\$ 34,165	\$ 3,032,911

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Higher Education
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 233,548
Auxiliaries	69,596
Sales & Services - General	65,711
Federal Contracts & Grants	97,635
State Contracts & Grants	9,789
Private Contracts & Grants	38,254
Other Revenue and Additions	67
Loans Issued to Students	(2,318)
Loans Collected from Students	4,435
Student Loan Interest	21
Payments for Personal Services Expenditures	(470,536)
Payments for Travel Expenditures	(22,578)
Payments for Contractual Expenditures	(129,581)
Payments for Supply Expenditures and Non-Capitalized Equipment	(67,162)
Payments for Grant and Subsidy Expenditures	(39,008)
Payments for Other Expenditures	(139)
Foundation Activity	36,849
Net Cash Provided (Used) by Operating Activities	(175,417)
Cash Flows from Noncapital Financing Activities:	
General Fund Appropriations	289,029
School & Public Lands	2,422
Federal Fund Appropriations	2,792
Endo/Ecto Tax	779
Federal Capital Contribution - Student Loan	(2,452)
Other Revenues & Additions	53,739
Payments for Other Expenditures	(10,944)
Foundation Activity	34,048
Net Cash Provided (Used) by Noncapital Financing Activities	369,413
Cash Flows from Capital and Related Financing Activities:	
Capital Grants & Contracts	31,519
Proceeds from Capital Debt	2,241
Revenue Bond Discounts and Related Costs	2,409
Sale of Capital Asset	12
Principal Paid on Capital Debt and Leases	(35,619)
Interest Paid on Capital Debt and Leases	(16,738)
Purchase of Capital Assets	(158,495)
Foundation Activity	13,208
Net Cash Provided (Used) by Capital and Related Financing Activities	(161,463)
Cash Flows from Investing Activities:	
Investment Income	5,050
Foundation Activity	(47,312)
Net Cash Provided (Used) by Investing Activities	(42,262)
Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year	(9,729)
Cash and Cash Equivalents at Beginning of Year, as restated	375,206
Cash and Cash Equivalents at End of Year	\$ 365,477

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Higher Education</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ (199,216)
Adjustments to Reconcile Operating Income (Loss):	
Depreciation Expense	72,081
Bad Debt Expense	1,386
Loan Cancellation Expense	1,166
Pension Adjustment	(6,559)
Foundation Activity	(56,852)
Decrease/(Increase) in Assets:	
Accounts Receivable Students	(320)
Accounts Receivable - Dept	244
Interest Receivable	30
Notes Receivable	2,169
Due From Federal Sources	(1,289)
Due From Primary Govt	(500)
Due from Component Unit	(1,082)
Prepaid Expense and Deferred Charges	(695)
Inventory	(2,749)
Construction in Progress	(196)
Increase/(Decrease) in Liabilities:	
Accounts Payable	11,720
Accrued Wages & Benefits	1,873
Due to Federal Sources	593
Due to Primary Government	(71)
Due To Component Unit	1,047
Student Deposits	(33)
Compensated Absences	3,497
Other Accrued Liabilities	(7)
Unearned Revenue	(1,094)
Federal Capital Contribution Refundable Advance	(560)
Net Cash Provided (Used) by Operating Activities	\$ (175,417)
Noncash Investing, Capital and Financing Activities:	
Transfers In (Out) of Capital Assets	\$ 4,578
Gain or (Loss) on Disposal of Capital Assets	(1,043)

STATE OF SOUTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
HIGHER EDUCATION
June 30, 2023
(Expressed in Thousands)

Assets	Custodial Funds
Cash and Cash Equivalents	\$ 932
Accounts Receivable	33
Total Assets	965
<hr/>	
Liabilities	
Accounts Payable and Other Liabilities	28
Total Liabilities	28
Restricted for Individuals, Organizations, and Other Governments	\$ 937

STATE OF SOUTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

Additions	Custodial Funds
Sales and Services	\$ 656
Total Additions	656
<hr/>	
Deductions	
Personal Services and Benefits	2
Travel	253
Contractual Services	170
Supplies and Materials	330
Grants and Subsidies	24
Total Deductions	779
Change in Net Position	(123)
Net Position at Beginning of Year, as restated	1,060
Net Position at End of Year	\$ 937

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2023
(Expressed in Thousands)

	Business-type Activities				Total
	S.D. Economic Development Finance Authority	S.D. Ellsworth Development Authority	S.D. Authority Captive Insurance Co.	S.D. Property and Casualty Captive Insurance Co.	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 2,924	\$ 2,403	\$ 5,666	\$ 7,204	\$ 18,197
Receivables:					
Interest and Dividends	33		15	17	65
Loans and Notes, net	577				577
Other, net		549		1	550
Investments	181				181
Restricted Assets:					
Cash and Cash Equivalents	6,205			75	6,205
Other Assets		11			86
Total Current Assets	9,920	2,963	5,681	7,297	25,861
Investments	240				240
Assets Held for Resale		361			361
Capital Assets:					
Land and Other Non-depreciable Assets		653			653
Property, Plant, and Equipment		36,349			36,349
Accumulated Depreciation and Amortization		(7,905)			(7,905)
Total Capital Assets	0	29,097	0	0	29,097
Other Noncurrent Assets, net	6,161	121			6,282
Total Assets	16,321	32,542	5,681	7,297	61,841
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities		263	18	22	303
Bonds, Notes, and Leases Payable	480	1,190			1,670
Accrued Interest Payable	91	47			138
Unearned Revenue		275			275
Other Current Liabilities			190	1,440	1,630
Total Current Liabilities	571	1,775	208	1,462	4,016
Noncurrent Liabilities:					
Bonds, Notes, and Leases Payable	5,765	16,255			22,020
Other Noncurrent Liabilities	867		516	257	1,640
Total Noncurrent Liabilities	6,632	16,255	516	257	23,660
Total Liabilities	7,203	18,030	724	1,719	27,676
Net Position					
Net Investment in Capital Assets		13,756			13,756
Restricted for:					
Debt Service	5,000				5,000
Unrestricted	4,118	756	4,957	5,578	15,409
Total Net Position	\$ 9,118	\$ 14,512	\$ 4,957	\$ 5,578	\$ 34,165

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)**

	Business-type Activities				Total
	S.D. Economic Development Finance Authority	S.D. Ellsworth Development Authority	S.D. Authority Captive Insurance Co.	S.D. Property and Casualty Captive Insurance Co.	
Operating Revenue:					
Use of Money and Property	\$ 405	\$	\$	\$	\$ 405
Sales and Services		3,654	177	2,108	5,939
Administering Programs		619			619
Other Revenue		84			84
Total Operating Revenue	405	4,357	177	2,108	7,047
Operating Expenses:					
Travel		12			12
Contractual Services	32	2,382	53	104	2,571
Supplies and Materials		337			337
Grants and Subsidies	80	1,464			1,544
Other			139	3,133	3,272
Interest	383				383
Provisions for Loan Loss (Recovery)	(38)				(38)
Depreciation and Amortization		1,178			1,178
Total Operating Expenses	457	5,373	192	3,237	9,259
Operating Income (Loss)	(52)	(1,016)	(15)	(1,129)	(2,212)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets		724			724
Investment Income	227	10	(42)	(48)	147
Interest Expense		(396)			(396)
Other Expense		(1)	(1)	(1)	(3)
Total Nonoperating Revenue (Expenses)	227	337	(43)	(49)	472
Income (Loss) Before Capital Grants	175	(679)	(58)	(1,178)	(1,740)
Capital Grants		2,718			2,718
Change in Net Position	175	2,039	(58)	(1,178)	978
Net Position at Beginning of Year	8,943	12,473	5,015	6,756	33,187
Net Position at End of Year	\$ 9,118	\$ 14,512	\$ 4,957	\$ 5,578	\$ 34,165



STATISTICAL SECTION



STATISTICAL SECTION

STATISTICAL SECTION

This section of the State of South Dakota's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

FINANCIAL TRENDS INFORMATION 170

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Net Position by Component.....	170
Changes in Net Position.....	171
Fund Balances, Governmental Funds.....	172
Changes in Fund Balances, All Governmental Funds	173

REVENUE CAPACITY INFORMATION 174

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Sales Tax Revenue Payers by Industry	174
Taxable Sales by Industry	176

DEBT CAPACITY INFORMATION 177

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

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These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

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OPERATING INFORMATION 183

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Full-Time Equivalent State Employees by Function of Government	183
Capital Asset Statistics by Function	184
Operating Indicators by Function	186

State of South Dakota
Net Position by Component
Last Ten Fiscal Years

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental Activities:					
Net Investment in Capital Assets	\$ 4,650,638	\$ 4,485,267	\$ 4,334,442	\$ 4,259,851	\$ 4,126,405
Restricted	2,181,086	2,051,879	1,982,162	1,726,738	1,755,692
Unrestricted	1,437,200	1,064,339	954,974	586,958	363,208
Total Governmental Activities Net Position	\$ 8,268,924	\$ 7,601,485	\$ 7,271,578	\$ 6,573,547	\$ 6,245,305
Business-type Activities:					
Net Investment in Capital Assets	\$ 33,389	\$ 8,008	\$ 6,649	\$ 6,552	\$ 6,650
Restricted	14,503	13,549	13,681	14,758	5,821
Unrestricted	892,279	860,046	831,660	782,424	739,281
Total Business-type Activities Net Position	\$ 940,171	\$ 881,603	\$ 851,990	\$ 803,734	\$ 751,752
Primary Government:					
Net Investment in Capital Assets	\$ 4,684,027	\$ 4,493,275	\$ 4,341,091	\$ 4,266,403	\$ 4,133,055
Restricted	2,195,589	2,065,428	1,995,843	1,741,496	1,761,513
Unrestricted	2,329,479	1,924,385	1,786,634	1,369,382	1,102,489
Total Primary Government Net Position	\$ 9,209,095	\$ 8,483,088	\$ 8,123,568	\$ 7,377,281	\$ 6,997,057

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities:					
Net Investment in Capital Assets	\$ 4,051,612	\$ 3,961,256	\$ 3,804,409	\$ 3,713,057	\$ 3,673,267
Restricted	1,751,888	1,588,336	1,509,441	1,537,781	1,383,140
Unrestricted	283,343	267,296	254,579	264,916	246,555
Total Governmental Activities Net Position	\$ 6,086,843	\$ 5,816,888	\$ 5,568,429	\$ 5,515,754	\$ 5,302,962
Business-type Activities:					
Net Investment in Capital Assets	\$ 7,027	\$ 7,060	\$ 6,357	\$ 2,810	\$ 3,650
Restricted	6,782	5,085	5,481	6,155	912
Unrestricted	707,805	684,730	660,697	624,416	588,495
Total Business-type Activities Net Position	\$ 721,614	\$ 696,875	\$ 672,535	\$ 633,381	\$ 593,057
Primary Government:					
Net Investment in Capital Assets	\$ 4,058,639	\$ 3,968,316	\$ 3,810,766	\$ 3,715,867	\$ 3,676,917
Restricted	1,758,670	1,593,421	1,514,922	1,543,936	1,384,052
Unrestricted	991,148	952,026	915,276	889,332	835,050
Total Primary Government Net Position	\$ 6,808,457	\$ 6,513,763	\$ 6,240,964	\$ 6,149,135	\$ 5,896,019

Source: South Dakota Annual Comprehensive Financial Reports (FY 2014-2023). Previous years' amounts are not restated.

**State of South Dakota
Changes in Net Position
Last Ten Fiscal Years**

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
General Government	\$ 252,816	\$ 248,754	\$ 261,786	\$ 209,723	\$ 215,879	\$ 217,355	\$ 198,531	\$ 198,079	\$ 185,273	\$ 180,221
Education - Elementary, Secondary, and Vocational Schools	460,567	379,799	245,784	223,524	228,729	213,449	223,668	210,777	210,271	206,939
Education - State Support to Higher Education	289,029	242,751	228,207	229,545	213,843	210,972	206,253	232,245	192,950	219,341
Health, Human, and Social Services	2,060,981	1,976,809	1,546,179	1,544,824	1,552,490	1,500,037	1,503,967	1,423,411	1,406,586	1,380,648
Law, Justice, Public Protection, and Regulation	398,854	301,083	283,780	313,534	301,008	258,727	294,852	269,583	279,097	321,186
Agriculture and Natural Resources	309,021	157,552	159,956	157,010	155,789	144,690	161,412	153,087	140,921	152,666
Economic Resources	82,816	200,463	41,343	45,920	71,819	43,560	52,771	56,138	74,004	40,121
Transportation	798,565	649,898	700,366	676,547	533,336	455,118	459,424	561,536	507,300	473,323
Pandemic Response		329,736	1,274,185	116,299						
Intergovernmental - Payments to School Districts	654,930	595,640	585,672	563,878	559,484	547,119	516,880	421,666	404,909	393,606
Intergovernmental - Revenue										
Sharing	243,089	236,275	228,243	196,425	194,537	187,573	176,836	173,721	169,514	161,564
Unallocated Interest Expense	9,506	9,045	6,233	6,861	7,524	7,899	6,419	6,627	6,712	9,198
Unallocated Depreciation	53	53	53	53	53	53	53	53	53	53
Total Governmental Activities Expenses	5,560,227	5,327,858	5,561,787	4,284,143	4,034,491	3,786,552	3,801,066	3,706,923	3,577,590	3,538,866
Business-type Activities:										
Lottery	69,327	59,729	63,044	50,484	51,016	45,256	39,907	43,454	41,053	42,806
Clean Water State Revolving	17,542	15,008	18,077	13,516	11,662	12,345	9,638	8,290	9,673	9,879
Drinking Water State Revolving	14,196	11,024	10,652	9,349	8,222	10,314	7,511	9,031	8,651	9,352
Unemployment Insurance	28,631	22,686	152,331	241,343						
Other	34,124	28,415	27,720	30,696	55,331	55,571	60,920	60,352	56,081	66,042
Total Business-type Activities Expenses	163,820	136,862	271,824	345,388	126,231	123,486	117,976	121,127	115,458	128,079
Total Primary Government Expenses	\$ 5,724,047	\$ 5,464,720	\$ 5,833,611	\$ 4,629,531	\$ 4,160,722	\$ 3,910,038	\$ 3,919,042	\$ 3,828,050	\$ 3,693,048	\$ 3,666,945
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 293,555	\$ 278,558	\$ 296,527	\$ 272,984	\$ 260,567	\$ 258,406	\$ 242,343	\$ 236,003	\$ 244,728	\$ 227,851
Education - Elementary, Secondary, and Vocational Schools	7,219	8,094	9,215	8,750	10,442	10,112	11,136	10,016	8,489	7,687
Health, Human, and Social Services	61,782	39,311	38,034	34,115	39,525	31,807	39,584	41,741	39,058	36,597
Law, Justice, Public Protection, and Regulation	113,598	112,366	103,712	89,945	87,061	85,139	85,221	82,456	85,252	76,048
Agriculture and Natural Resources	95,332	95,757	100,123	84,795	82,993	86,130	85,226	82,891	76,994	77,514
Economic Resources	231	210	96	178	231	845	433	452	1,611	3,789
Transportation	16,941	16,496	17,854	16,519	15,279	14,723	15,927	14,755	9,007	6,979
Pandemic Response			257							
Operating Grants and Contributions	2,767,282	2,635,757	3,123,083	1,918,543	1,589,862	1,520,834	1,553,460	1,475,671	1,493,542	1,582,641
Capital Grants and Contributions	2,598	3,786	7,965	16,761	3,378	2,342	3,886	7,045	21,946	1,516
Total Governmental Activities Program Revenues	3,358,538	3,190,335	3,696,866	2,442,590	2,089,338	2,010,338	2,037,216	1,951,030	1,980,627	2,020,622
Business-type Activities:										
Charges for Services:										
Lottery	251,538	239,600	225,300	177,306	179,644	170,099	156,814	160,728	152,362	148,323
Clean Water State Revolving	8,298	8,090	7,673	7,401	7,250	7,213	6,963	6,899	6,856	6,019
Drinking Water State Revolving	5,806	5,264	4,855	5,033	4,587	4,740	4,519	4,333	4,197	4,327
Unemployment Insurance	43,302	40,876	36,605	30,105						
Other	40,584	28,724	33,254	29,279	63,755	60,688	68,543	75,424	71,243	81,681
Operating Grants and Contributions	39,061	24,357	175,004	261,674	26,910	30,971	25,334	32,772	30,005	33,994
Capital Grants and Contributions				19	200	84	426	727	2,810	
Total Business-type Activities Program Revenues	388,589	346,911	482,691	510,817	282,346	273,795	262,599	280,883	267,473	274,344
Total Primary Government Program Revenues	\$ 3,747,127	\$ 3,537,246	\$ 4,179,557	\$ 2,953,407	\$ 2,371,684	\$ 2,284,133	\$ 2,299,815	\$ 2,231,913	\$ 2,248,100	\$ 2,294,966
Net (Expense)/Revenue										
Governmental Activities	\$ (2,201,689)	\$ (2,137,523)	\$ (1,864,921)	\$ (1,841,553)	\$ (1,945,153)	\$ (1,776,214)	\$ (1,763,850)	\$ (1,755,893)	\$ (1,596,963)	\$ (1,518,244)
Business-type Activities	224,769	210,049	210,867	165,429	156,115	150,309	144,623	159,756	152,015	146,265
Total Primary Government	\$ (1,976,920)	\$ (1,927,474)	\$ (1,654,054)	\$ (1,676,124)	\$ (1,789,038)	\$ (1,625,905)	\$ (1,619,227)	\$ (1,596,137)	\$ (1,444,948)	\$ (1,371,979)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Sales Taxes	\$ 1,515,425	\$ 1,376,152	\$ 1,267,583	\$ 1,149,732	\$ 1,089,336	\$ 1,025,111	\$ 991,155	\$ 905,475	\$ 871,402	\$ 858,001
Motor Fuel Taxes	193,534	199,880	193,053	184,949	184,027	183,441	183,795	184,105	151,901	136,395
Contractors Excise Taxes	193,935	147,888	147,507	132,043	118,873	112,518	106,834	104,979	101,678	93,746
Bank Card and Franchise Taxes	54,486	50,949	51,515	44,727	35,411	31,448	32,844	25,943	20,669	23,943
Other Taxes	490,081	466,058	438,941	385,180	376,813	382,375	371,864	360,917	331,649	311,397
Investment Earnings	142,740	(59,783)	215,767	91,816	96,270	72,379	109,684	14,997	47,130	142,003
Gain on Sale of Capital Assets	1,297	5,352	1,590	1,515	1,978	1,737	1,463	2,057	1,198	2,726
Miscellaneous	111,429	77,023	84,720	61,664	79,632	110,159	80,500	89,493	81,275	133,988
Special Items		(5,289)		(3,636)	(4,702)					17,619
Transfers	166,201	180,436	162,611	121,805	125,977	125,570	120,283	120,602	113,558	102,937
Total Governmental Activities	2,869,128	2,438,666	2,563,287	2,169,795	2,103,615	2,044,738	1,998,422	1,808,568	1,720,460	1,822,755
Business-type Activities:										
Transfers	(166,201)	(180,436)	(162,611)	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)
Total Business-type Activities	(166,201)	(180,436)	(162,611)	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)
Total Primary Government	\$ 2,702,927	\$ 2,258,230	\$ 2,400,676	\$ 2,047,990	\$ 1,977,638	\$ 1,919,168	\$ 1,878,139	\$ 1,687,966	\$ 1,606,902	\$ 1,719,818
Change in Net Position										
Governmental Activities	\$ 667,439	\$ 301,143	\$ 698,366	\$ 328,242	\$ 158,462	\$ 268,524	\$ 234,572	\$ 52,675	\$ 123,497	\$ 304,511
Business-type Activities	58,568	29,613	48,256	43,624	30,138	24,739	24,340	39,154	38,457	43,328
Total Primary Government	\$ 726,007	\$ 330,756	\$ 746,622	\$ 371,866	\$ 188,600	\$ 293,263	\$ 258,912	\$ 91,829	\$ 161,954	\$ 347,839

Source: South Dakota Annual Comprehensive Financial Reports (FY 2014-2023). Previous years' amounts are not restated.

State of South Dakota
Fund Balance, Governmental Funds
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund:					
Non-Spendable	\$ 6,484	\$ 5,611	\$ 6,353	\$ 5,300	\$ 5,503
Restricted			5,333	3,382	3,300
Committed					
Assigned	882,516	469,146	382,166	136,363	74,156
Unassigned	476,667	508,940	451,026	381,326	294,225
Total General Fund	\$ 1,365,667	\$ 983,697	\$ 844,878	\$ 526,371	\$ 377,184
Other Governmental Funds:					
Non-Spendable	\$ 690,066	\$ 666,878	\$ 653,767	\$ 582,096	\$ 571,644
Restricted	1,418,594	1,353,951	1,327,218	1,098,864	1,087,753
Committed	63,640	63,281	59,244	51,243	41,816
Assigned	16,735	18,669	19,188	25,593	22,430
Unassigned	(13,090)	(12,881)	(8,606)	(8,359)	(4,036)
Total Other Governmental Funds	\$ 2,175,945	\$ 2,089,898	\$ 2,050,811	\$ 1,749,437	\$ 1,719,607

	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund:					
Non-Spendable	\$ 6,097	\$ 6,458	\$ 4,193	\$ 3,911	\$ 3,629
Restricted	3,300	3,300	8,384	10,479	8,264
Committed					
Assigned	60,691	54,835	54,516	120,180	149,021
Unassigned	268,052	249,087	242,449	183,570	159,403
Total General Fund	\$ 338,140	\$ 313,680	\$ 309,542	\$ 318,140	\$ 320,317
Other Governmental Funds:					
Non-Spendable	\$ 563,385	\$ 526,968	\$ 512,525	\$ 501,093	\$ 493,227
Restricted	1,080,962	1,033,158	893,833	949,713	918,910
Committed	36,863	38,940	43,652	51,119	46,766
Assigned	17,514	29,404	27,022	27,633	34,339
Unassigned	(11,758)	(5,742)	(5,048)	(3,624)	(5,040)
Total Other Governmental Funds	\$ 1,686,966	\$ 1,622,728	\$ 1,471,984	\$ 1,525,934	\$ 1,488,202

Source: South Dakota Annual Comprehensive Financial Reports (FY 2014-2023). Previous years' amounts are not restated.

State of South Dakota
Changes in Fund Balances, All Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes:										
Sales and Use	\$ 1,515,078	\$ 1,393,235	\$ 1,272,342	\$ 1,129,007	\$ 1,062,456	\$ 1,025,607	\$ 990,332	\$ 905,203	\$ 876,138	\$ 857,559
Insurance Company	113,993	107,878	94,224	94,277	88,270	91,062	83,952	83,291	80,133	73,876
Liquor	21,352	22,250	21,387	19,231	19,919	17,135	15,994	17,580	16,356	15,988
Cigarette	40,321	42,784	46,331	45,885	45,501	49,729	52,149	52,081	52,776	51,616
Bank Franchise	53,085	51,237	50,146	44,693	34,706	31,462	32,800	25,412	20,669	23,943
Contractor's Excise	194,292	157,945	146,712	126,946	112,705	112,473	106,845	104,938	102,246	93,746
Severance	7,176	8,746	10,937	8,640	4,777	9,055	10,154	8,260	7,508	9,286
Other Tobacco	11,775	11,536	11,119	10,357	9,470	9,231	8,226	8,882	7,995	8,131
Motor Fuel and Vehicle	366,255	356,822	348,908	305,620	302,498	298,774	294,918	293,045	240,382	215,203
Other	122,823	116,972	99,087	86,123	90,396	90,854	90,251	81,993	78,434	73,688
Licenses, Permits, and Fees	360,405	352,057	344,090	312,714	307,301	304,754	301,216	302,156	281,742	267,628
Fines, Forfeits, and Penalties	26,455	22,836	25,875	18,697	15,070	13,347	14,400	12,647	14,516	10,781
Use of Money and Property	166,656	(56,767)	222,744	116,694	128,161	84,549	123,183	27,578	59,865	157,633
Sales and Services	48,962	45,100	47,043	41,564	53,192	44,973	44,916	39,797	42,531	39,712
Administering Programs	2,732,392	2,636,609	3,107,263	1,889,237	1,555,548	1,493,062	1,546,964	1,464,030	1,503,362	1,567,027
Tobacco Settlement	23,691	22,549	21,973	20,865	20,558	46,000	24,302	24,582	23,421	26,561
Other Revenue	123,511	90,879	98,604	78,640	95,092	106,339	80,380	87,874	77,614	129,147
Total Revenues	5,928,222	5,382,668	5,968,785	4,349,190	3,945,620	3,828,406	3,820,982	3,539,349	3,485,688	3,621,525
Expenditures:										
General Government	151,624	127,079	106,808	104,375	104,963	102,803	94,658	99,874	87,785	87,409
Education	1,404,829	1,217,208	1,079,375	1,015,113	999,426	977,720	977,833	859,072	804,348	835,894
Health, Human, and Social Services	2,101,821	2,025,975	1,550,963	1,523,558	1,531,129	1,516,592	1,487,068	1,428,259	1,435,850	1,387,821
Law, Justice, Public Protection, and Regulation	410,793	317,724	290,727	304,836	282,912	272,661	283,053	268,818	281,688	320,080
Agriculture and Natural Resources	322,355	180,575	161,059	164,876	155,168	161,734	173,111	155,006	143,466	148,596
Economic Resources	83,846	200,559	41,172	45,258	71,505	43,978	52,432	56,202	74,182	40,062
Transportation	920,046	784,714	778,681	788,580	614,680	575,332	600,346	655,752	554,536	582,939
Pandemic Response		329,736	1,274,185	116,299						
State Shared Revenue	243,089	236,275	228,243	196,425	194,537	187,573	176,836	173,721	169,514	161,564
Capital Outlay				13,912	28,163	8,162	1,023	1,017	2,038	2,541
Debt Service:										
Principal	26,146	23,051	17,931	14,280	14,407	14,962	15,583	16,415	17,272	20,973
Interest	7,966	8,154	5,830	6,510	7,234	7,563	8,647	9,177	9,261	10,206
Bond Issuance Costs		1,289	80	65		67	322	6	346	83
Payment to Refunded Bond Escrow Agent		7,319								16,924
Payment on Current Note Refunding		43,006								
Total Expenditures	5,672,515	5,502,664	5,535,054	4,294,087	4,004,124	3,869,167	3,870,912	3,723,319	3,580,286	3,615,092
Excess of Revenues Over (Under) Expenditures	255,707	(119,996)	433,731	55,103	(58,504)	(40,761)	(49,930)	(183,970)	(94,598)	6,433
Other Financing Sources (Uses):										
Lease Issuance	40,473	39,255								
Subscription	5,024					1,322	32,048		1,125	20,350
Proceeds from Sale of Capital Assets	1,822	4,298	25,067	2,895	5,663	2,627	2,253	2,136	2,099	4,459
Insurance Proceeds	426	2,415	36	15	33	13	80	85		24
Bonds Issued							44,305		13,410	4,500
Premiums on Bond Issuance							6,173		314	
Issuance of Refunding Bonds		54,370								
Issuance of Refunding Notes		44,065								
Payment to Refunded Bond Escrow Agent		(53,361)								
Proceeds of Refunding Bonds			9,495	7,130			1,405		10,408	
Premiums on Refunding Bonds							206		1,657	
Payments on Advance Refundings			(8,970)	(6,469)			(1,488)		(11,379)	
Transfers In	360,650	381,854	391,819	289,409	283,840	298,786	261,279	274,598	271,301	262,172
Transfers Out	(196,085)	(204,440)	(230,962)	(169,066)	(159,347)	(174,720)	(142,563)	(155,397)	(158,782)	(167,866)
Net Other Financing Sources (Uses)	212,310	268,456	186,485	123,914	130,189	128,028	203,698	121,422	130,163	123,639
Net Change in Fund Balances	\$ 468,017	\$ 148,460	\$ 620,216	\$ 179,017	\$ 71,685	\$ 87,267	\$ 153,768	\$ (62,548)	\$ 35,555	\$ 130,072
Debt Service as a Percentage of Noncapital Expenditures	0.64%	1.58%	0.45%	0.52%	0.57%	0.62%	0.69%	0.73%	0.79%	1.42%

Source: South Dakota Annual Comprehensive Financial Reports (FY 2014-2023). Previous years' amounts are not restated.

State of South Dakota
Sales Tax Revenue Payers by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

Fiscal Year 2023				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,685	3.46%	\$ 589,112	1.80%
Mining	215	0.20%	100,484	0.31%
Construction	366	0.34%	44,247	0.14%
Manufacturing	6,065	5.69%	2,019,810	6.18%
Transportation and Public Utilities	3,032	2.84%	3,095,440	9.48%
Wholesale Trade	9,554	8.96%	3,003,526	9.19%
Retail Trade	46,733	43.83%	17,433,451	53.36%
Finance, Insurance, and Real Estate	2,050	1.92%	642,793	1.97%
Services	34,855	32.69%	5,736,764	17.56%
Public Administration	77	0.07%	3,329	0.01%
Total	106,632	100.00%	\$ 32,668,956	100.00%

Fiscal Year 2020				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,504	3.53%	\$ 414,827	1.74%
Mining	206	0.21%	74,930	0.31%
Construction	368	0.37%	30,204	0.13%
Manufacturing	5,180	5.22%	1,281,161	5.36%
Transportation and Public Utilities	2,750	2.77%	3,038,835	12.72%
Wholesale Trade	8,440	8.50%	1,773,771	7.43%
Retail Trade	42,777	43.09%	12,427,707	52.03%
Finance, Insurance, and Real Estate	1,994	2.01%	529,407	2.22%
Services	33,983	34.23%	4,311,839	18.05%
Public Administration	73	0.07%	3,169	0.01%
Total	99,275	100.00%	\$ 23,885,850	100.00%

Fiscal Year 2017				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,237	3.64%	\$ 348,540	1.68%
Mining	213	0.24%	63,973	0.31%
Construction	515	0.58%	31,077	0.15%
Manufacturing	4,370	4.91%	958,294	4.61%
Transportation and Public Utilities	2,546	2.86%	2,833,338	13.63%
Wholesale Trade	7,168	8.06%	1,438,813	6.92%
Retail Trade	35,687	40.10%	10,789,651	51.89%
Finance, Insurance, and Real Estate	2,122	2.38%	451,550	2.17%
Services	33,076	37.16%	3,873,304	18.62%
Public Administration	59	0.07%	3,920	0.02%
Total	88,993	100.00%	\$ 20,792,460	100.00%

Fiscal Year 2014				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,411	4.04%	\$ 287,680	1.44%
Mining	237	0.28%	118,587	0.59%
Construction	525	0.62%	31,241	0.16%
Manufacturing	3,820	4.53%	902,791	4.52%
Transportation and Public Utilities	2,728	3.23%	2,769,521	13.86%
Wholesale Trade	6,908	8.19%	1,514,416	7.58%
Retail Trade	31,494	37.34%	10,571,228	52.92%
Finance, Insurance, and Real Estate	2,172	2.58%	384,474	1.92%
Services	33,007	39.12%	3,396,424	17.00%
Public Administration	56	0.07%	2,029	0.01%
Total	84,358	100.00%	\$ 19,978,391	100.00%

Fiscal Year 2022			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,614	3.47%	\$ 516,217	1.74%
217	0.21%	90,504	0.30%
362	0.35%	38,061	0.13%
5,743	5.52%	1,416,531	4.76%
2,887	2.78%	3,025,158	10.17%
9,230	8.87%	2,523,657	8.49%
45,399	43.64%	16,058,298	53.99%
2,036	1.96%	687,007	2.31%
34,462	33.13%	5,375,240	18.07%
76	0.07%	10,079	0.03%
104,026	100.00%	\$ 29,740,752	100.00%

Fiscal Year 2021			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,516	3.49%	\$ 453,836	1.70%
216	0.21%	69,146	0.26%
371	0.37%	32,700	0.12%
5,394	5.35%	1,703,602	6.39%
2,774	2.75%	2,762,543	10.36%
8,788	8.71%	2,389,599	8.96%
43,666	43.29%	13,986,926	52.46%
2,020	2.00%	609,282	2.29%
34,048	33.76%	4,652,257	17.45%
75	0.07%	4,126	0.02%
100,868	100.00%	\$ 26,664,017	100.00%

Fiscal Year 2019			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,378	3.49%	\$ 405,756	1.78%
219	0.23%	70,449	0.31%
384	0.40%	27,292	0.12%
4,820	4.98%	1,144,740	5.03%
2,642	2.73%	3,008,229	13.21%
7,919	8.18%	1,696,169	7.45%
41,642	43.00%	11,646,177	51.14%
2,254	2.33%	496,573	2.18%
33,498	34.59%	4,271,983	18.76%
67	0.07%	4,942	0.02%
96,823	100.00%	\$ 22,772,310	100.00%

Fiscal Year 2018			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,313	3.53%	\$ 367,891	1.70%
216	0.23%	68,101	0.31%
534	0.57%	32,765	0.15%
4,522	4.82%	1,065,841	4.91%
2,684	2.86%	2,938,739	13.54%
7,417	7.90%	1,523,330	7.02%
39,386	41.96%	11,100,575	51.15%
2,298	2.45%	476,306	2.20%
33,417	35.61%	4,125,512	19.01%
65	0.07%	2,547	0.01%
93,852	100.00%	\$ 21,701,607	100.00%

Fiscal Year 2016			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,202	3.77%	\$ 338,993	1.60%
210	0.25%	71,002	0.34%
475	0.56%	26,495	0.13%
4,076	4.80%	917,873	4.34%
2,625	3.09%	2,767,864	13.09%
7,117	8.38%	1,618,465	7.65%
32,455	38.19%	11,137,027	52.66%
2,135	2.51%	432,211	2.04%
32,618	38.38%	3,835,074	18.14%
55	0.07%	2,799	0.01%
84,968	100.00%	\$ 21,147,803	100.00%

Fiscal Year 2015			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,162	3.76%	\$ 297,936	1.45%
231	0.28%	105,773	0.51%
527	0.63%	27,123	0.13%
3,939	4.69%	873,909	4.24%
2,697	3.21%	2,765,194	13.43%
6,940	8.26%	1,617,613	7.85%
31,642	37.65%	10,864,164	52.74%
2,136	2.54%	394,780	1.92%
32,706	38.91%	3,650,026	17.72%
56	0.07%	2,390	0.01%
84,036	100.00%	\$ 20,598,908	100.00%

Source: South Dakota Sales and Use Tax Report, Department of Revenue

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services, and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are fewer than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to June 1, 2016, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services. Beginning June 1, 2016, all items subject to the state sales tax will be taxed at 4.5% to conform to the HB 1182 passed during the 2016 Session. A use tax of the same rate as the sales tax rate was imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. An excise tax of the same rate as the sales tax rate was imposed on farm machinery and amusement device tax.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Taxable Sales by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 589,112	\$ 516,217	\$ 453,836	\$ 414,827	\$ 405,756
Mining	100,484	90,504	69,146	74,930	70,449
Construction	44,247	38,061	32,700	30,204	27,292
Manufacturing	2,019,810	1,416,531	1,703,602	1,281,161	1,144,740
Transportation and Public Utilities	3,095,440	3,025,158	2,762,543	3,038,835	3,008,229
Wholesale Trade	3,003,526	2,523,657	2,389,599	1,773,771	1,696,169
Retail Trade	17,433,451	16,058,298	13,986,926	12,427,707	11,646,177
Finance, Insurance, and Real Estate	642,793	687,007	609,282	529,407	496,573
Services	5,736,764	5,375,240	4,652,257	4,311,839	4,271,983
Public Administration	3,329	10,079	4,126	3,169	4,942
Totals	\$ 32,668,956	\$ 29,740,752	\$ 26,664,017	\$ 23,885,850	\$ 22,772,310
Direct Sales Tax Rate	4.50%	4.50%	4.50%	4.50%	4.50%

	Fiscal Year				
	2018	2017	2016	2015	2014
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 367,891	\$ 348,540	\$ 338,993	\$ 297,936	\$ 287,680
Mining	68,101	63,973	71,002	105,773	118,587
Construction	32,765	31,077	26,495	27,123	31,241
Manufacturing	1,065,841	958,294	917,873	873,909	902,791
Transportation and Public Utilities	2,938,739	2,833,338	2,767,864	2,765,194	2,769,521
Wholesale Trade	1,523,330	1,438,813	1,618,465	1,617,613	1,514,416
Retail Trade	11,100,575	10,789,651	11,137,027	10,864,164	10,571,228
Finance, Insurance, and Real Estate	476,306	451,550	432,211	394,780	384,474
Services	4,125,512	3,873,304	3,835,074	3,650,026	3,396,424
Public Administration	2,547	3,920	2,799	2,390	2,029
Totals	\$ 21,701,607	\$ 20,792,460	\$ 21,147,803	\$ 20,598,908	\$ 19,978,391
Direct Sales Tax Rate	4.50%	4.50%	4.50%	4.00%	4.00%

Source: South Dakota Sales and Use Tax Report, Department of Revenue

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales on tangible personal property, services, and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are fewer than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to June 1, 2016, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services. Beginning June 1, 2016, all items subject to the state sales tax will be taxed at 4.5% to conform to the HB 1182 passed during the 2016 Session. A use tax of the same rate as the sales tax rate was imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. An excise tax of the same rate as the sales tax rate was imposed on farm machinery and amusement device tax.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Ratios of Outstanding Long-Term Debt
Last Ten Fiscal Years

(Dollars Expressed in Thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental Activities:					
Revenue Bonds	\$ 92,314	\$ 108,247	\$ 128,869	\$ 146,764	\$ 160,839
Trust Certificates					
Leases Payable	73,666	36,281			
Subscription IT Payable	6,432				
Notes Payable	100,016	102,502	108,922	133,352	136,417
Total Governmental Activities	<u>272,428</u>	<u>247,030</u>	<u>237,791</u>	<u>280,116</u>	<u>297,256</u>
Business-type Activities:					
Revenue Bonds	540,247	400,989	427,310	351,302	375,803
Leases Payable	1,653	1,471			
Subscription IT Payable	834				
Total Business-type Activities	<u>542,734</u>	<u>402,460</u>	<u>427,310</u>	<u>351,302</u>	<u>375,803</u>
Total Primary Government	<u>\$ 815,162</u>	<u>\$ 649,490</u>	<u>\$ 665,101</u>	<u>\$ 631,418</u>	<u>\$ 673,059</u>
South Dakota Total Personal Income (r)	\$ 64,219,800	\$ 62,028,300	\$ 58,627,900	\$ 52,793,300	\$ 48,031,400
Debt as a Percentage of Personal Income	1.3%	1.0%	1.1%	1.2%	1.4%
South Dakota Population (in thousands) (r)	923	910	896	888	883
Long-Term Debt per Capita	\$ 883.17	\$ 713.73	\$ 742.30	\$ 711.06	\$ 762.24

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities:					
Revenue Bonds	\$ 176,322	\$ 192,360	\$ 157,847	\$ 174,764	\$ 177,303
Trust Certificates			280	570	880
Leases Payable					
Subscription IT Payables					
Notes Payable	139,181	145,681	116,289	116,352	100,727
Total Governmental Activities	<u>315,503</u>	<u>338,041</u>	<u>274,416</u>	<u>291,686</u>	<u>278,910</u>
Business-type Activities:					
Revenue Bonds	287,206	230,912	247,852	263,818	207,448
Leases Payable					
Subscription IT Payables					
Total Business-type Activities	<u>287,206</u>	<u>230,912</u>	<u>247,852</u>	<u>263,818</u>	<u>207,448</u>
Total Primary Government	<u>\$ 602,709</u>	<u>\$ 568,953</u>	<u>\$ 522,268</u>	<u>\$ 555,504</u>	<u>\$ 486,358</u>
South Dakota Total Personal Income (r)	\$ 45,144,000	\$ 42,989,300	\$ 41,551,500	\$ 41,160,100	\$ 39,607,100
Debt as a Percentage of Personal Income	1.3%	1.3%	1.3%	1.3%	1.2%
South Dakota Population (in thousands) (r)	875	870	861	852	848
Long-Term Debt per Capita	\$ 688.81	\$ 653.97	\$ 606.58	\$ 652.00	\$ 573.54

Source: Debt information obtained from the South Dakota Annual Comprehensive Financial Reports (FY 2014-2023)
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2023 is preliminary.
 - (b) Detail about the State's debt can be found in Note 11 of the financial statements.
 - (c) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000.
 - (d) The State has no specific limitation of the debt that can be issued by the Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and the Drinking Water State Revolving Fund; however, Legislative approval is required.
 - (r) Data for Total Personal Income has been revised for fiscal years 2014 through 2022.
Data for South Dakota Population has been revised for fiscal years 2020 through 2022.

State of South Dakota
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue Bonds and Trust Certificates										
- Building Authority										
Revenue - Lease Payments	\$ 6,447	\$ 6,450	\$ 10,485	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654
Less: Operating Expenses										
Net Available Revenue	\$ 6,447	\$ 6,450	\$ 10,485	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654
Debt Service										
Principal	\$ 4,051	\$ 3,913	\$ 7,632	\$ 3,680	\$ 3,507	\$ 3,462	\$ 3,648	\$ 2,321	\$ 4,047	\$ 6,978
Interest	2,357	2,494	2,807	3,112	3,451	3,532	4,388	6,283	4,377	5,478
Total	\$ 6,408	\$ 6,407	\$ 10,439	\$ 6,792	\$ 6,958	\$ 6,994	\$ 8,036	\$ 8,604	\$ 8,424	\$ 12,456
Coverage	1.01	1.01	1.00	1.03	1.00	1.00	1.00	1.00	1.06	1.02
Revenue Bonds										
-Educational Enhancement Funding Corp.										
Revenue:										
Tobacco Settlement	\$ 23,371	\$ 23,329	\$ 21,949	\$ 20,832	\$ 20,024	\$ 46,015	\$ 22,815	\$ 25,156	\$ 23,306	\$ 26,326
Investment Earnings	508		13	341	462	257	102	68	13	7
Less: Operating Expenses										
Net Available Revenue	\$ 23,879	\$ 23,329	\$ 21,962	\$ 21,173	\$ 20,486	\$ 46,272	\$ 22,917	\$ 25,224	\$ 23,319	\$ 26,333
Debt Service										
Principal	\$ 11,450	\$ 11,035	\$ 10,300	\$ 10,600	\$ 10,900	\$ 11,500	\$ 11,935	\$ 12,535	\$ 13,225	\$ 13,995
Interest	1,187	784	2,770	3,145	3,530	3,789	4,018	4,215	4,376	4,498
Total	\$ 12,637	\$ 11,819	\$ 13,070	\$ 13,745	\$ 14,430	\$ 15,289	\$ 15,953	\$ 16,750	\$ 17,601	\$ 18,493
Coverage	1.89	1.97	1.68	1.54	1.42	3.03	1.44	1.51	1.32	1.42
Revenue Bonds										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 43,738	\$ 44,686	\$ 42,248	\$ 36,697	\$ 30,004	\$ 27,944	\$ 28,764	\$ 28,998	\$ 26,637	\$ 25,502
Investment Income	8,379	5,197	5,619	5,752	6,637	4,605	4,181	4,192	3,900	3,988
Other Income	1,561	2,596	2,216	1,701	1,597	1,528	1,428	1,410	1,442	1,332
Less: Operating Expenses	2,947	3,519	2,090	1,698	2,288	3,737	2,348	982	1,294	1,080
Net Available Revenue	\$ 50,731	\$ 48,960	\$ 47,993	\$ 42,452	\$ 35,950	\$ 30,340	\$ 32,025	\$ 33,618	\$ 30,685	\$ 29,742
Debt Service										
Principal	\$ 15,335	\$ 14,685	\$ 13,115	\$ 13,130	\$ 12,505	\$ 10,125	\$ 9,875	\$ 9,290	\$ 7,580	\$ 7,415
Interest	14,866	13,028	13,601	10,304	9,293	7,862	6,821	7,088	6,663	5,361
Total	\$ 30,201	\$ 27,713	\$ 26,716	\$ 23,434	\$ 21,798	\$ 17,987	\$ 16,696	\$ 16,378	\$ 14,243	\$ 12,776
Coverage	1.68	1.77	1.80	1.81	1.65	1.69	1.92	2.05	2.15	2.33
Revenue Bonds										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 18,876	\$ 14,918	\$ 28,421	\$ 15,449	\$ 20,165	\$ 21,007	\$ 17,634	\$ 23,042	\$ 25,234	\$ 19,597
Investment Income	4,615	3,044	3,140	3,727	4,230	3,233	2,930	3,104	2,639	3,148
Other Income	943	1,366	1,056	1,050	921	955	916	899	885	909
Less: Operating Expenses	2,245	2,276	1,465	1,476	1,282	1,076	695	105	123	142
Net Available Revenue	\$ 22,189	\$ 17,052	\$ 31,152	\$ 18,750	\$ 24,034	\$ 24,119	\$ 20,785	\$ 26,940	\$ 28,635	\$ 23,512
Debt Service										
Principal	\$ 8,140	\$ 7,740	\$ 7,515	\$ 8,575	\$ 8,085	\$ 6,075	\$ 5,925	\$ 5,535	\$ 4,475	\$ 4,380
Interest	6,071	3,543	3,803	4,073	3,315	2,409	2,116	2,255	2,276	2,155
Total	\$ 14,211	\$ 11,283	\$ 11,318	\$ 12,648	\$ 11,400	\$ 8,484	\$ 8,041	\$ 7,790	\$ 6,751	\$ 6,535
Coverage	1.56	1.51	2.75	1.48	2.11	2.84	2.58	3.46	4.24	3.60

Source: Clean Water State Revolving Fund Financial Statements, Drinking Water State Revolving Fund Financial Statements, Education Enhancement Funding Corporation Annual Report, and Building Authority Lease Rental Schedules and Debt Service Schedules.

- Note:**
- (a) The Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and Drinking Water State Revolving Fund are considered to be blended component units of the State. The Revenue Bonds and Trust Certificates issued by these entities may not be or become: a lien, charge, or liability against the State.
 - (b) For the Educational Enhancement Funding Corporation, all turbo redemptions are excluded from this calculation.
 - (c) All funds are presented on an accrual basis except for the Building Authority Fund which is presented on a cash basis.

POPULATION *(Expressed in Thousands)*

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2022	333,288	0.4 %	21,690	0.2 %	910	1.6 %
2021r	332,032	0.2 %	21,655	0.2 %	896	0.9 %
2020r	331,512	0.4 %	21,622	0.3 %	888	0.6 %
2019	330,233	0.5 %	21,562	0.4 %	883	0.9 %
2018	328,542	0.6 %	21,474	0.4 %	875	0.6 %
2017	326,623	0.7 %	21,380	0.5 %	870	1.0 %
2016	324,368	0.8 %	21,273	0.5 %	861	1.1 %
2015	321,829	0.8 %	21,165	0.6 %	852	0.5 %
2014	319,270	0.8 %	21,049	0.6 %	848	0.8 %
2013	316,735	0.8 %	20,920	0.6 %	841	1.0 %

Note: The Census Bureau provides a midyear population estimate for the current year. With each new release of population estimates, the Census Bureau revises estimates for years back to the last census.

r = Revised Estimates from Prior Year ACFR

* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2023.

TOTAL PERSONAL INCOME *(Dollars Expressed in Millions)*

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2022	\$ 21,820,248	2.0 %	\$ 1,364,311	3.5 %	\$ 62,028	5.8 %
2021r	21,392,812	9.1 %	1,318,413	8.8 %	58,628	11.1 %
2020r	19,609,985	6.9 %	1,211,726	6.9 %	52,793	9.9 %
2019r	18,343,601	4.7 %	1,133,999	3.7 %	48,031	6.4 %
2018r	17,514,402	5.1 %	1,093,520	4.8 %	45,144	5.0 %
2017r	16,658,962	4.9 %	1,043,303	3.2 %	42,989	3.5 %
2016r	15,884,741	2.7 %	1,010,852	1.4 %	41,552	1.0 %
2015r	15,467,113	4.7 %	997,298	3.2 %	41,160	3.9 %
2014r	14,778,160	5.1 %	966,354	4.0 %	39,607	4.7 %
2013r	14,063,283	1.1 %	929,356	0.9 %	37,840	1.0 %

Note: Revised estimates reflect the revision of the National Income and Product Accounts (NIPA's), and newly available state and local data. Revised estimates for 2013 through 2021.

r = Revised Estimates from Prior Year ACFR

* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2023.

UNEMPLOYMENT RATE

YEAR	SOUTH DAKOTA	UNITED STATES
2022	2.1%	3.6%
2021r	2.6%	5.3%
2020r	4.2%	8.1%
2019	2.8%	3.7%
2018	2.8%	3.9%
2017	3.1%	4.4%
2016	3.0%	4.9%
2015	3.0%	5.3%
2014	3.3%	6.2%
2013	3.7%	7.4%

Note:

r = Revised Estimates from Prior Year ACFR

Source: SD Department of Labor and Regulation, Labor Market Information

PER CAPITA PERSONAL INCOME

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2022	\$ 65,470	1.6 %	\$ 62,901	3.3 %	\$ 68,176	4.2 %
2021r	64,430	8.9 %	60,884	8.6 %	65,421	10.0 %
2020r	59,153	6.5 %	56,041	6.6 %	59,465	9.3 %
2019r	55,547	4.2 %	52,593	3.3 %	54,426	5.5 %
2018r	53,309	4.5 %	50,923	4.4 %	51,575	4.4 %
2017r	51,004	4.2 %	48,797	2.7 %	49,404	2.3 %
2016r	48,971	1.9 %	47,518	0.8 %	48,279	(0.0)%
2015r	48,060	3.8 %	47,121	2.6 %	48,302	3.4 %
2014r	46,287	4.2 %	45,910	3.3 %	46,727	3.9 %
2013r	44,401	0.4 %	44,424	0.3 %	44,983	(0.0)%

Note: Per capita personal income is total personal income divided by total midyear population estimate. Midyear population estimates. Source: U.S. Census Bureau.

r = Revised Estimates from Prior Year ACFR

* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2023.

NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY¹
(Expressed in Thousands)

	2023p	2022r	2021r	2020	2019	2018	2017	2016	2015	2014
Natural Resources/Mining/Construction	27.4	27.1	26.2	25.4	24.6	24.0	23.4	23.7	23.1	22.2
Manufacturing	45.9	45.1	43.9	43.2	45.0	44.4	43.1	42.2	42.6	42.3
Trade/Transportation/Utilities	92.2	89.3	86.9	84.0	85.9	86.5	87.0	88.0	87.3	85.6
<i>Wholesale Trade</i>	23.1	22.0	21.4	20.9	21.1	20.8	20.8	21.0	21.0	20.6
<i>Retail Trade</i>	54.6	53.0	51.6	49.7	51.2	52.3	53.0	53.7	52.9	51.9
<i>Transportation/Warehousing/Utility</i>	14.5	14.3	13.9	13.4	13.5	13.5	13.3	13.3	13.4	13.1
Information	5.2	5.3	5.1	5.1	5.5	5.6	5.7	5.8	5.9	6.0
Financial Activities	27.8	28.0	28.2	28.3	29.0	29.2	29.3	29.3	29.7	29.7
Professional/Business Services	37.7	36.7	34.6	32.8	33.2	32.3	31.5	31.4	30.8	30.5
Educational/Health Services	76.8	75.3	74.2	73.0	73.2	72.2	71.2	70.0	68.8	67.9
Leisure and Hospitality	49.7	48.3	45.6	41.0	47.4	47.3	47.0	46.7	46.2	45.4
Other Services (Except Public Administration)	17.8	17.7	17.0	16.6	16.8	16.7	16.7	16.6	16.3	16.1
Government	80.6	79.7	78.9	77.0	80.0	79.5	79.1	78.4	77.8	77.8
TOTAL	553.3	541.8	527.5	510.4	526.4	524.3	521.1	520.1	515.8	509.1
% Change in Nonfarm Employment	2.1%	2.7%	3.4%	-3.0%	0.4%	0.6%	0.2%	0.8%	1.3%	1.6%

Note: Numbers may not add due to rounding. Data not seasonally adjusted.

¹ Based on North American Industry Classification System (NAICS)

p = Preliminary Data

r = Revised Estimates from Prior Year ACFR

Source: Labor Market Information Center (LMIC) in cooperation with the U.S. Bureau of Labor Statistics

EXPANDED AND NEW INDUSTRIES
(Dollars Expressed in Millions)

	EXPANSIONS		NEW		TOTAL	
	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT
2022*	17	\$ 742.0	19	\$ 1,132.8	36	\$ 1,874.8
2021*	24	896.5	16	1,316.0	40	2,212.5
2020**	382	123.5	5	1.3	387	124.8
2019**	372	324.2	0	0.0	372	324.2
2018**	304	423.3	6	26.1	310	449.4
2017**	207	387.8	4	9.3	211	397.1
2016**	163	256.6	2	0.6	165	257.2
2015**	330	406.5	2	3.4	332	409.9
2014**	352	459.4	8	16.3	360	475.7
2013**	283	278.6	8	204.7	291	483.3

Note: * The State no longer conducts surveys of manufactures. Expansion and investment amounts only include projects the Governor's Office of Economic Development directly helps facilitate.

** Prior to 2021, the State conducted surveys of manufactures requesting information on capital investments.

Source: Governor's Office of Economic Development

**State of South Dakota
Employment by Industry Type
2023 as Compared to 2014**

June 2023 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	82,400	17.5%
2	Health Care and Social Assistance	68,800	14.6%
3	Retail Trade	55,700	11.9%
4	Leisure and Hospitality	52,500	11.1%
5	Manufacturing	45,800	9.7%
6	Professional and Business Services	38,200	8.1%
7	Mining, Logging, and Construction	30,800	6.5%
8	Financial Activities	28,100	6.0%
9	Wholesale Trade	23,800	5.1%
10	Other Services	17,900	3.8%
11	Transportation, Warehousing, and Utilities	14,600	3.1%
12	Educational Services	7,200	1.5%
13	Information	5,300	1.1%
Total Nonfarm Employment		471,100	100.0%

Sources: June, 2023 Current Employment Statistics (CES) data for all nonfarm workers, not seasonally adjusted.

Labor Market Information Center, SD Dept. of Labor & Regulation in cooperation with U.S. Bureau of Labor Statistics. Downloaded: 11/14/2023

Notes: Due to confidentiality issues, employment numbers of the ten largest employers is not available. The categories presented are intended to provide alternative information regarding employment.

June 2014 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	78,500	18.2%
2	Health Care and Social Assistance	61,400	14.2%
3	Retail Trade	52,600	12.2%
4	Leisure and Hospitality	48,900	11.3%
5	Manufacturing	42,500	9.8%
6	Professional and Business Services	31,300	7.2%
7	Financial Activities	30,000	6.9%
8	Mining, Logging, and Construction	24,700	5.7%
9	Wholesale Trade	21,000	4.9%
10	Other Services	16,500	3.8%
11	Transportation, Warehousing, and Utilities	13,200	3.1%
12	Information	6,200	1.4%
13	Educational Services	5,500	1.3%
Total Nonfarm Employment		432,300	100.0%

Sources: June, 2014 Current Employment Statistics (CES) data for all nonfarm workers, not seasonally adjusted.

Labor Market Information Center, SD Dept. of Labor & Regulation in cooperation with U.S. Bureau of Labor Statistics. Downloaded: 11/14/2023

Notes: Due to confidentiality issues, employment numbers of the ten largest employers is not available. The categories presented are intended to provide alternative information regarding employment.

State of South Dakota
Full-Time Equivalent State Employees by Function of Government
Last Ten Fiscal Years
(excluding Higher Education)

Function of State Government:	Fiscal Year				
	2023	2022	2021	2020	2019
General Government	1,022	1,019	1,033	1,024	1,020
Health, Human, and Social Services	2,809	2,803	2,874	2,905	2,913
Law, Justice, Public Protection, and Regulation	2,105	2,142	2,169	2,137	2,143
Agriculture and Natural Resources	882	865	891	927	944
Transportation	993	999	990	991	997
Education	176	178	182	178	178
Economic Resources	72	67	69	71	125
State Total	8,059	8,073	8,208	8,233	8,320

Function of State Government:	Fiscal Year				
	2018	2017	2016	2015	2014
General Government	1,028	1,020	1,018	998	983
Health, Human, and Social Services	2,958	2,991	2,936	3,007	2,999
Law, Justice, Public Protection, and Regulation	2,129	2,130	2,186	2,215	2,223
Agriculture and Natural Resources	944	948	939	943	929
Transportation	1,000	998	976	977	980
Education	177	180	176	178	128
Economic Resources	125	124	156	158	198
State Total	8,361	8,391	8,387	8,476	8,440

Source: State's Budget System RB16 - June 30, 2023 *does not take into consideration reorganization*

Note:

(a) A full-time equivalent employee, or FTE, represents one full-time position, or a number of part-time or seasonal positions.

**State of South Dakota
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year			
	2023	2022	2021	2020
General Government				
Vehicles	2,772	2,712	2,861	2,897
Land (Acres)	762,538	762,538	762,538	762,538
Equipment	1,022	1,373	1,433	1,359
Buildings	34	33	56	24
Infrastructure	0	0	0	0
Health, Human, and Social Services				
Vehicles	14	8	8	7
Land (Acres)	656	656	642	642
Equipment	739	769	786	653
Buildings	82	82	83	81
Infrastructure	0	0	0	0
Law, Justice, Public Protection, and Regulation				
Vehicles	376	336	394	297
Land (Acres)	1,400	1,394	1,373	1,413
Equipment	1,340	1,494	1,516	1,246
Buildings	155	144	155	137
Infrastructure	0	0	0	0
Agriculture and Natural Resources				
Vehicles	349	357	379	353
Land (Acres)	363,627	363,607	363,435	363,285
Equipment	1,803	1,747	1,877	1,667
Buildings	176	160	172	129
Infrastructure	0	0	0	0
Transportation				
Vehicles	1,370	1,212	1,328	1,197
Land (Acres)	3,522	3,489	3,489	3,199
Land, ROW Roads	\$ 117,831,013	\$ 116,203,883	\$ 110,124,754	\$ 108,226,917
Land Improvements, Roads	\$ 529,014,507	\$ 529,014,507	\$ 529,014,507	\$ 529,014,507
Equipment	4,604	4,233	4,500	4,109
Buildings	221	217	217	209
Infrastructure				
-Roads: Lane Miles	8,843	8,842	8,849	8,847
-Bridges: Number of	1,819	1,819	1,811	1,802
-Railroads: Track Miles	173	173	173	530
Education				
Vehicles	0	0	0	0
Land (Acres)	187	187	187	187
Equipment	50	73	78	76
Buildings	32	32	35	32
Infrastructure	0	0	0	0
Economic Resources				
Vehicles	0	0	0	0
Land (Acres)	6	6	6	6
Equipment	2	2	2	1
Buildings	0	0	0	0
Infrastructure	0	0	0	0

Source: Survey conducted by BFM of the department's finance personnel and the Capital Asset System.

Fiscal Year

2019	2018	2017	2016	2015	2014
3,012	2,948	2,908	2,987	2,904	2,929
761,475	761,465	760,743	760,806	760,806	760,806
1,406	1,382	1,386	1,427	1,406	1,367
24	22	22	23	22	19
0	0	0	0	0	0
7	7	7	7	7	7
644	584	710	763	799	799
689	665	650	667	651	604
81	84	89	89	92	93
0	0	0	0	0	0
358	361	361	332	317	320
1,413	1,512	1,504	1,504	1,510	1,510
1,263	1,196	1,180	1,090	1,047	940
137	135	157	156	159	156
0	0	0	0	0	0
366	369	378	389	392	373
363,221	363,222	362,876	361,821	360,938	360,323
1,715	1,668	1,647	1,617	1,576	1,509
128	120	96	76	73	65
0	0	0	0	0	0
1,295	1,301	1,281	1,287	1,279	1,250
3,182	3,177	3,199	3,213	3,217	3,206
\$ 107,257,048	\$ 103,939,192	\$ 97,004,207	\$ 95,308,778	\$ 93,472,606	\$ 92,796,015
\$ 529,014,507	\$ 527,033,832	\$ 527,033,832	\$ 523,392,571	\$ 520,147,538	\$ 514,620,856
4,257	4,066	3,917	3,806	3,661	3,415
207	203	199	193	183	175
8,847	8,850	8,850	8,861	8,862	8,850
1,795	1,796	1,796	1,795	1,799	1,796
530	530	530	530	530	530
0	0	0	0	0	0
187	284	284	284	184	77
81	81	86	78	25	24
32	32	34	27	27	27
0	0	0	0	0	0
0	0	0	0	0	0
6	6	0	0	0	0
1	1	3	3	47	49
0	0	0	0	1	1
0	0	0	0	0	0

**State of South Dakota
Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year		
	2023	2022	2021
General Government			
Executive Management			
Bureau of Finance and Management			
Complete Governors Budget Book	Annual	Annual	Annual
Finalize State Operating Budget	Annual	Annual	Annual
Bureau of Information and Telecommunications			
SDPB Local Production (Hours)	3,145	3,215	3,150
Radio Calls through Digital Network	29,759,859	26,745,228	27,376,199
Bureau of Human Resources			
Health: Employees, COBRA, Retirees/Dependents	11,943 / 13,668	12,050 / 13,794	12,669 / 14,228
Bureau of Administration			
Pieces of Mail Handled/Year	6,188,495	6,216,662	6,852,597
Total Miles Driven	27,583,403	33,549,427	28,984,851
Revenue			
Total Active Business Licenses	102,017	98,532	94,925
Vehicles Registered	1,635,157	1,602,358	1,639,437
Misc. Special Tax Licenses	6,359	6,204	6,004
Lottery			
Licensed Lottery Retailers--Instant Only	11	11	9
Licensed Lottery Retailers--On-line	624	623	625
Legislature			
Auditor General			
Audits Performed	51	55	54
Audits Reviewed (IPA reports)	383	358	351
School and Public Lands			
Apportion Common School Interest Fund and Income to School Districts (Thousands)	10,000	\$ 9,840	\$ 12,823
Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (Thousands)	2,900	\$ 2,900	\$ 3,000
Secretary of State			
Business and Secured Transaction Filings	145,612	136,563	133,507
State Treasurer			
Cash Receipts (Thousands)	7,362,410	\$ 7,957,896	\$ 6,304,280
Unclaimed Property - Claims Paid	5,979	9,022	11,272
State Auditor			
Vouchers Audited	268,473	276,987	262,463
Warrants Written	198,474	226,742	234,696
Health, Human, and Social Services			
Social Services			
Medicaid Enrolled/Month	145,350	140,791	128,654
Long Term Care Services - Clients Served	3,159	3,272	3,294
Health			
Public Health Investigations	18,172	13,112	9,287
Labor			
State Labor Force	475,065	468,015	467,427
Unemployment Rate	2.10%	3.10%	3.60%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.040%	0.040%
Budget Compared to Benefits	0.740%	0.800%	0.810%
Veterans Benefits and Services			
South Dakota Veteran Population	63,322	63,950	65,014
State Veterans' Home			
Average Daily Census	74	84	95
Human Services			
People with Developmental Disabilities Served	2,893	2,938	3,070
People with Mental Illness Served	17,077	17,548	17,156
People with Substance Abuse Issues Served	11,552	11,260	11,189
People Receiving Vocational Rehabilitation Services	4,513	4,440	4,378

Fiscal Year						
2020	2019	2018	2017	2016	2015	2014
Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual
3,068	3,237	3,239	3,110	3,271	3,760	3,735
27,376,199	25,879,566	27,038,877	24,549,762	29,858,306	27,888,987	26,319,746
12,897 / 14,204	13,073 / 14,311	13,240 / 14,179	13,264 / 13,730	13,242 / 13,418	13,328 / 13,360	13,413 / 13,426
6,594,534	6,783,673	7,254,250	7,448,095	7,536,209	7,720,306	7,719,049
32,786,517	37,538,989	37,677,337	38,898,000	38,344,195	38,848,323	38,241,658
91,793	89,842	85,147	84,242	82,640	80,779	80,236
1,509,538	1,527,593	1,533,549	1,484,111	1,519,080	1,425,379	1,258,147
5,878	6,059	6,757	6,663	6,612	5,228	5,372
13	13	13	13	13	12	12
614	616	636	632	610	608	600
57	56	53	54	54	46	56
352	345	316	351	333	326	322
\$ 12,695	\$ 12,112	\$ 11,282	\$ 10,196	\$ 10,227	\$ 9,969	\$ 8,774
\$ 3,412	\$ 2,813	\$ 2,642	\$ 2,410	\$ 2,267	\$ 2,104	\$ 1,500
127,036	122,122	125,600	112,454	121,302	120,807	151,658
\$ 6,971,719	\$ 5,432,711	\$ 5,205,064	\$ 5,197,293	\$ 4,955,107	\$ 4,917,575	\$ 4,883,829
6,467	4,624	5,822	3,162	5,127	4,500	10,024
257,420	285,516	281,596	279,250	288,653	290,861	297,649
236,466	239,860	250,707	257,678	270,702	298,293	306,344
115,731	116,709	118,338	119,619	118,674	117,346	115,328
3,487	3,694	3,723	3,702	3,867	3,977	4,051
11,716	28,087	21,187	16,999	13,224	13,750	13,875
463,278	460,531	457,941	455,617	453,175	450,900	450,660
4.10%	2.90%	3.00%	3.10%	2.80%	3.50%	3.70%
0.040%	0.040%	0.040%	0.040%	0.040%	0.040%	0.040%
0.860%	0.840%	0.860%	0.860%	0.860%	0.870%	0.890%
67,119	65,893	66,811	72,000	72,000	75,000	75,000
98	96	94	94	96	121	113
3,093	3,031	3,105	3,092	3,103	3,104	3,078
18,047	18,189	17,866	17,169	17,194	16,653	16,142
11,693	11,361	12,351	12,003	12,297	11,525	11,579
4,697	5,174	5,581	5,608	5,484	5,299	5,798

State of South Dakota
Operating Indicators by Function
Last Ten Fiscal Years (continued)

	Fiscal Year		
	2023	2022	2021
Law, Justice, Public Protection, and Regulation			
Corrections			
Adult System ADP (Average Daily Population)	3,452	3,317	3,318
Avg. Daily Population on Supervision	3,064	3,264	3,325
Juvenile Institutional and Placement ADP	188	185	200
Unified Judicial System			
Felony Offenses Filings	12,304	12,560	13,305
Class One Misdemeanor Filings	18,249	18,238	19,002
Class Two Misdemeanor Filings	93,857	101,299	97,035
Attorney General			
New Cases Opened/Closed/Pending (Thousands)	1.0 / 0.8 / 2.0	1.2 / 0.9 / 1.7	0.8 / 1.6 / 1.7
Investigations Conducted by DCI	1,483	1,511	1,418
Public Safety			
Patrol of Public Highways (Percentage)	60%	60%	61%
Driver Licenses Issued	212,667	214,813	214,420
Wildfires Suppressed (Fires/Acres)	77 / 5,655	217 / 17,059	241 / 39,771
Military and Veterans Affairs			
Assigned Strength of the Army Guard	2,924	3,118	3,113
Assigned Strength of the Air Guard	1,063	1,055	1,055
Appraiser Program			
New / Renewed Licenses	40 / 447	52 / 415	44 / 398
Revenue Financial Services			
Banking Institutions Examined	N/A	N/A	N/A
Dealer, Broker & Investment Advisor			
Agents Licensed	137,151	125,738	114,553
Renewed & Issued Insurance			
Appointments/Licenses	455,969	475,286	458,624
Revenue Boards and Commissions			
New & Renewed Licenses Issued	6,264	6,443	6,126
Public Utilities Commission			
Dockets Opened	122	156	160
Agriculture and Natural Resources			
Agriculture			
Dairy Inspections	N/A	N/A	395
Marketing Consultations	N/A	N/A	N/A
Insect & Disease Individual Assists	N/A	N/A	N/A
Game, Fish and Parks			
Total Park Visitations	9,435,657	9,304,995	9,892,484
Acres of Walk-In Areas	1,407,005	1,389,000	1,389,000
Natural Resources			
Dollars Awarded/Number of Grants and Loans	N/A	N/A	115.6 M / 88
Total Number of Regulated Facilities	N/A	N/A	N/A
Petroleum Release Compensation			
Petroleum Release Cases Initiated	N/A	N/A	20
Abandoned Tank Site Cases Initiated	N/A	N/A	32
Transportation			
Transportation			
Percent of Non-interstate State Highway System			
Main Lane Pavement Mileage Rated Good or Better on Condition Index	90	90	91
Percent of Interstate Pavement in Excellent			
Condition Based on Condition Index	46	56	52
Education			
Student K-12 Public School Fall Enrollment	138,387	137,685	136,115
Economic Resources			
Tourism and State Development			
Capital Investment Reported (Millions)	N/A	N/A	N/A
New Jobs Created (Calendar Year)	N/A	N/A	N/A
Tourism's Impact on South Dakota Economy (Billions)	\$ 3.31	\$ 2.84	\$ 2.57

Source: State's Budget System and/or survey of department finance personnel
N/A= Not Applicable due to the data no longer being collected

Fiscal Year													
2020		2019		2018		2017		2016		2015		2014	
	3,772		3,902		3,949		3,844		3,613		3,610		3,645
	3,393		2,951		2,573		2,480		2,345		2,315		2,297
	188		197		231		316		482		650		649
	13,284		12,527		12,259		11,512		10,800		10,392		9,413
	19,640		20,828		22,144		21,884		22,055		20,979		20,518
	92,599		104,426		115,784		114,231		114,445		112,323		105,213
1.3 / 1.6 / 2.3		1.1 / 1.9 / 2.0		1.4 / 1.7 / 2.3		1.0 / 2.0 / 2.0		2.1 / 1.8 / 2.1		1.9 / 2.0 / 1.9		2.2 / 2.9 / 1.5	
	1,277		819		935		963		1,063		1,062		1,077
	63%		60%		59%		55%		59%		54%		60%
	169,997		163,658		196,733		196,780		203,012		198,279		156,731
	324 / 3,404		259 / 4,413		731 / 65,659		748 / 74,228		614 / 17,359		642 / 53,145		451 / 11,421
	3,072		3,141		3,148		3,163		3,130		3,165		3,204
	1,055		1,055		1,051		1,037		1,040		1,050		1,044
	23 / 402		14 / 410		14 / 387		19 / 378		36 / 410		11 / 380		10 / 368
N/A		N/A		N/A		N/A		N/A		N/A		N/A	542
	107,764		104,188		100,956		96,156		96,262		91,545		86,131
	403,025		366,307		360,232		326,870		295,526		282,241		269,568
	6,591		6,396		6,939		6,688		7,161		6,708		7,102
	128		180		183		152		154		193		240
	378		458		434		635		604		500		520
N/A		N/A		N/A		N/A		N/A		N/A		N/A	N/A
	1,599		1,072		412		317		305		279		288
	11,255,067		7,298,423		7,646,131		7,729,787		7,509,840		7,605,595		8,115,000
	1,200,000		1,270,000		1,355,000		1,331,000		1,392,000		1,389,734		1,270,000
	189.6 M / 112		155.0 M / 70		66.1 M / 66		121.6 M / 91		77.5 M / 106		118.3 M / 113		78.9M / 95
	N/A		29,463		29,225		29,108		29,186		28,359		28,740
	36		34		30		42		55		60		45
	35		36		39		45		57		62		100
	87		88		86		83		82		90		89
	50		56		50		50		45		53		46
	136,119		135,317		133,861		132,520		130,936		129,772		128,924
	N/A		N/A		\$ 400.9		\$ 257.2		\$ 400.0		\$ 475.0		\$ 300.0
	N/A		N/A		1,138		163		3,000		3,300		4,000
\$	2.75	\$	2.65	\$	2.64	\$	2.46	\$	2.36	\$	1.99	\$	1.98



