



# *South Dakota*

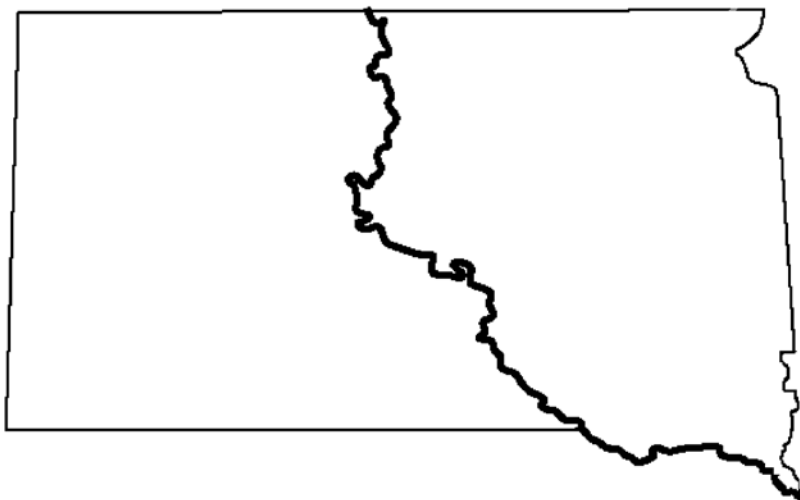
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2011

PREPARED BY BUREAU OF FINANCE AND MANAGEMENT  
JASON C. DILGES, CHIEF FINANCIAL OFFICER





***COMPREHENSIVE ANNUAL FINANCIAL  
REPORT  
FOR THE YEAR ENDED JUNE 30, 2011***



***DENNIS DAUGAARD, GOVERNOR***

***MATT MICHELS, LT. GOVERNOR***

***JASON C. DILGES, CHIEF FINANCIAL OFFICER  
BUREAU OF FINANCE AND MANAGEMENT***

# **ACKNOWLEDGEMENTS**

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## **SPECIAL THANKS TO:**

**South Dakota Department of Legislative Audit, Pierre**

**All State Finance Officers and Accountants**

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**Sincere thanks to all who contributed their time and effort to this publication.**

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# STATE OF SOUTH DAKOTA

DENNIS DAUGAARD, GOVERNOR



June 20, 2012

TO THE MEMBERS OF THE LEGISLATURE AND CITIZENS OF SOUTH DAKOTA:

It is my pleasure to present the *Comprehensive Annual Financial Report* covering operations for the fiscal year ending June 30, 2011. This is our 25<sup>th</sup> *Comprehensive Annual Financial Report*. The 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.

South Dakota's economy continues to grow even during times of national and global economic uncertainty. Our state's favorable business climate and strong agriculture base has helped the South Dakota economy to outperform the national economy over the past several years. Recent data supports this, as the state's average annual income growth rate from 2006 through 2011 was 5.2%, which was the second highest growth rate of all states and much higher than the national growth rate of 2.9% over that same five year period. In addition, the nonfarm employment growth rate in South Dakota exceeded the national growth rate from 2006 through 2011. The unemployment rate in South Dakota was one of the lowest rates in the nation through fiscal year 2011, and remains that way today.

As the Governor of this great state, I am committed to four financial priorities:

- Increasing job growth, economic development, and visitor spending,
- Taking care of those who cannot take care of themselves,
- Providing our children with a quality education, and
- Protecting our society from those who would do us harm.

South Dakota continues to operate within our means and to provide these basic services to our citizens, as we have since statehood in 1889.

Sincerely,

A handwritten signature of Dennis Daugaard in cursive script.  
Dennis Daugaard



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# ***INTRODUCTORY SECTION***

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## DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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**TO THE HONORABLE DENNIS M. DAUGAARD, GOVERNOR OF SOUTH DAKOTA**

### **MEMBERS OF THE SOUTH DAKOTA LEGISLATURE**

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the operation of the State of South Dakota (hereinafter referred to as the State) for the fiscal year ended June 30, 2011.

**Report.** This report is prepared by the Bureau of Finance and Management and submitted as required by South Dakota Codified Law 4-4-6. The financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to government 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 reader to gain an adequate understanding of the State's financial affairs have been included.

The CAFR is presented in three sections: *Introductory*, *Financial*, and *Statistical*. The *Introductory Section*, which provides information on the general contents of the report, contains this letter of transmittal, a list of principal State officials, fiscal year 2011 functions of State government, and an organizational chart of State government. The *Financial Section* includes the Independent Auditor's Report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A) that provides an introduction, overview, and analysis to the "Basic Financial Statements"; the Basic Financial Statements that present the government-wide financial statements, fund financial statements, notes to the Basic Financial Statements; Required Supplementary Information that includes budgetary comparison schedules; and Other Supplemental Information that includes combining financial statements and schedules for individual funds. The *Statistical Section* includes financial trends, revenue capacity, debt capacity, demographic, economic, and operating information.

**Internal Controls.** Management of the State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The Bureau of Finance and Management is able to monitor revenues and expenditures on a weekly basis to detect excess expenditures or shortfalls in revenues. As required by State statute, the State Auditor, an elected official, shall be presented all accounts and claims against the State to examine and adjust the same. Also, as required by State statute, the State Treasurer, an elected official, shall have charge of, and safely keep, all public moneys which shall be paid into the State treasury, and pay out the same as directed by law. The Department of Revenue periodically audits retail establishments to assure their payment of sales and excise taxes. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. 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 judgements by management.

**Independent Auditors.** The South Dakota Department of Legislative Audit, a division of the legislative branch of State government, performs the audit of *South Dakota's Comprehensive Annual Financial Report*. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS) issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by the Department of Legislative Audit) includes an expression of opinion 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 of South Dakota as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended.

In conjunction with the audit of the State's financial statements, the Department of Legislative Audit 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 *South Dakota Single Audit Report*.

Internal control procedures are evaluated on an annual basis by the Department of Legislative Audit to provide reasonable assurance for the safeguarding of the State's assets and to provide reasonable assurance of proper recording of financial transactions used to prepare this report.

**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 MD&A. The letter of transmittal is designed to complement 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 39<sup>th</sup> or 40<sup>th</sup> state (with its twin, North Dakota). South Dakota has 75,885 square miles of land and a population estimated to be 0.8 million. The State has a strong governor-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 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.

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

**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 after 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 State has always taken the position that the Constitution of the State of South Dakota requires the State budget be balanced and thus the State Legislature has always passed a balanced budget. Accumulated General Fund balances may be drawn down to balance an annual budget, as long as 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 funds than they have been authorized to spend. During the year, the Governor may authorize intradepartmental transfers of funds, as long as total appropriation levels are not exceeded.

At the request of Governor Daugaard, HJR 1007 was passed during the 2012 Legislative Session. This resolution legislatively refers a constitutional amendment to a public vote at the November 6, 2012 General Election. This constitutional amendment clarifies the balanced budget provisions within the Constitution of the State of South Dakota. Specifically, it requires the Governor to propose and the Legislature to pass an annual budget in which expenditures and appropriations may not exceed anticipated revenue. If passed, this constitutional amendment would clarify constitutional language. It would not change the balanced budget philosophy that this State has followed since statehood.

The State's largest sources of General Fund revenues are sales and service taxes, business taxes, and lottery proceeds. The largest categories of General Fund expenditures are general bill expenditures for state aid to primary and secondary education; property tax relief payments made by the State to local government units through state aid to education; the State's share of the cost of Medicaid, corrections and higher education; operation, maintenance and improvement of facilities for state government; and state salaries.

**State Reporting Entity.** The State's reporting entity reflected in the CAFR, which is described more fully in the Notes to the Financial Statements, conforms to the requirements of GASB Statement No. 14, *The Financial Reporting Entity*. The accounting and reporting principles contained in Statement No. 14 are based primarily on the fundamental concept that publicly elected officials are accountable to their constituents. Further, Statement No. 14 provides that the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Under GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", individually significant legally separate tax-exempt organizations are included as component units if their resources are for the direct benefit of the State and the State can access those resources. Consequently, the transmittal letter, MD&A, and the basic financial statements focus on the primary government and its activities. Although information pertaining to the discretely

presented component units is provided, their separately issued financial statements, excluding Higher Education, should be read to obtain a complete overview of their financial position.

**Risk Management.** The Risk Management Program was created to protect the assets and resources of the State through efficient control and financing of risks inherent in government operations by ensuring a safe environment for State employees and the general public. Responsibilities include ensuring that exposures to financial loss are discovered and handled appropriately, minimizing the possible interruption of vital public services, and reducing the costs and consequences of accidents through effective loss control management.

Housed with the Risk Management Program is the Public Entity Pool for Liability (PEPL), a self-insurance program created to cover 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).

More information on the risk management activities can be found in the Notes to the Financial Statements.

**Cash Management.** The South Dakota Investment Council was established by the State Legislature in 1971 and became operational on July 1, 1972. The Investment Council is responsible for the investment management for the assets of the Cash Flow Fund, the South Dakota Retirement System, South Dakota Cement Plant Retirement Fund, School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund, and Health Care Trust Fund.

Total investment income for all funds invested by the Investment Council was \$1.9 billion for fiscal year 2011. Income for the most recent five years totaled \$2.4 billion and, since inception, has exceeded \$10.7 billion. The Investment Council has grown from \$133.0 million in assets under management at the end of its first year to \$9.9 billion at June 30, 2011.

Investment Council management of the Cash Flow Fund portfolio resulted in earnings this year of \$26.4 million, a yield of 3.37%. The Cash Flow Portfolio has earned taxpayers \$1 billion over the past 39 years.

The South Dakota Retirement System's assets have returned 10.6% for the past 38 years (since inception of the Council's management responsibilities for SDRS). This performance has placed the Council in the top one percentile against other state pension funds.

Cash management and investments are discussed more fully in the Notes to the Financial Statements.

**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 operations commenced in October 1989. Legislative approval to participate in a multi-state lotto game was given during the 1990 legislative session. That same year, the State joined the Multi-State Lottery Association (MUSL), a consortium of 32 lottery jurisdictions that currently offer the Powerball game. The purpose of the lottery is to provide additional monies to fund vital public programs and projects, and as of June 30, 2011, \$2.04 billion has been generated to fund many public programs and projects. Lottery provided \$108.0 million income (before transfers) during fiscal year 2011.

**Retirement System.** The South Dakota Retirement System is the largest of the defined benefit plans for which the State is responsible for providing funding.

The South Dakota Retirement System 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 percentage of employee compensation.

The unfunded actuarial accrued liability as a percent of covered payroll went from 14.0% in 2002 to 18.7% in 2011. The funding ratio decreased from 96.7% in 2002 to 96.4% in 2011. The funding ratio is the ratio of the actuarial value of the assets of the system to the actuarial accrued liabilities of the system as of the date of calculation. In fiscal year 2011, SDRS experienced a 25.8% market return, significantly more than the assumed rate of return of 7.75%.

Plan assets at fair value in 2011 were \$7.9 billion compared to plan assets in 2002 of \$4.6 billion.

The assets of the system are valued at their fair value. The system is in full compliance with the standards of the Governmental Accounting Standards Board and has received the Government Finance Officers Association's (GFOA)



Certificate of Achievement for Excellence in Financial Reporting for the last sixteen years. The system is subject to an annual actuarial valuation and annual audit performed by an independent audit firm.

Additional information on the State's retirement plans can be found 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 and life insurance benefits. 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 the flexible benefit plans for state employees and their dependents. The program provides for payment of benefits to eligible claimants in the most efficient and cost effective manner. Premiums are charged to state funds for all covered employees, while employees share in the costs of co-pays, deductibles, and dependent costs.

Additional information on the State's health and life insurance benefits can be found in the Notes to the Financial Statements.

### ***ECONOMIC CONDITIONS AND OUTLOOK***

Employment growth is an important indicator of the state's economic health. Although the national economic recession has had a negative impact on employment in recent years, positive employment growth returned in calendar year 2011 as the economy continues to improve as more jobs are being created. South Dakota nonfarm employment growth was 1.2% in 2008, -1.9% in 2009, -0.1% in 2010, and 0.7% in 2011. This compares to the United States nonfarm employment growth of -0.6% in 2008, -4.4% in 2009, -0.7% in 2010 and 1.2% in 2011.

In fiscal year 2011 (July 2010 – June 2011), nonfarm employment in South Dakota grew 0.9% compared to the national growth rate of 0.7% over the same time period. This was the 10th straight fiscal year that the South Dakota job market performed better than the United States. Sectors that experienced growth in fiscal year 2011 in South Dakota included: manufacturing; trade, transportation, and utilities; professional and business services; education and health services; leisure and hospitality; and government. Sectors that experienced declines during fiscal year 2011 include: mining, logging, construction; information; other services; and financial activities.

The unemployment rate in South Dakota continued to remain one of the lowest in the nation during fiscal year 2011, even while recovering from a severe national recession. In June of 2011, South Dakota's unemployment rate was 4.7%, nearly half the U.S. unemployment rate of 9.1% for the same month.

Income growth is another important indicator of the state's economic health. In calendar year 2011, which is the most recent annual data that is available, South Dakota's personal income grew 6.2%, exceeding the national growth rate of 5.1%. From 2006 through 2011, South Dakota's average personal income growth rate was 5.2% which ranked second in the nation over this time period. This was much higher than the national growth rate of 2.9% and the seven state Plains region growth of 3.6%. The other Plains region states of Iowa, Kansas, Minnesota, Missouri, Nebraska, and North Dakota experienced average income growth rates of 4.3%, 3.3%, 3.0%, 3.0%, 4.1%, and 7.9%, respectively, over the same time period.

In addition to employment and income growth, a strong agriculture economy has helped the State during challenging economic times. Both calendar year 2010 and 2011 were strong years for crop production in South Dakota which helped to grow the State's economy after the national economic recession. The value of all field and miscellaneous crops produced in South Dakota in 2011 totaled \$7.77 billion, 25.2% higher than the \$6.20 billion value of 2010 crops. The increase in value is due to increases in the value of corn for grain, soybeans, wheat, and hay produced in 2011. The 2011 value of crops produced in South Dakota represents the highest crop value since the series began in 1969.

The long term outlook for South Dakota's economy is optimistic as the state continues to grow from the national economic recession. As of April 2012, South Dakota's nonfarm employment levels were 3000 jobs or 0.7% higher when compared to a year earlier. In addition, the unemployment rate in South Dakota is currently at 4.3%, much lower than the U.S. unemployment rate of 8.1% as of April 2012. South Dakota's economy is expected to continue to grow in 2012 and 2013 as the State continues to boast one of the lowest state per capita taxes in the nation. The state's business friendly environment combined with a strong farm economy will help South Dakota's economy expand in the future.

## MAJOR INITIATIVES

Governor Daugaard continues to focus on job growth, economic development and visitor spending, taking care of those who cannot take care of themselves, providing our children with a quality education, and protecting our society from those who would do us harm. Recently, the state has stepped up efforts at creating new jobs, attracting new South Dakotans, and investing in teachers.

Listed below are some of the major initiatives the State has implemented in recent years in an effort to accomplish our goals:

**Governor's Large Project Development Fund.** Created in 1991, the Large Project Tax Refund Program is currently being used to lure large businesses to South Dakota. This program provides incentives to new and expanding businesses in South Dakota by refunding a portion of sales, use, and contractors' excise taxes to any business with construction projects that meet the requirements of the program. This program has encouraged the construction of 48 completed projects totaling more than \$3 billion, with more underway and created thousands of jobs in our state. However this program is set to expire at the end of 2012.

In 2011 the Legislature created the Governor's Large Project Development Fund to replace the Large Project Tax Refund Program when it expires. This new program no longer refunds a portion of sales, use, and contractors' excise taxes, but instead allocates 22% of the annual contractors' excise tax revenues into the Large Project Development Fund. This fund is then used to provide front-end economic development incentives to targeted businesses that are looking to develop or expand in South Dakota. This new program gives the State more flexibility to recruit businesses while providing savings to the General Fund. The Governor's Large Project Development Fund has been referred to a public vote at the November 6, 2012 General Election.

**South Dakota Workforce Initiative (SDWINS).** Funding for SDWINS passed during the 2012 Legislative Session providing funding for various economic development projects throughout the state. SDWINS will better prepare our young people for the future, all while providing immediate training to our citizens so they can fill positions already in our state. It will also work to improve access to rural health care and aggressively market South Dakota to attract new citizens and encourage the return of those who've moved away from our state.

The Departments of Labor & Regulation, Education, Health, the Governor's Office of Economic Development, and the Board of Regents have partnered to capitalize on South Dakota's tremendous potential.

- **Preparing Our Youth** is creating an education system that focuses on achievement. By paying a premium for teachers in math and science, we will attract a great new generation of educators. We will also help our children learn about careers and make informed decisions, by expanding the SD MyLife web portal and increasing access to hands-on-career cluster camps. We will also give a more personalized education to those who need remediation or are ready for advanced placement or college courses.
- **Training for Skilled Jobs** is training South Dakotans who are ready to go to work. We will train more welders and machinists both online and in the lab. We will provide different certifications for capable workers in local communities while also helping with additional training.
- **Promoting Rural Health Occupations** will add more capacity to our medical and Physicians Assistant education. We will also expand recruitment and retention incentives to include more providers and more rural communities.
- **New South Dakotans** will invite our friends and family members back to South Dakota through a reinvigorated Dakota Roots program. We are undertaking an unprecedented partnership to recruit new pioneers, new South Dakotans to our state to take chronically unfilled, open positions in our workplace and in our communities. We will also help communities conduct housing surveys so that they may better develop and market housing options and investment opportunities in their communities.

**South Dakota WORKS.** After being awarded \$13 million from the Small Business Jobs Act of 2010, the SD WORKS program was developed to provide small businesses with easier access financing, such as working capital, so they can realize their full potential. For every \$1 loaned from this program, it will leverage \$10 in private sector financing or equity. Small businesses can use the funds for startup costs, working capital, inventory, and to acquire a place of business. As loans are paid back, the funds are then reinvested into other small businesses.

## Investing in Teachers.

During the 2012 Legislative Session, the Governor introduced the Investing in Teachers initiative (HB1234), which is based on the simple premise that great teaching is the most important in-school factor to affecting student achievement. New incentive and reward programs are strategically designed to focus on critical needs areas in schools. Also, changes in policies will improve accountability measures of teachers and administrators.

Components of this initiative include:

- Investing \$8.4 million on a one-time basis for a comprehensive training effort in four distinct areas: training for teachers on the new Common Core curriculum standards; academies for science teachers; workshops for school counselors; and leadership training for school administrators. This training will occur over the next three years.
- Creating the Top Teachers Reward Program, which will provide \$1,000 per teacher to schools to be used to reward teachers for student achievement or teacher leadership. These funds can also be used to help schools fill critical teaching area needs.
- Starting the Critical Teaching Needs Scholarship Program, which will fund up to 100 full-tuition scholarships annually for junior and senior teaching students who agree to work in a high-need teaching field for five years after college.
- Beginning a Math and Science Teacher Incentive Program, which will reward distinguished and proficient math and science teachers with a \$2,500 annual bonus.
- Phasing out the continuing contract (tenure) rights for teachers currently not tenured so schools are not required to offer teachers contracts after three years of service.
- Implementing a new accountability system to replace No Child Left Behind. This new system is designed to have strong, standardized evaluations of students, teachers, and schools every year that are based on growth, not an arbitrary benchmark.

The Investing in Teachers initiative has been referred to a public vote at the November 6, 2012 General Election.

**Sanford Underground Research Facility (SURF).** In 2007, the National Science Foundation (NSF) selected the Sanford Underground Research Facility (SURF), owned by the South Dakota Science and Technology Authority (SDSTA), as the site for a Deep Underground Science and Engineering Laboratory (DUSEL). The National Science Board awarded \$80 million dollars in grants to develop the design in cooperation with the US Department of Energy (DOE) who is also interested in conducting underground experiments. The SDSTA has been operating the facility with funding from the State of South Dakota and a gift from T. Denny Sanford, but anticipated to run out of funds by June 2011. In December of 2010, the National Science Board decided not to fund future operations as they did not feel funding facilities was within their mission. However, they agreed to fund the DUSEL with \$1 million per month through September 2011. The US DOE is currently funding the SURF in the 2012 federal fiscal year, which runs through October of 2012. The US DOE is still assessing the Long Baseline Neutrino Experiment, proposed with a large detector at SURF, but has committed to fund SURF operations for the next several years while the LUX dark matter experiment and the Majorana Double Beta decay experiment are running at the facility's 4,850 feet underground level. There are proposals written to both the NSF and US DOE that would put the next generation dark matter (bigger detector) as well as Nuclear Astrophysics experiments at SURF and could ensure operational funding through 2020.

## ACKNOWLEDGMENTS

The preparation of this report required the collective efforts of numerous financial personnel throughout the State from various agencies and departments. I sincerely appreciate the dedicated efforts of all of these individuals. I would also like to recognize and commend the efforts of the accounting staff of each State agency, the Bureau of Finance and Management, and the staff of the Department of Legislative Audit 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,



Jason C. Dilges, Chief Financial Officer  
Bureau of Finance and Management





# **SOUTH DAKOTA FY2011 PRINCIPAL STATE OFFICIALS**

## ***EXECUTIVE BRANCH***

**THE HONORABLE DENNIS DAUGAARD, GOVERNOR  
THE HONORABLE MATT MICHELS, LIEUTENANT GOVERNOR**

## ***CONSTITUTIONAL OFFICERS***

**The Honorable Marty J. Jackley, Attorney General  
The Honorable Jason M. Gant, Secretary of State  
The Honorable Rich Sattgast, Treasurer  
The Honorable Steve Barnett, Auditor  
The Honorable Jarrod Johnson, Commissioner, School and Public Lands**

## ***PUBLIC UTILITIES COMMISSION***

**The Honorable Gary Hanson, Commissioner  
The Honorable Steve Kolbeck, Commissioner  
The Honorable Chris Nelson, Commissioner**

## ***LEGISLATIVE BRANCH***

**The Honorable Val Rausch  
Speaker of the House**

**The Honorable Russell Olson  
Senate Majority Leader**

**The Honorable Jason Frerichs  
Senate Minority Leader**

**The Honorable David Lust  
House Majority Leader**

**The Honorable Bernie Hunhoff  
House Minority Leader**

## ***JUDICIAL BRANCH***

**The Honorable David E. Gilbertson  
Chief Justice**

**The Honorable John K. Konenkamp  
Associate Justice**

**The Honorable Steven L. Zinter  
Associate Justice**

**The Honorable Glen A. Severson  
Associate Justice**

**The Honorable Judith Meierhenry  
Associate Justice**

# **SOUTH DAKOTA FY2011 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  
VETERANS BENEFITS AND SERVICES  
STATE VETERANS' HOME  
HUMAN SERVICES

## **LAW, JUSTICE, PUBLIC PROTECTION AND REGULATION**

CORRECTIONS  
UNIFIED JUDICIAL SYSTEM  
ATTORNEY GENERAL  
PUBLIC SAFETY  
MILITARY AND VETERANS' AFFAIRS  
APPRAISER PROGRAM  
REVENUE FINANCIAL SERVICES  
REVENUE BOARDS AND COMMISSIONS  
PUBLIC UTILITIES COMMISSION

## **AGRICULTURE AND NATURAL RESOURCES**

AGRICULTURE  
GAME, FISH, AND PARKS  
ENVIRONMENT AND NATURAL RESOURCES  
PETROLEUM RELEASE COMPENSATION

## **TRANSPORTATION**

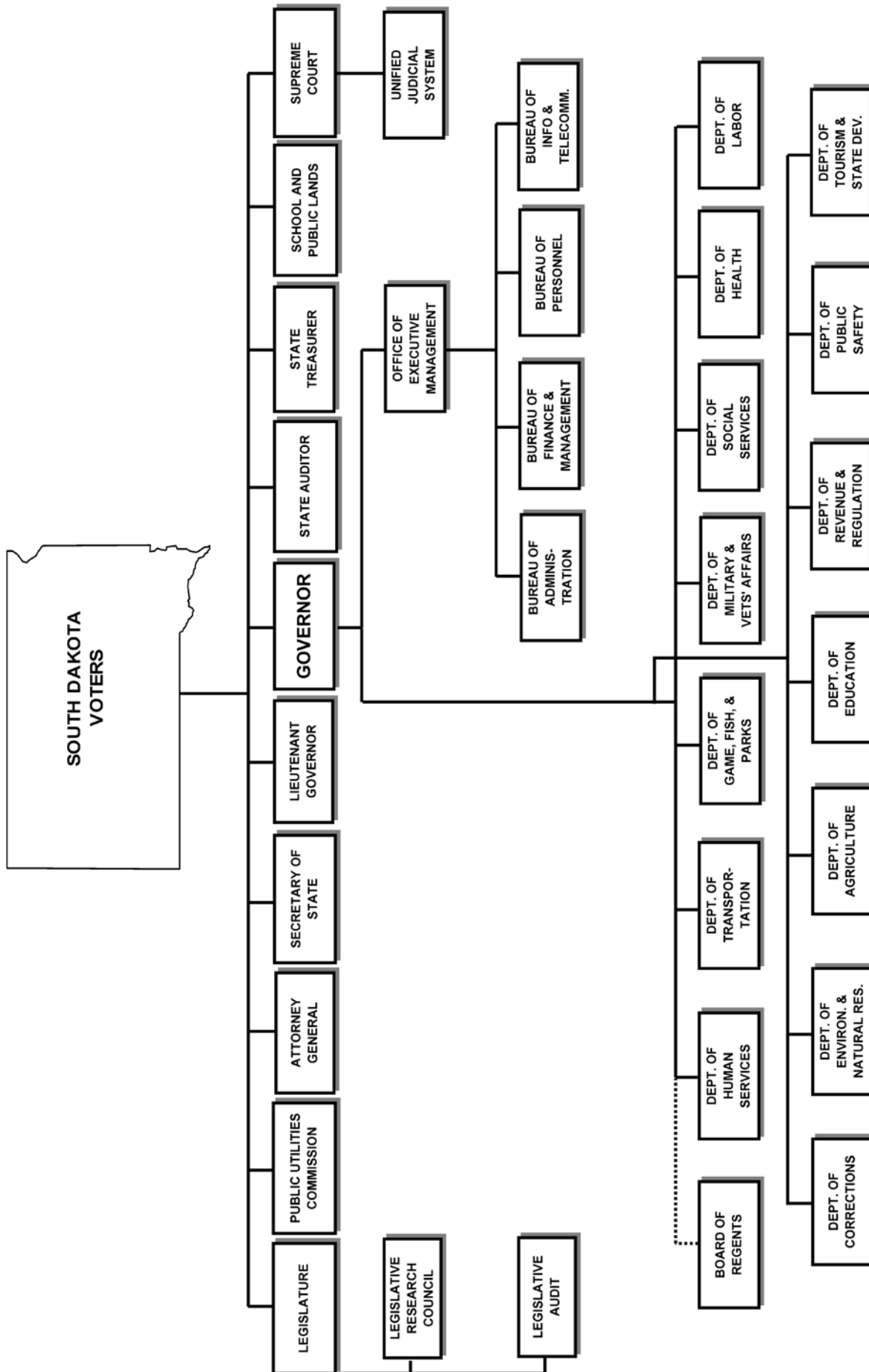
TRANSPORTATION

## **EDUCATION**

EDUCATION AND CULTURAL AFFAIRS  
ELEMENTARY, SECONDARY, AND VOCATIONAL  
SCHOOLS  
HIGHER EDUCATION  
STATE AID TO UNIVERSITIES

## **ECONOMIC RESOURCES**

TOURISM AND STATE DEVELOPMENT





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# ***FINANCIAL SECTION***

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PIERRE SD 57501-5070  
(605) 773-3595  
FAX (605) 773-6454

MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard  
Governor of South Dakota

and

Members of the Legislature  
State of South Dakota

We have audited the accompanying 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 as of and for the year ended June 30, 2011, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Authority and certain foundations of Higher Education. Those financial statements reflect total assets and revenue and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information 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	4.5%	24.1%
Fund financial statements:		
Aggregate discretely presented component units:		
South Dakota Housing Authority	59.1%	16.2%
Foundations of Higher Education	11.6%	10.3%
Aggregate remaining fund information:		
Unemployment Insurance Fund	.3%	1.8%
South Dakota Retirement System	86.8%	44.0%

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those funds and entities, is based on the reports of the other auditors.

We conducted our audit 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. Those standards require that we

plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the 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 of South Dakota, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of the State of South Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis and budgetary comparison schedule as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of South Dakota's basic financial statements. The introductory section and supplementary information, such as the combining and individual nonmajor fund financial statements and the statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is stylized with a large, looped initial "M" and a long, sweeping underline.

Martin L. Guindon, CPA  
Auditor General

June 20, 2012

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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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, 2011. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

### ***FINANCIAL HIGHLIGHTS***

#### ***Government-wide***

- Total assets of the State exceeded its total liabilities at the close of the fiscal year by \$5.05 billion (reported as net assets), an increase of \$313.8 million from the previous year. Certain resources within the total net assets balance have restrictions and internally imposed limitations that are discussed within the *Government-wide Financial Analysis* section of this document. Component units reported net assets of \$1.5 billion, an increase of \$116.4 million from the previous year.

#### ***Fund Level***

- At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$156.0 million. Of the \$1.5 billion in combined ending fund balance, \$686.9 million is nonspendable and \$493.6 million is restricted by outside sources or enabling legislation. Another \$36.8 million is committed by state law and \$182.8 million has been assigned for various specific purposes. The remaining \$117.2 million is unassigned according to GASB 54. Please refer to Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the \$117.2 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 and the Notes to the Financial Statements.
- Proprietary funds reported net assets at year-end of \$530.8 million, an increase of \$48.5 million during the year.

#### ***Long-Term Debt***

- The primary government's total long-term debt (Revenue Bonds, Trust Certificates and Capital Leases) as of June 30, 2011, totaled \$484.0 million, an increase of \$50.4 million from the last fiscal year-end. The increase represents the net difference between new issuances, payments and refundings of outstanding debt.
- During the fiscal year, the South Dakota Building Authority issued \$5.6 million in Taxable Revenue Bonds (Recovery Zone Economic Development Bonds) and \$3.9 million in Taxable Revenue Bonds for Governmental Activities. The State incurred no new long-term general indebtedness under Business-type Activities. The South Dakota Building Authority issued \$11.4 million in Taxable Revenue Bonds (Build America Bond) and \$9.0 million in Taxable Revenue Bonds (Recovery Zone Economic Development Bonds) for Higher Education (a discretely presented component unit).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are 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 Assets*** presents information on all of the State's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event 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 vacation leave).

Both the statement of net assets and the statement of activities segregate the activities of the State into three types:

- ***Governmental Activities.*** The governmental activities of the State include general government; education – elementary, secondary and vocational schools; 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; and, 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 charges 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:
  - ✓ Higher Education
  - ✓ Conservation Reserve Enhancement Program (CREP)
  - ✓ South Dakota Housing Development Authority
  - ✓ South Dakota Economic Development Finance Authority
  - ✓ Value Added Finance Authority
  - ✓ South Dakota Science and Technology Authority

Other component units are blended and reported as part of primary government or considered related organizations and not reported in these financial statements. For additional information regarding component units, refer 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 state 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 left 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 and 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's financial statement.

The State maintains several 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, 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 form of 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 full accrual basis of accounting.
  1. Enterprise funds (e.g., Lottery Fund) are used to account for activities that largely involve customers outside of state government, and are the same functions reported as business-type activities in the government-wide financial statements.
  2. Internal service funds (e.g., Fleet and Travel Management) 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 statement because those services predominantly benefit governmental rather than business-type activities.

The State maintains several individual proprietary funds, of which 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 assets and statement of revenues, expenses, and changes in fund net assets. 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 form of combining statements elsewhere in this report.

- ***Fiduciary Funds.*** Fiduciary funds (e.g., South Dakota Retirement System) are used to report activities when the State acts as a trustee or fiduciary to hold resources for the benefit of parties outside state government. The full 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 agency 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 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 a Budgetary Comparison Schedule, and related notes, for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The only special revenue funds that fit this criterion are the Transportation Fund and the Social Services Federal Fund.

The Budgetary Comparison Schedule presents both the original and the final appropriated budgets for the fiscal year. The Budgetary Comparison Schedule also lists the actual 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 outflows and GAAP expenditures.

### ***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 Assets.** As presented in the following table, total assets of the State on June 30, 2011 were \$5.97 billion, while total liabilities were \$0.92 billion, resulting in combined net assets (governmental and business-type activities) of \$5.05 billion.

### State of South Dakota Net Assets (Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$1,892,874	\$1,764,048	\$688,087	\$640,465	\$2,580,961	\$2,404,513
Capital Assets	3,388,057	3,283,671	4,360	4,863	3,392,417	3,288,534
<b>Total Assets</b>	<b>5,280,931</b>	<b>5,047,719</b>	<b>692,447</b>	<b>645,328</b>	<b>5,973,378</b>	<b>5,693,047</b>
Long-Term Liabilities Outstanding	411,499	400,790	175,422	127,688	586,921	528,478
Other Liabilities	328,830	350,698	12,167	65,195	340,997	415,893
<b>Total Liabilities</b>	<b>740,329</b>	<b>751,488</b>	<b>187,589</b>	<b>192,883</b>	<b>927,918</b>	<b>944,371</b>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	3,300,829	3,194,701	4,360	4,863	3,305,189	3,199,564
Restricted	1,144,456	1,004,704	1,931	2,138	1,146,387	1,006,842
Unrestricted	95,317	79,854	498,567	445,444	593,884	525,298
<b>Total Net Assets</b>	<b>\$4,540,602</b>	<b>\$4,279,259</b>	<b>\$504,858</b>	<b>\$452,445</b>	<b>\$5,045,460</b>	<b>\$4,731,704</b>

The largest component of the State's net assets, 65.5%, is investments in capital assets (land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. 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 assets comprise 22.7% of total net assets. These net assets are subject to restrictions either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws/regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation on how they can be used. The majority of the restricted net assets are restricted for funds held as permanent investments, either as expendable (\$71.6 million) or nonexpendable (\$683.8 million). These include the following funds:

- **Dakota Cement Trust Fund.** This fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings thereon. Article XIII, section 21 of the Constitution of the State of South Dakota states: "Except as provided in Article XIII, section 20 of the Constitution of the State of South Dakota, the original principal of the trust fund shall forever remain inviolate. However, the Legislature shall, by appropriation, make distributions from the difference between the twelve million dollar annual general fund transfer and five percent of the market value of the trust fund for the support of education, but not for the replacement of state aid to general education or special education, if the increase in the market value of the trust fund in that fiscal year was sufficient to maintain the original principal of the trust fund after such distributions. Beginning with fiscal year 2006, the market value of the trust fund shall be determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters, and dividing that sum by sixteen." The fund balance in the Dakota

Cement Trust Fund at June 30, 2011 was \$242.7 million, an increase of \$31.7 million from the previous year. The increase resulted primarily from investment income. The Dakota Cement Trust Fund transferred \$12.0 million to the General Fund in fiscal year 2011.

- **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." The fund balance in the Health Care Trust Fund at June 30, 2011 was \$104.1 million, an increase of \$14.4 million from the previous year due primarily from investment income. On an accrual basis, the Health Care Trust Fund transferred \$3.9 million to the General Fund in fiscal year 2011.
- **Education Enhancement Trust Fund.** This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and monies from the Youth-at-Risk Fund. 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 fund balance in the Education Enhancement Trust Fund at June 30, 2011 was \$377.1 million, an increase of \$50.9 million from the previous year. The increase resulted primarily from investment income. On an accrual basis, the Education Enhancement Trust Fund transferred \$14.5 million to the General Fund in fiscal year 2011.

The remaining balance, \$593.9 million, is defined by accounting standards as "unrestricted" net assets. However, much of the unrestricted net assets 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, or internally by state law. Limitations on unrestricted net assets imposed by federal regulations and bond covenants include \$195.9 million within the Clean Water State Revolving Fund and \$144.5 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$92.3 million within the Revolving Economic Development and Initiative Fund, \$30.1 million for unemployment insurance claims, \$7.6 million for revolving loan programs, and \$5.8 million for health and public assistance.

Those funds with limitations imposed by State Law include the following:

- **General Fund Budget Reserve.** The 1991 South Dakota Legislature established a General Fund Budget Reserve whereas expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each branch 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. The balance in the General Fund Budget Reserve at June 30, 2011 was \$43.4 million, which has remained unchanged from the previous year.
- **Property Tax Reduction Fund.** Senate Bill 225, passed during the 1996 legislative session, created the "Property Tax Reduction Fund" (PTRF). It's intent is to fund property tax relief in South Dakota by decreasing local effect and increasing the state share in funding education. This law provides that the Commissioner of Bureau of Finance and Management may transfer monies available from the PTRF to the General Fund to provide property tax relief through state aid to education. Revenues deposited in the PTRF come from four sources: (1) 49.5% of video lottery net machine income, (2) 60% of the revenue from the 4% tax on the gross receipts of telecommunications services, which was imposed by HB 1104 passed by the 2003 legislature, (3) 33% share of revenue generated from the tobacco tax in excess of \$35 million; and (4) unobligated cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the PTRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. This statutorily created fund no longer qualifies as a special revenue fund under GASB 54. In FY11 it is being reported as a subfund of the General Fund. It is and will continue to be budgeted for, accounted for and

tracked separately on the State's budget and accounting system. The fund balance in the Property Tax Reduction Fund at June 30, 2011 was \$67.8 million, a decrease of \$0.4 million from the previous year. \$110.4 million from the property tax reduction fund was used to provide property tax relief through state aid to education in FY2011.

**Changes in Net Assets.** The following table summarizes financial information derived from the government-wide statement of activities and reflects how the State's net assets changed during fiscal year 2011.

(Expressed in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Service	\$ 350,175	\$ 339,669	\$ 267,491	\$ 283,495	\$ 617,666	\$ 623,164
Operating Grants and Contributions	1,838,312	1,768,957	52,926	50,927	1,891,238	1,819,884
Capital Grants and Contributions	3,945	2,275			3,945	2,275
General Revenues:						
Sales Taxes	741,455	663,146			741,455	663,146
Motor Fuel Taxes	130,542	127,807			130,542	127,807
Contractors Excise Taxes	66,518	85,973			66,518	85,973
Bank Card and Franchise Taxes	16,954	16,674			16,954	16,674
Other Taxes	266,415	273,535			266,415	273,535
Investment Earnings	143,106	101,246			143,106	101,246
Gain on Sale of Capital Assets	819	526			819	526
Miscellaneous	41,519	36,625			41,519	36,625
<b>Total Revenue</b>	<b>3,599,760</b>	<b>3,416,433</b>	<b>320,417</b>	<b>334,422</b>	<b>3,920,177</b>	<b>3,750,855</b>
Program Expenses:						
General Government	157,405	146,193			157,405	146,193
Education – Elementary, Secondary and Vocational Schools	218,959	229,891			218,959	229,891
Education – State Support to Higher Education	185,757	182,681			185,757	182,681
Health, Human and Social Services	1,354,829	1,337,922			1,354,829	1,337,922
Law, Justice, Public Protection and Regulation	286,824	241,217			286,824	241,217
Agriculture and Natural Resources	151,116	130,943			151,116	130,943
Economic Resources	51,157	52,966			51,157	52,966
Transportation	508,548	457,081			508,548	457,081
Intergovernmental – Payments to School Districts	412,310	405,947			412,310	405,947
Intergovernmental – Revenue Sharing	100,493	103,425			100,493	103,425
Unallocated Interest Expense	18,711	19,820			18,711	19,820
Unallocated Depreciation	58	58			58	58
Lottery			36,775	35,411	36,775	35,411
Clean Water State Revolving			11,109	4,455	11,109	4,455
Drinking Water State Revolving			11,964	5,066	11,964	5,066
Other			100,406	125,993	100,406	125,993
<b>Total Expenses</b>	<b>3,446,167</b>	<b>3,308,144</b>	<b>160,254</b>	<b>170,925</b>	<b>3,606,421</b>	<b>3,479,069</b>
Excess (Deficiency) Before Transfers	153,593	108,289	160,163	163,497	313,756	271,786
Transfers	107,750	118,671	(107,750)	(118,671)	-	-
Change in Net Assets	261,343	226,960	52,413	44,826	313,756	271,786
Net Assets – Beginning (As Restated)	4,279,259	4,052,299	452,445	407,619	4,731,704	4,459,918
<b>Net Assets – Ending</b>	<b>\$ 4,540,602</b>	<b>\$ 4,279,259</b>	<b>\$ 504,858</b>	<b>\$ 452,445</b>	<b>\$ 5,045,460</b>	<b>\$ 4,731,704</b>

### **Governmental Activities:**

The State's net assets for Governmental Activities increased by \$261.3 million, or 6.1%, from its current operations. This was the result of the net effect of the following: (1) \$3.6 billion revenues (an increase from the prior year of \$183.3 million); less (2) \$3.4 billion expenses (an increase over the prior year of \$138.0 million);

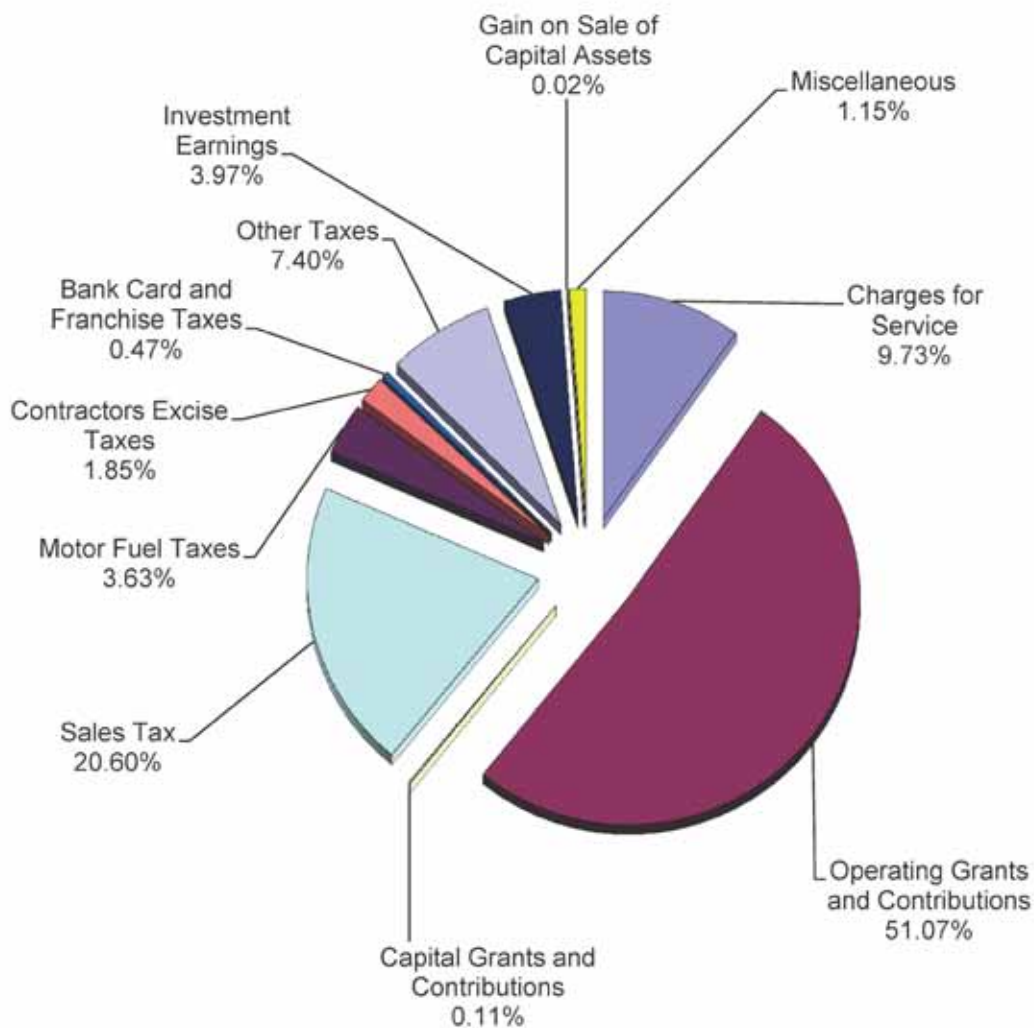


plus (3) net transfers of \$107.8 million (primarily from "transfers in" from the South Dakota Lottery in the amount of \$108.0 million).

- The increase in revenues was primarily due to a \$78.3 million increase in sales tax revenue, a \$69.4 million increase in operating grants and contributions, and a \$41.9 million increase in investment earnings.
- The increase in expenses was primarily due to a \$51.5 million and \$45.6 million increases in Transportation and Law, Justice, Public Protection and Regulation functions of government.

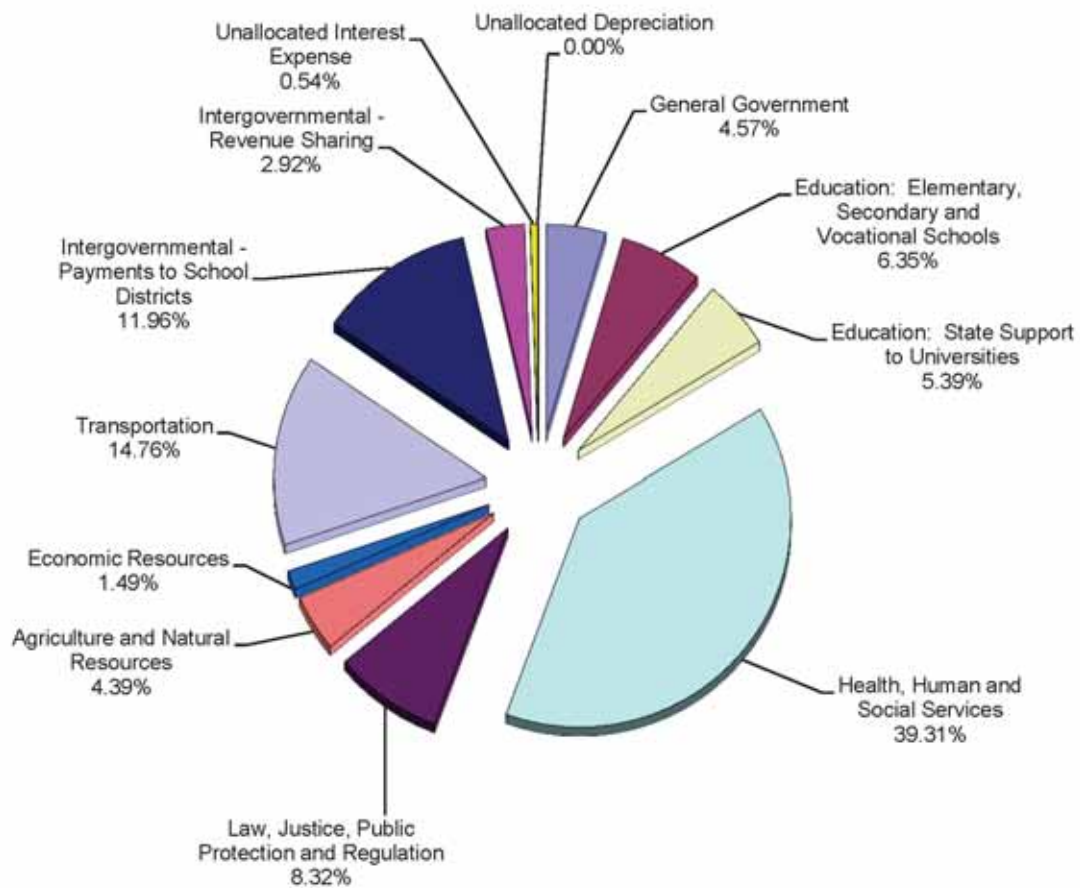
The following two charts illustrate the above program revenues and expenses for Governmental Activities for fiscal year ending June 30, 2011:

### State of South Dakota Revenues - Governmental Activities Fiscal Year Ended June 30, 2011



**Total Revenues \$3,599,760**  
**(Expressed in Thousands)**

**State of South Dakota  
Expenses - Governmental Activities  
Fiscal Year Ended June 30, 2011**



**Total Expenses \$3,446,167  
(Expressed in Thousands)**

### ***Business-type Activities:***

- Net assets of the business-type activities increased by \$52.4 million primarily due to a decrease in claims in the Unemployment Insurance Fund and capitalization grants from the federal government in the Clean and Drinking Water State Revolving Funds.

## ***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 financing 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 statutory language, which could limit resource use (e.g., General Fund Budget Reserve, Dakota Cement Trust Fund, Health Care Trust Fund, Education Enhancement Trust Fund, and Property Tax Reduction Fund), unless appropriated by legislative action as defined by State law.

At the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$156.0 million during the year.

Approximately 45.3%, or \$686.9 million, of the combined ending fund balances, is nonspendable; predominately made up of the Dakota Cement Trust, Health Care Trust, and the Education Enhancement Trust funds to be held as permanent investments. Approximately 32.5%, or \$493.6 million, of the combined ending fund balances, is restricted by outside sources or enabling legislation. 2.4%, or \$36.8 million, of the combined balance is committed by state law and 12.1%, or \$182.8 million, has been assigned internally for specific purposes. The remaining \$117.2 million or 7.7% is unassigned according to GASB 54. Certain resources within the \$117.2 million of the unassigned fund balance have other internally imposed limitations as discussed below. (Please refer to Notes to the Financial Statements for a further explanations and breakdown of these balances.)

The following governmental funds are major funds and had significant impact on the state's financial position during fiscal year 2011:

- ***General Fund.*** The General Fund is the chief operating fund of the State. As a result of the implementation of GASB 54, seven funds previously reported as non-major special revenue funds (Property Tax Reduction Fund, Tourism Promotion Fund, Investment Council Operating Fund, Private Activity Bonds Fund, Tax Relief Fund, Extraordinary Litigation Fund, and Unclaimed Property Administrative Fund) no longer qualify as special revenue funds and have been incorporated into the General Fund as subfunds for financial statement reporting purposes. Thus, the General Fund appears differently in the FY11 financial statements than it has in the past as it will include all of the activity (revenues, expenses, assets, liabilities, and fund equity) of these seven funds. The General Fund and these seven funds were, and will continue to be budgeted for, accounted for and tracked separately on the State's budget and accounting system.

The following table identifies the General Fund beginning and ending fund balances before and after the GASB 54 changes (expressed in thousands):

	General Fund Beginning Fund Balance	General Fund Ending Fund Balance
Fund Balance - General Fund - before GASB 54 Changes	\$ 155,066	\$ 214,180
Changes	Beginning Fund Balance	Ending Fund Balance
Property Tax Reduction - assigned for Education	\$ 68,177	\$ 67,754
Tourism Promotion - assigned for Tourism Promotion	1,806	2,454
Investment Council Operating - assigned for Other	2,212	1,728
Private Activity Bond - assigned for Other	1,173	67
Tax Relief - unassigned	1,546	936
Extraordinary Litigation Expense - unassigned	172	154
Unclaimed Property - unassigned	32	30
Total Changes	75,118	73,123
Fund Balance - General Fund - after GASB 54 Changes	\$ 230,184	\$ 287,303

See the Notes to the Financial Statements for more information on the GASB 54 changes.

At the end of the fiscal year, total fund balance of the General Fund was \$287.3 million (including GASB 54 reclassified subfunds). \$148.1 million of the total fund balance was assigned for specific purposes; \$136.0 million was unassigned with the remaining \$3.2 million as nonspendable. However, it is important to note that some of this unassigned fund balance has other limiting 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; \$43.4 million is the General Fund Budget Reserve which is created by state law and only to be used to address emergency situations without having to raise taxes or cut spending; and \$1.1 million is intended for use within the GASB 54 reclassified subfunds within the General Fund. Other limitations on the General Fund include:

- \$30.1 million represents tax revenue that was received in FY11, recognized in the General Fund in FY11 for financial reporting purposes, but not distributed on a cash basis to the General Fund until FY12 for purposes of meeting the State's ongoing obligations to the citizens and creditors for the next fiscal year.
- \$73.7 million is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities.

As a measure of 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 13.1% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve) represents 12.1% of that same amount.

- **Transportation.** The total fund balance at the end of the current fiscal year for the Transportation Fund was \$155.9 million, an increase of \$14.1 million from the prior fiscal year. The increase resulted primarily from an increase in motor fuel and vehicle excise tax receipts and the effects of the economic stimulus projects; which caused a temporary delay in other construction projects that will require the future use of State funds.
- **Dakota Cement Trust.** The total fund balance at the end of the current fiscal year for the Dakota Cement Trust Fund was \$242.7 million, an increase of \$31.7 million from the prior fiscal year. The increase resulted primarily from investment income during the fiscal year.

- **Education Enhancement Trust.** The total fund balance at the end of the current fiscal year for the Education Enhancement Trust Fund was \$377.1 million, an increase of \$50.9 million from the prior fiscal year. The increase resulted primarily from investment income during the fiscal year.

### ***Proprietary Funds***

The State's proprietary funds are presented on the full accrual basis of accounting and include the State's enterprise funds and internal service funds. The following proprietary funds had significant activity or changes to net assets during fiscal year 2011:

- **Lottery Fund.** 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 total net assets of \$7.05 million, an increase of \$0.02 million in comparison with the prior year. During the current fiscal year, the State Lottery produced income (before transfers) in the amount of \$108.0 million on total revenue of \$144.4 million, compared to the previous fiscal year's income (before transfers) of \$119.9 million on total revenue of \$154.6 million. The decrease in revenues was the result of a decrease in video lottery sales. During fiscal year 2011, the State Lottery distributed approximately \$94.9 million to the Property Tax Reduction Fund, \$6.1 million to the General Fund, \$6.8 million to the Capital Construction Fund, and \$0.16 million to the Department of Human Services.
- **Clean Water State Revolving Fund.** The Clean Water State Revolving Fund program provides low interest loans to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive highest priority. At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net assets of \$196.6 million, an increase of \$23.4 million in comparison with the prior fiscal year. The increase resulted primarily from (1) the receipt of \$15.3 million capitalization grant monies received from the federal government and (2) a transfer in of \$10 million from the Drinking Water State Revolving Fund Program. This was offset slightly by a decrease of \$1.8 million due to operating expenses in excess of revenue from investments, interest, and other sources.
- **Drinking Water State Revolving Fund.** The Drinking Water State Revolving Fund program provides low interest loans for drinking water projects. Projects with compliance or health and safety concerns receive highest priority. At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net assets of \$144.9 million, an increase of \$11.8 million in comparison with the prior year. This increase resulted primarily from the receipt of \$27.0 million of capitalization grant monies received from the federal government. This was offset by (1) a \$10 million transfer to the Clean Water State Revolving Fund program and (2) \$5.2 million of operating expenses in excess of revenue from investments, interest and other sources.

### ***Budgetary Highlights***

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 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, 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 amended budget was a \$15.7 million decrease in appropriations. That decrease can be attributed to one separate appropriation area comprised of general bill adjustments.

The general fund had general bill adjustments that decreased the original budget by \$15.7 million during fiscal year 2011 which consisted of the following:

- \$.2 million increase in appropriations to the Department of Game, Fish & Parks for programs in State Parks and Recreation.
- \$23.5 million decrease in appropriations to the Department of Social Services for programs in Economic Assistance, Medical and Adult Services, and Children's Services.
- \$5.7 million increase in appropriations to the Department of Education for programs in Postsecondary Vocational Education.
- \$10.6 increase in appropriations to the Board of Regents for programs at the University of South Dakota, South Dakota State University, South Dakota School of Mines and Technology, Northern State University, Black Hills State University, and Dakota State University.
- \$1 million decrease in appropriations to the Department of Corrections for programs in Central Services, Mike Durfee State Prison, the State Penitentiary, the Women's Prison, Community Service, Parole Services, Juvenile Community Corrections, Youth Challenge Center, Patrick Henry Brady Academy, State Treatment and Rehabilitation Academy, and Qwest and ExCEL.
- \$7.7 million decrease in appropriations to the Department of Human Services for programs in Developmental Disabilities, Alcohol and Drug Abuse, Rehabilitation Services, the Human Services Center, and Community Mental Health.

The effect of the general bill adjustments resulted in a \$15.7 million dollar decrease in appropriations. Overall, there were no over-expenditures by any State departments. The difference between the final amended budget and actual spending was \$7.5 million below final budgeted estimates.

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

### ***Capital Assets***

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2011 is \$3.4 billion (net of accumulated depreciation). This investment in capital assets includes land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 111,665	\$ 102,479	\$ 295	\$ 295	\$ 111,960	\$ 102,774
Land Improvements	28,093	27,559	924	924	29,017	28,483
Land Improvements - Roads	598,800	596,572	-	-	598,800	596,572
Buildings	411,562	370,686	4,008	4,008	415,570	374,694
Equipment	168,904	156,036	4,520	4,542	173,424	160,578
Intangible Assets – Software	49,069	43,468	725	725	49,794	44,193
Vehicles	132,811	124,829	-	-	132,811	124,829
Infrastructure	3,315,207	3,250,872	-	-	3,315,207	3,250,872
Construction in Progress	269,930	216,372	-	-	269,930	216,372
<b>Total Capital Assets</b>	<b>5,086,041</b>	<b>4,888,873</b>	<b>10,472</b>	<b>10,494</b>	<b>5,096,513</b>	<b>4,899,367</b>
Accumulated Depreciation	(1,697,984)	(1,622,202)	(6,112)	(5,631)	(1,704,096)	(1,627,833)
<b>Total Capital Assets, Net</b>	<b>\$ 3,388,057</b>	<b>\$ 3,266,671</b>	<b>\$ 4,360</b>	<b>\$ 4,863</b>	<b>\$ 3,392,417</b>	<b>\$ 3,271,534</b>

The most significant capital asset the State reported in fiscal year 2011 was infrastructure assets and related land and land improvements. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally 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 81.0% of total capital assets (net of accumulated depreciation).

The State's investment in capital assets (net of accumulated depreciation) increased from fiscal year 2010 to 2011 by approximately 3.7%. The change was primarily due to ongoing construction and completion of segments of infrastructure - highways, bridges, and railroads. Construction in progress for highways, bridges, and railroads increased by \$106.5 million and decreased by \$63.6 million (projects completed and capitalized). Land and land improvements increased by \$9.7 million which consisted of land purchased by the Department of Game Fish and Parks (\$9.0 million) and by the Department of Transportation (\$0.4 million) and land improvements by the Department of Military and Veterans Affairs (\$0.2 million). Building and building improvements increased by \$40.9 million. This was largely due to the completion of vocational education building completions at Lake Area Technical Institute and Mitchell Technical Institution (\$17.0 million), the Mickelson Center (\$0.8 million), the Pierce, Kanner and Kyle building improvements (\$1.0 million), the Capital Plaza renovation (\$2.8 million), the McKay Building renovation (\$4.6 million), the Human Services Admissions building (\$0.7 million), the Aberdeen Maintenance Shop additions (\$0.7 million), the Missouri Rivers Fisheries Center (\$3.7 million) and Norgello building and dam renovations (\$2.9 million). Equipment assets increased by \$12.8 million. This was largely due to the purchase of new equipment and replacing of aged equipment by the Department of Transportation (\$5.4 million, net of disposals) the Bureau of Administration (\$1.2 million, net of disposals), the Department of Game, Fish & Parks (\$1.5 million, net of disposals), the Department of Corrections (\$3.3 million, net of disposals) and by the Department of Health (\$0.8 million, net of disposals). Intangible assets increased by \$5.6 million. This is largely due to new software for the Department of Transportation (\$0.6 million, net of disposals) and the Department of Corrections (\$0.9 million). Vehicles, which include trucks, cars, pickups and other vehicles, increased by \$8.0 million largely due to replacing aged vehicles by the Department of Transportation (\$4.2 million, net of disposals) and the Department of Game Fish and Parks (\$0.8 million, net of disposals). Construction in progress, excluding construction in progress for highways, bridges, and railroads, increased by \$53.6 million. This was largely due to new and ongoing projects by the Department of Military and Veterans Affairs (\$25.3 million, net of projects completed and capitalized), the

Department of Game, Fish and Parks (\$0.9 million, net of projects completed and capitalized), the Department of Social Services (\$2.7 million, net of projects completed and capitalized), the Unified Judicial System (\$2.6 million, net of projects completed and capitalized), and the Department of Transportation (\$0.9 million, net of projects completed and capitalized).

More detailed information on the State's capital assets can be found in Notes to the Financial Statements.

### ***Debt Administration***

The authority of the State to incur limited debt for specific purposes is described in Article XIII, Section 2, of the State's Constitution. Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000. General obligation indebtedness of the State is backed by the full faith and credit of the State and reported as part of the governmental activities in the State's basic financial statements. At June 30, 2011 the issuer credit rating (ICR) for the State of South Dakota from Standard and Poor's was AA+.

The South Dakota Building Authority was created and organized by Chapter 5-12 of the South Dakota Codified Laws. The South Dakota Building Authority 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 lease agreements between the South Dakota Building Authority and other State departments and institutions. The South Dakota Building Authority is a blended component unit of the State. On March 29, 2011, the South Dakota Building Authority rating from Standard and Poor's was upgraded. Thus at June 30, 2011, the uninsured rating was Aa2 from Moody's and AA from Standard and Poor's. The indebtedness, bonds, or obligations incurred or created by the South Dakota Building Authority 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 governmental activities in the State's basic financial statements, except for debt of universities, which is reported as part of the discretely presented component unit information. The South Dakota Building Authority issued \$5.6 million in Taxable Revenue Bonds (Recovery Zone Economic Development Bonds) and \$3.9 million in Taxable Revenue Bonds for Governmental Activities. The State incurred no new long-term general indebtedness under Business-type Activities. The South Dakota Building Authority issued \$11.4 million in Taxable Revenue Bonds (Build America Bond) and \$9.0 million in Taxable Revenue Bonds (Recovery Zone Economic Development Bonds) for Higher Education (a discretely presented component unit).

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 accordingly, is included in the State's financial statements. At June 30, 2011, the EEFC Series 2002A and 2002B Bonds had a rating of Baa3 from Moody's and BBB from Standard and Poor's. On September 8, 2011, Moody's Investor Services upgraded the Series Bonds from Baa3 to A1 and A3, respectively. 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 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. 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 of any political subdivision or agency thereof. EEFC has no taxing power. During the year, EEFC incurred no new long-term general indebtedness.

The South Dakota Conservancy District issues revenue bonds for the Clean Water State Revolving Fund (CWSRF) and for 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. At June 30, 2011, the South Dakota Conservancy District had maintained its long-term rating of Aaa from Moody's and AAA from Standard & Poor's on all outstanding State Revolving Fund Program Bonds. The South Dakota Conservancy District bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State.

The bonds are paid solely from CWSRF and DWSRF loan repayments. 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. During the current fiscal year, the South Dakota Conservancy District issued Bond Anticipation Notes (BANS) for the CWSRF program with a par amount of \$36.5 million to pay off the 2009 BANS. The District also issued BANS for the DWSRF program with a par amount of \$17.7 million to pay off the 2009 BANS. The maturity date of the 2010 BANS was 9/30/2011. The District also issued \$92.4 million in bonds on 12/28/2010. There were two series associated with this issue. Series 2010A was Taxable Revenue Bonds (Build America Bonds) totaling \$38.7 million. (Of this amount, \$26.0 million was for the CWSRF Program and \$12.7 million was for the DWSRF Program.) Series 2010B was Tax Exempt Revenue Bonds totaling \$53.7 million. (Of this amount, \$29.7 million was for the CWSRF Program and \$24.0 million was for the DWSRF Program.) All of the Series 2010A Bonds and a portion of the Series 2010B Bonds were used to advance refund the Series 2010 BANS. The balance of the Series 2010B Bonds were used to refund on a current basis the Series 1998A Bonds (1/10/2011 redemption date) and the Series 2008 Bonds (2/1/2011 redemption date).

At June 30, 2011, primary government had total notes and bonded debt outstanding as follows:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenue Bonds:						
South Dakota Building Authority	\$ 53,698	\$ 52,591	\$	\$	\$ 53,698	\$ 52,591
Educational Enhancement Funding Corporation	196,679	207,578			196,679	207,578
South Dakota Conservancy District			174,218	126,509	174,218	126,509
Trust Certificates:					-	-
South Dakota Building Authority	19,249	21,895			19,249	21,895
Capital Leases:	40,186	25,009			40,186	25,009
<b>Total</b>	<b>\$ 309,812</b>	<b>\$ 307,073</b>	<b>\$ 174,218</b>	<b>\$ 126,509</b>	<b>\$ 484,030</b>	<b>\$ 433,582</b>

Additional information on the State's long-term debt obligations can be found in the Notes to the Financial Statements.

## ***ECONOMIC CONDITIONS AND OUTLOOK***

Nonfarm employment in South Dakota increased during fiscal year 2011, which was the first yearly increase in employment since the 2007-2009 national recession ended. In fiscal year 2011, nonfarm employment in the State increased 0.9%, or 3,600 jobs. South Dakota's employment growth during the fiscal year performed better than the national growth rate of 0.7% and was the 10<sup>th</sup> year in a row that South Dakota's growth rate was higher than the national growth rate. The unemployment rate in South Dakota remained one of the lowest in the nation in fiscal year 2011. South Dakota's unemployment rate was 4.7% in June 2011, while the U.S. unemployment rate was 9.1% the same month. In calendar year 2011, the most recent annual data that is available, South Dakota's personal income grew 6.2%, which exceeded the national growth rate of 5.1%. South Dakota's personal income growth rate ranked 5<sup>th</sup> of all states in calendar year 2011.

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.

The State's discretely presented component units, with the exception of Higher Education and the Value Added Finance Authority, 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.



## ***BASIC FINANCIAL STATEMENTS***

***The “Basic Financial Statements” include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, and the accompanying Notes to the Financial Statements. The following individual statements are included:***

***Government-Wide Financial Statements – Statement of Net Assets***

***Government-Wide Financial Statements – Statement of Activities***

***Balance Sheet – Governmental Funds***

***Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets***

***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 Assets – Proprietary Funds***

***Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds***

***Statement of Cash Flows – Proprietary Funds***

***Statement of Fiduciary Net Assets – Fiduciary Funds***

***Statement of Changes in Fiduciary Net Assets – Fiduciary Funds***

***Notes to the Financial Statements***



**STATE OF SOUTH DAKOTA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**  
**(Expressed in Thousands)**

**Primary Government**

<b>Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 675,601	\$ 166,236	\$ 841,837
Receivables (Net)	376,574	404,669	781,243
Due From Component Units	974	25	999
Due From Primary Government			0
Internal Balances	6,903	(6,903)	0
Investments	778,109	117,920	896,029
Inventory	22,905	2,342	25,247
Deferred Swap Outflow			0
Deferred Fiscal Charges and Other Assets	8,385	1,394	9,779
Restricted Assets:			
Cash and Cash Equivalents	1	363	364
Investments	23,422	1,249	24,671
Other		792	792
Capital Assets:			
Land and Other Non-depreciable Assets	716,744	295	717,039
Infrastructure (net)	1,994,462		1,994,462
Property, Plant and Equipment (net)	406,921	4,065	410,986
Construction in Progress	269,930		269,930
<b>Total Assets</b>	<b>5,280,931</b>	<b>692,447</b>	<b>5,973,378</b>
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	282,888	6,065	288,953
Due To Primary Government			0
Due To Component Units	1,682		1,682
Accrued Interest Payable	10,434	3,731	14,165
Deferred Revenue	33,826	2,371	36,197
Fair Value of Interest Rate Swap Agreements			0
Noncurrent Liabilities:			
Due Within One Year	46,544	7,952	54,496
Due In More Than One Year	364,955	167,470	532,425
<b>Total Liabilities</b>	<b>740,329</b>	<b>187,589</b>	<b>927,918</b>
<b>Net Assets</b>			
Invested In Capital Assets, Net of Related Debt	3,300,829	4,360	3,305,189
Restricted For:			
Education	7,589		7,589
Highways	146,792		146,792
Railroads	37,570		37,570
Law, Justice, Public Protection and Regulation	10,330		10,330
Agriculture and Natural Resources	58,257		58,257
Game and Fish	8,674		8,674
Parks and Recreation	6,438		6,438
Health and Public Assistance	7,812		7,812
Economic Development	29,563		29,563
Debt Service	51,238	1,139	52,377
Capital Projects	5,272		5,272
Energy Conservation Programs	11,243		11,243
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds held as Permanent Investments			
Expendable	71,591		71,591
Nonexpendable	683,786		683,786
Interim Lab			0
Sanford Center for Science Education			0
Other Purposes	8,301	792	9,093
Unrestricted	95,317	498,567	593,884
<b>Net Assets</b>	<b>\$ 4,540,602</b>	<b>\$ 504,858</b>	<b>\$ 5,045,460</b>

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

Component Units			
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 241,141	\$ 35,752	\$ 137,090	\$ 3,430
1,551,576	1,306	140,491	23,734
	30	1,652	
473,728		315,478	4,190
2,101	2,828	8,185	
24,125			
12,531	793	4,790	56
		24,813	19
		29,894	6,360
		6,614	
220	18,217	35,583	
6,328	37,623	726,149	
	726	32,580	
2,311,750	97,275	1,463,319	37,789
18,918	1,784	35,580	1,434
41		958	
11,259		3,379	320
		7,369	
24,125			
185,777	214	47,606	1,671
1,617,475	214	463,089	24,370
1,857,595	2,212	557,981	27,795
(51)	56,566	437,422	
454,206		5,528	6,379
		114,446	
		306,192	
	7,475		
	13,037		
	12,500		
	5,485	41,750	3,615
\$ 454,155	\$ 95,063	\$ 905,338	\$ 9,994

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 157,405	\$ 170,598	\$ 17,078	\$
Education - Elementary, Secondary and Vocational Schools	218,959	5,843	238,155	
Education - State Support to Higher Education	185,757		21,884	
Health, Human and Social Services	1,354,829	36,256	959,879	
Law, Justice, Public Protection and Regulation	286,824	60,555	130,370	
Agriculture and Natural Resources	151,116	67,815	49,556	
Economic Resources	51,157	1,332	18,965	
Transportation	508,548	7,776	402,425	3,945
Intergovernmental - Payments to School Districts	412,310			
Intergovernmental - Revenue Sharing	100,493			
Unallocated Interest Expense	18,711			
Unallocated Depreciation	58			
<b>Total Governmental Activities</b>	<b>3,446,167</b>	<b>350,175</b>	<b>1,838,312</b>	<b>3,945</b>
<b>Business-type Activities:</b>				
Lottery	36,775	144,460	311	
Clean Water State Revolving	11,109	6,014	18,534	
Drinking Water State Revolving	11,964	4,807	29,033	
Revolving Economic Development and Initiative	669	1,757	1,075	
Unemployment Insurance	63,618	74,452	2,304	
Second Injury	1,289	3,315	6	
State Fair	2,652	2,440	46	
Federal Surplus Property	6,166	6,373	7	
Rural Rehabilitation	740	266	115	
Prison Industries	2,399	2,688	105	
Health Insurance Risk Pool	7,730	5,871	1,010	
Professional and Licensing	6,429	6,571	287	
Banking and Insurance	3,351	3,485	37	
Other	5,363	4,992	56	
<b>Total Business-type Activities</b>	<b>160,254</b>	<b>267,491</b>	<b>52,926</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$ 3,606,421</b>	<b>\$ 617,666</b>	<b>\$ 1,891,238</b>	<b>\$ 3,945</b>
<b>Component Units:</b>				
Housing Authority	\$ 131,325	\$ 148,105	\$	\$
Science and Technology Authority	16,304	1,125	7,399	
Higher Education	646,418	316,544	171,514	12,521
Nonmajor	1,509	1,434	9	
<b>Total Component Units</b>	<b>\$ 795,556</b>	<b>\$ 467,208</b>	<b>\$ 178,922</b>	<b>\$ 12,521</b>

**General Revenues:**

Taxes:
Sales Taxes
Motor Fuel Taxes
Contractors Excise Taxes
Bank Card and Franchise Taxes
Other Taxes
Investment 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 Assets
Net Assets - Beginning, as restated
Net Assets - Ending

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

Net (Expenses) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 30,271	\$	\$ 30,271				
25,039		25,039				
(163,873)		(163,873)				
(358,694)		(358,694)				
(95,899)		(95,899)				
(33,745)		(33,745)				
(30,860)		(30,860)				
(94,402)		(94,402)				
(412,310)		(412,310)				
(100,493)		(100,493)				
(18,711)		(18,711)				
(58)		(58)				
(1,253,735)	0	(1,253,735)				
	107,996	107,996				
	13,439	13,439				
	21,876	21,876				
	2,163	2,163				
	13,138	13,138				
	2,032	2,032				
	(166)	(166)				
	214	214				
	(359)	(359)				
	394	394				
	(849)	(849)				
	429	429				
	171	171				
	(315)	(315)				
0	160,163	160,163				
(1,253,735)	160,163	(1,093,572)				
			\$ 16,780	\$	\$	\$
				(7,780)		
					(145,839)	
						(66)
			16,780	(7,780)	(145,839)	(66)
741,455		741,455				
130,542		130,542				
66,518		66,518				
16,954		16,954				
266,415		266,415				
143,106		143,106		928	48,766	90
					185,757	
819		819				
41,519		41,519				
					17,788	
107,750	(107,750)					
1,515,078	(107,750)	1,407,328	0	928	252,311	90
261,343	52,413	313,756	16,780	(6,852)	106,472	24
4,279,259	452,445	4,731,704	437,375	101,915	798,866	9,970
\$ 4,540,602	\$ 504,858	\$ 5,045,460	\$ 454,155	\$ 95,063	\$ 905,338	\$ 9,994

STATE OF SOUTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011  
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust
<b>Assets</b>					
Cash and Cash Equivalents	\$ 213,581	\$ 127,803	\$	\$ 2,861	\$ 21,311
Investments				238,712	368,456
Receivables From:					
Taxes (net)	99,345	9,600			
Interest and Dividends	2,199	607	3	1,132	1,836
Other Funds	58,056	1,180	6		
Component Units		76			
Other Governments	731	49,576	29,929		
Loans and Notes (net)		434			
Other (net)	5,727	658	8,427		
Inventory	2,251	16,124			
Deferred Fiscal Charges and Other Assets	897	207	59		
<b>Total Assets</b>	<b>\$ 382,787</b>	<b>\$ 206,265</b>	<b>\$ 38,424</b>	<b>\$ 242,705</b>	<b>\$ 391,603</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 64,103	\$ 41,214	\$ 33,678	\$ 7	\$
Payable To:					
Other Funds	4,336	1,429	4,434		14,469
Component Units	151	64	125		
Other Governments	23,852	7,627	82		
Claims, Judgments and Compensated Absences	80	16	10		
Deferred Revenue	2,962	29			
<b>Total Liabilities</b>	<b>95,484</b>	<b>50,379</b>	<b>38,329</b>	<b>7</b>	<b>14,469</b>
<b>Fund Balances:</b>					
Nonspendable	3,148			238,000	329,330
Restricted		155,886	95	4,698	47,804
Committed					
Assigned	148,137				
Unassigned	136,018				
<b>Total Fund Balances</b>	<b>287,303</b>	<b>155,886</b>	<b>95</b>	<b>242,698</b>	<b>377,134</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 382,787</b>	<b>\$ 206,265</b>	<b>\$ 38,424</b>	<b>\$ 242,705</b>	<b>\$ 391,603</b>

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

<u>Nonmajor</u>	<u>Total</u>
\$ 257,336	\$ 622,892
194,363	801,531
4,195	113,140
2,154	7,931
8,217	67,459
134	210
83,836	164,072
59,615	60,049
15,790	30,602
3,138	21,513
1,175	2,338
<u>\$ 629,953</u>	<u>\$ 1,891,737</u>

\$ 38,347	\$ 177,349
41,313	65,981
1,231	1,571
58,160	89,721
64	170
36,558	39,549
<u>175,673</u>	<u>374,341</u>

116,456	686,934
285,155	493,638
36,844	36,844
34,684	182,821
(18,859)	117,159
<u>454,280</u>	<u>1,517,396</u>
<u>\$ 629,953</u>	<u>\$ 1,891,737</u>





**STATE OF SOUTH DAKOTA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2011**  
**(Expressed in Thousands)**

**Total Fund Balances - Governmental Funds** \$ 1,517,396

**Amounts reported for governmental activities in the statement of net assets 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	985,509	
Infrastructure	3,315,208	
Other Capital Assets	694,068	
Accumulated Depreciation	<u>(1,629,213)</u>	
Total Capital Assets		3,365,572

Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

14,514

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 assets.

25,988

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	(265,739)	
Accrued Interest on Bonds	(10,434)	
Capital Leases	(36,113)	
Compensated Absences	(44,459)	
Unclaimed Property	(1,569)	
Net OPEB Obligation	(12,885)	
Pollution Remediation	<u>(11,669)</u>	
Total Long-Term Liabilities		<u>(382,868)</u>

**Net Assets of Governmental Activities**

\$ 4,540,602

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, 2011**  
**(Expressed in Thousands)**

	<u>General Fund</u>	<u>Transportation</u>	<u>Social Services Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>
Revenue:					
Taxes	\$ 936,072	\$ 186,050	\$	\$	\$
Licenses, Permits and Fees	9,098	4,889			
Fines, Forfeits and Penalties	518				
Use of Money and Property	12,970	3,353	16	44,352	66,565
Sales and Services	14,390	1,318			
Administering Programs	57	311,677	675,342		
Tobacco Settlement					
Other Revenue	22,135	814	7,395		
Total Revenue	<u>995,240</u>	<u>508,101</u>	<u>682,753</u>	<u>44,352</u>	<u>66,565</u>
Expenditures:					
Current:					
General Government	34,138			635	1,241
Education	19,890				
Education - Payments to School Districts	366,725				
Education - State Support to Higher Education	163,874				
Health, Human and Social Services	360,279		682,801		
Law, Justice, Public Protection and Regulation	126,099	14,852			
Agriculture and Natural Resources	14,651				
Economic Resources	20,271				
Transportation		481,630			
State Shared Revenue Paid to Other Governments	20,597				
Capital Outlay					
Debt Service:					
Principal					
Interest					
Total Expenditures	<u>1,126,524</u>	<u>496,482</u>	<u>682,801</u>	<u>635</u>	<u>1,241</u>
Excess of Revenues Over (Under) Expenditures	(131,284)	11,619	(48)		65,324
Other Financing Sources (Uses):					
Capital Leases					
Bonds Issued					
Premiums on Bond Issuance					
Proceeds of Refunding Bonds					
Premiums on Refunding Bonds					
Proceeds from Sale of Capital Assets	23	1,116			
Payment on Advanced Refundings					
Transfers In	203,652	4,909			
Transfers Out	(15,272)	(3,561)		(12,000)	(14,469)
Net Other Financing Sources (Uses)	<u>188,403</u>	<u>2,464</u>	<u>0</u>	<u>(12,000)</u>	<u>(14,469)</u>
Net Change in Fund Balances	57,119	14,083	(48)	31,717	50,855
Fund Balances at Beginning of Year, as restated	230,184	141,803	143	210,981	326,279
Fund Balances at End of Year	<u>\$ 287,303</u>	<u>\$ 155,886</u>	<u>\$ 95</u>	<u>\$ 242,698</u>	<u>\$ 377,134</u>

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

<u>Nonmajor</u>	<u>Total</u>
\$ 99,760	\$ 1,221,882
188,462	202,449
11,624	12,142
35,321	162,577
16,791	32,499
833,129	1,820,205
23,673	23,673
9,664	40,008
<u>1,218,424</u>	<u>3,515,435</u>

34,479	70,493
213,264	233,154
47,300	414,025
21,883	185,757
307,322	1,350,402
170,632	311,583
140,413	155,064
30,715	50,986
95,147	576,777

79,896	100,493
4,381	4,381

22,225	22,225
17,504	17,504
<u>1,185,161</u>	<u>3,492,844</u>

33,263	22,591
--------	--------

19,465	19,465
9,505	9,505
154	154
801	801
24	24
449	1,588
(741)	(741)
29,407	237,968
(90,072)	(135,374)
<u>(31,008)</u>	<u>133,390</u>
2,255	155,981
<u>452,025</u>	<u>1,361,415</u>
<u>\$ 454,280</u>	<u>\$ 1,517,396</u>



**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, 2011**  
**(Expressed in Thousands)**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 155,981**

**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	211,414	
Depreciation Expense	(85,710)	
Excess of Capital Outlay Over Depreciation Expense	125,704	125,704

The net effect of various miscellaneous transactions involving capital assets, including sales, donations and trade-ins is to decrease net assets. (4,949)

Capital leases entered into during the fiscal year are 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 assets. (19,465)

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 assets. In the current year, these amounts consist of:

Bond Principal Retirement	22,966	
Capital Lease Payments	1,715	
Total Long-Term Debt Repayment	24,681	24,681

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. (3,869)

Because some revenues will not be collected until several months after the state's fiscal year ends, they are not considered 'available' revenues and are deferred in the funds. Deferred revenues increased (decreased) by this amount this year. (180)

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

Bonds Issued	(10,306)	
Bond Issuance and Refunding Costs	(179)	
Bond Premium	(175)	(10,660)

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	(702)	
(Increase) Decrease in Compensated Absences	436	
(Increase) Decrease in Workers Compensation	175	
(Increase) Decrease in Unclaimed Property	24	
(Increase) Decrease in Net OPEB Obligation	(3,145)	
(Increase) Decrease in Pollution Remediation	(2,688)	
Total Additional Expenditures	(5,900)	(5,900)

**Change in Net Assets of Governmental Activities** **\$ 261,343**

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

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2011**  
**(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major			Nonmajor	Total	
	Lottery	Clean Water State Revolving	Drinking Water State Revolving			
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 8,131	\$ 27,254	\$ 25,434	\$ 105,417	\$ 166,236	\$ 52,710
Receivables:						
Interest and Dividends	69	2,377	1,709	488	4,643	283
Other Funds				309	309	7,093
Component Units				25	25	764
Other Governments		378	507	1,205	2,090	122
Loans and Notes (Net)		22,970	13,076	9,135	45,181	
Other (Net)	3,991			2,222	6,213	194
Inventory				2,342	2,342	800
Deferred Fiscal Charges and Other Assets		48	37	162	247	2,161
Total Current Assets	12,191	53,027	40,763	121,305	227,286	64,127
Restricted Assets:						
Restricted Cash	17	335	11		363	
Restricted Investments	456	374	419		1,249	
Other	792				792	
Investments		79,850	38,070		117,920	
Capital Assets:						
Land and Other Non-depreciable Assets				295	295	
Property, Plant and Equipment	2,976			7,203	10,179	90,093
Accumulated Depreciation	(589)			(5,525)	(6,114)	(68,773)
Construction in Progress					0	1,165
Total Capital Assets	2,387	0	0	1,973	4,360	22,485
Other Noncurrent Assets		167,575	139,606	40,485	347,666	
Total Assets	15,843	301,161	218,869	163,763	699,636	86,612
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	2,161	238	265	2,044	4,708	3,725
Payable To:						
Other Funds	6,171			1,031	7,202	1,575
Component Units					0	111
Escrow Payable	70				70	
Bonds, Notes and Leases Payable		4,342	2,965		7,307	2,392
Claims, Judgments and Compensated Absences	129	33	26	1,731	1,919	18,834
Accrued Interest Payable		2,186	1,545		3,731	
Deferred Revenue	152			2,219	2,371	8,199
Total Current Liabilities	8,683	6,799	4,801	7,025	27,308	34,836
Noncurrent Liabilities:						
Bonds, Notes and Leases Payable		97,742	69,166		166,908	1,683
Claims, Judgments and Compensated Absences	115	29	20	398	562	24,105
Total Noncurrent Liabilities	115	97,771	69,186	398	167,470	25,788
Total Liabilities	8,798	104,570	73,987	7,423	194,778	60,624
Net Assets						
Invested In Capital Assets, Net of Related Debt	2,387			1,973	4,360	18,410
Restricted For:						
Debt Service		709	430		1,139	
Other	792				792	
Unrestricted	3,866	195,882	144,452	154,367	498,567	7,578
Total Net Assets	\$ 7,045	\$ 196,591	\$ 144,882	\$ 156,340	\$ 504,858	\$ 25,988

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

STATE OF SOUTH DAKOTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Major			Nonmajor	Total	Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving			Internal Service Funds
Operating Revenue:						
Licenses, Permits and Fees	\$ 1,383	\$	\$	\$ 10,765	\$ 12,148	\$
Use of Money and Property		4,153	3,510	2,016	9,679	10
Sales and Services	143,056	1,320	1,034	17,948	163,358	193,935
Administering Programs		15,275	27,046	147	42,468	
Assessments				77,767	77,767	
Other Revenue		541	263	785	1,589	2,193
Total Operating Revenue	144,439	21,289	31,853	109,428	307,009	196,138
Operating Expenses:						
Personal Services and Benefits	1,434	238	195	8,597	10,464	32,156
Travel	127	12	10	905	1,054	531
Contractual Services	6,949	437	751	8,535	16,672	29,842
Supplies and Materials	651	2	3	7,094	7,750	17,559
Grant and Other	74	6,175	8,063	294	14,606	
Interest		4,206	2,911		7,117	219
Depreciation/Amortization	364	39	31	167	601	6,207
Lottery Prizes	27,176				27,176	
Insurance Claims				74,579	74,579	116,922
Total Operating Expenses	36,775	11,109	11,964	100,171	160,019	203,436
Operating Income (Loss)	107,664	10,180	19,889	9,257	146,990	(7,298)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets					0	128
Loss on Disposal of Assets					0	(24)
Interest Income	311	3,259	1,987	4,075	9,632	1,293
Other Expense				(235)	(235)	
Grant and Other Income	21			3,755	3,776	973
Total Nonoperating Revenue (Expenses)	332	3,259	1,987	7,595	13,173	2,370
Income (Loss) Before Transfers	107,996	13,439	21,876	16,852	160,163	(4,928)
Transfers:						
Transfers In		10,000		1,898	11,898	1,717
Transfers Out	(107,978)	(30)	(10,027)	(1,613)	(119,648)	(658)
Net Transfers In (Out)	(107,978)	9,970	(10,027)	285	(107,750)	1,059
Change in Net Assets	18	23,409	11,849	17,137	52,413	(3,869)
Net Assets at Beginning of Year	7,027	173,182	133,033	139,203	452,445	29,857
Net Assets at End of Year	\$ 7,045	\$ 196,591	\$ 144,882	\$ 156,340	\$ 504,858	\$ 25,988

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, 2011**  
**(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major			Nonmajor	Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving			
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 145,218	\$ 1,281	\$ 982	\$ 101,979	\$ 249,460	\$ 77,579
Receipts from Interfund Services Provided				5,697	5,697	118,944
Receipts from Federal Agencies		15,257	27,064	229	42,550	
Receipts from Loan Payments		43,008	31,112	8,103	82,223	
Payments to Suppliers and for Benefits and Claims	(6,960)	(6,273)	(8,693)	(89,505)	(111,431)	(149,581)
Payments for Employee Services	(1,438)	(223)	(201)	(8,612)	(10,474)	(32,363)
Payments for Interfund Services Used	(692)			(1,525)	(2,217)	(12,452)
Payments for Lottery Prizes	(27,356)				(27,356)	
Payments for Loans Originated		(45,518)	(44,461)	(3,045)	(93,024)	
Other Receipts (Payments)	(63)	231	191	(19)	340	213
Net Cash Provided (Used) by Operating Activities	108,709	7,763	5,994	13,302	135,768	2,340
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets	(5)			(16)	(21)	(5,285)
Sales of Capital Assets						287
Payments on Capital Lease Obligations						(3,897)
Net Cash Provided (Used) by Capital and Related Financing Activities	(5)	0	0	(16)	(21)	(8,895)
Cash Flows From Noncapital Financing Activities:						
Transfers In		10,000		1,898	11,898	1,713
Transfers Out	(108,946)	(30)	(10,027)	(1,613)	(120,616)	(656)
Issuance of Bonds		94,571	56,287		150,858	
Payments on Bonds and Notes		(98,420)	(59,330)		(157,750)	
Bond Issuance Costs		(348)	(229)		(577)	
Interest Payments on Bonds and Notes		(3,123)	(2,364)		(5,487)	
Other Noncapital Financing Activities				2,999	2,999	973
Net Cash Provided (Used) by Noncapital Financing Activities	(108,946)	2,650	(15,663)	3,284	(118,675)	2,030
Cash Flows From Investing Activities:						
Investment Income	322	2,951	1,806	4,085	9,164	1,327
Purchase of Investment Securities		(55,678)	(33,623)		(89,301)	
Proceeds from the Sale and Maturity of Investments		32,502	30,657		63,159	
Net Cash Provided (Used) by Investing Activities	322	(20,225)	(1,160)	4,085	(16,978)	1,327
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	80	(9,812)	(10,829)	20,655	94	(3,198)
Cash and Cash Equivalents at Beginning of Year	8,068	37,401	36,274	84,762	166,505	55,908
Cash and Cash Equivalents at End of Year	\$ 8,148	\$ 27,589	\$ 25,445	\$ 105,417	\$ 166,599	\$ 52,710

Continued on next page

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major		Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
	Lottery	Clean Water State Revolving				
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 107,664	\$ 10,180	\$ 19,889	\$ 9,257	\$ 146,990	\$ (7,298)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	364	39	31	166	600	6,207
Interest Expense		4,206	2,911		7,117	216
Miscellaneous Nonoperating Items	22			6	28	(212)
Decrease/(Increase) in Assets:						
Accounts Receivable	845			1,023	1,868	51
Interest, Dividends & Penalties Receivable		(193)	(226)	41	(378)	
Loans and Notes Receivable		(6,468)	(16,632)	2,489	(20,611)	
Due From Other Funds				28	28	371
Due From Component Units				(13)	(13)	166
Due From Other Governments		(58)	(34)	1	(91)	(1)
Inventory				49	49	(73)
Deferred Fiscal Charges and Other Assets				(2)	(2)	695
Other Restricted Assets	22			(67)	(45)	
Increase/(Decrease) in Liabilities:						
Accounts Payable	(139)	42	61	208	172	385
Accrued Liabilities	(4)	3	1	55	55	(81)
Compensated Absences Payable		12	(7)	17	22	(132)
Due To Other Funds	(16)			(131)	(147)	50
Due To Component Units						(12)
Due To Other Governments	(11)			13	2	(113)
Deferred Revenue	(6)			26	20	24
Escrow Payable	(1)				(1)	
Policy Claim Liabilities				136	136	2,097
Other Liabilities	(31)				(31)	
Net Cash Provided (Used) by Operating Activities	<u>\$ 108,709</u>	<u>\$ 7,763</u>	<u>\$ 5,994</u>	<u>\$ 13,302</u>	<u>\$ 135,768</u>	<u>\$ 2,340</u>
Noncash Investing, Capital and Financing Activities:						
Gain (Loss) on Disposal of Fixed Assets						99
Capital Lease Obligations Entered Into						1,025

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

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2011**  
**(Expressed in Thousands)**

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,557	\$ 6,115	\$ 86,658
Receivables:			
Employer	2,314		
Employee	3,133		
Benefits	51		
Unsettled Investment Sales	6,405		
Taxes Receivable			35,988
Due From Other Funds		101	
Due From Other Governments			467
Investment Income	20,010	617	49
Other		15	374
Total Receivables	31,913	733	36,878
Investments, at Fair Value:			
Fixed Income	1,878,384		
Equities	4,211,933		
Real Estate	1,020,112		
Private Equity	922,515		
Commodities	140		
Pooled Investment Funds		148,350	
Total Investments	8,033,084	148,350	0
Properties, at Cost	43	13,886	
Accumulated Depreciation	(23)		
Other Assets	18	2	
Total Assets	8,074,592	169,086	\$ 123,536
<b>Liabilities</b>			
Payables:			
Accounts Payable and Other Liabilities	3,637	147	\$ 7,787
Refunds - Contractors Excise Tax			59,693
Due To Other Funds	42	162	
Due To Other Governments			56,056
Compensated Absences Payable	257		
Securities Sold, But Not Yet Purchased, at Fair Value	75,896		
Unsettled Investment Purchases	8,957		
Total Liabilities	88,789	309	\$ 123,536
<b>Net Assets</b>			
Held in Trust For:			
Pension Benefits	7,985,803		
Individuals and Other Governments		168,777	
Total Net Assets	\$ 7,985,803	\$ 168,777	

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

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employee	\$ 100,182	\$
Employer	98,625	
From Clients and Inmates		7,584
Other		7,460
Total Contributions	198,807	15,044
Investment Income:		
From Investing Activities		
Net Increase (Decrease) in Fair Value of Investments	1,468,458	19,138
Interest	93,959	
Dividends	96,346	
Real Estate	4,969	
Securities Lending, Net	374	8
Pooled Interest and Dividends		5,617
Investment Activity Income	1,664,106	24,763
Less Investment Activity Expenses	(38,090)	
Net Investment Income (Loss)	1,626,016	24,763
Escheated Property		19
Miscellaneous Income		825
Transfers From Other Funds	4,097	
<b>Total Additions</b>	<b>1,828,920</b>	<b>40,651</b>
<b>Deductions</b>		
Benefits	349,462	
Refunds of Contributions	25,825	
Distribution to School Districts		8,274
Payments made for Trust Purposes		8,416
Administrative Expenses	3,630	2
<b>Total Deductions</b>	<b>378,917</b>	<b>16,692</b>
Net Increase (Decrease)	1,450,003	23,959
<b>Net Assets Held In Trust</b>		
Beginning of Year	6,535,800	144,818
End of Year	\$ 7,985,803	\$ 168,777

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



# **NOTES TO THE FINANCIAL STATEMENTS**

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# **NOTES TO THE FINANCIAL STATEMENTS**

## **JUNE 30, 2011**

### **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).

#### **B. Reporting Entity**

For financial reporting purposes, the State of South Dakota 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. The South Dakota Building Authority, South Dakota Conservancy District, Cement Plant Commission and the Education Enhancement Funding Corporation are considered to be blended component units.

**Discretely Presented Component Units** – Discretely presented component units are legally separate organizations 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:

South Dakota Housing Development Authority  
Science and Technology Authority

Higher Education (Affiliated organizations of Higher Education were excluded from the notes to the financial statements.)

The State's nonmajor discretely presented component units are:

South Dakota Value Added Finance Authority  
Conservation Reserve Enhancement Program (CREP)  
South Dakota Economic Development Finance Authority

**Related Organizations** – The Health and Educational Facilities Authority is excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members.

Separately issued financial statements of the South Dakota Building Authority, Conservation Reserve Enhancement Program, South Dakota Economic Development Finance Authority, South Dakota Housing Development Authority, and Science and Technology Authority are available from the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, or by calling (605) 773-3595.

#### **C. Government-Wide and Fund Financial Statements**

The government-wide financial statements include the Statement of Net Assets and Statement of Activities. The Statement of Net Assets and 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 Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets.

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 with 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 Assets 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. 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, bank card 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. 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 accrual accounting. However, expenditures related to debt service, compensated absences, capital leases, 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.

The State's proprietary funds follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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

**The Dakota Cement Trust Fund** was created with the proceeds from the sale of the State Cement Plant. Income from the fund is used to fund general state government and public school districts.

**The Education Enhancement Trust Fund** 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 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.

**The Lottery Fund** accounts for the operations of the State Lottery.

In addition, the State reports the following fund types:

### **Governmental Funds:**

**Special Revenue Funds** account for specific revenue sources that are legally restricted 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 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 Fund** administered by the South Dakota Building Authority accounts for resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary, fiduciary, or component units funds.

**The Permanent Fund** administered by the Department of 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 included 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 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 and the State Cement Plant defined benefit 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. 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.

**Agency Funds** report assets and liabilities of resources held for temporary investment and remittance of the resources to individuals, private organizations, or other governments. Examples of funds in this category include local government tax collections by the Department of Revenue and Regulation, child support payments collected by the Department of Social Services and employee payroll withholdings by the State Auditor.

### ***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 his 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 act, special appropriations acts, 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 at 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, 2011 totaled \$27,783,971. The encumbrance amount is broken down by Major Fund and Nonmajor Fund below:

<b>Fund</b>	<b>Amount Encumbered</b>
Major Fund:	
General Fund	\$ 3,859,886
Transportation	8,797,955
Social Services	16,000
Non-Major:	
Non-Major Total	15,110,130
<b>TOTAL</b>	<b>\$ 27,783,971</b>

### ***F. Assets, Liabilities, and Net Assets/Fund Balance***

#### ***Cash and Cash Equivalents and Investments***

Cash includes cash on hand, cash in local banks, and cash in the State Treasury. Cash equivalents are valued at cost plus accrued interest. Cash equivalents include short-term investments with original maturities of three months or less. Cash balances of most state funds are pooled and invested by the State Investment Officer. 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.

Investments, as reported on the balance sheet, represent all long-term investments not considered cash equivalents. Investments include corporate stocks, bonds, convertible debt, U.S. government and agency securities, repurchase agreements, annuity contracts, investment contracts, international securities, private equity and real estate. Investments are reported at fair value.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values for the fixed income securities are obtained from Bloomberg Financial Markets, Bank of America Merrill Lynch, and Citigroup Global Markets. Domestic and Canadian equity security fair values are obtained from FT Interactive Data, non-Canadian foreign equity security fair values are obtained from Exshare, and spot foreign currency exchange rates are obtained from Reuters. Investments denominated in foreign currencies and foreign currency cash balances are translated into U.S. dollars using the year-end spot foreign currency exchange rates. Fair values of foreign currency forward contracts are obtained from Bloomberg Financial Markets. Fair values of limited partnership investments are based on valuations on the underlying companies of the limited partnerships as reported by the general partner.

For alternative investments where no readily available market value exists, management, in consultation with their investment managers, values these investments in good faith based upon audited financial statements or other information provided by the underlying investment managers.

Futures contracts are utilized to adjust the portfolio asset mix. The fair value of the equity securities futures position is determined using Standard & Poor's contract data. The fair value of the fixed income futures position is determined by using the U.S. Treasury note and bond contracts information and the Citigroup Broad Investment Grade Index. Changes in the fair value of these futures contracts are recognized as gains or losses in the period of change.

### ***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, except livestock inventories, which are reported at June 30, 2011 market price. Inventories are expensed using the consumption method.

Federal commodities on hand are reported as inventories, offset by deferred revenue. Commodities are reported at fair value established by the federal government at the date received. At June 30, 2011, the commodities inventory was reported in the amount of \$591,000.

### ***Capital Assets***

Capital assets, which include property, plant, equipment, 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. Donated property, plant, and equipment are valued at fair market value at the date of donation. Property, plant, and equipment acquired through capital leases are capitalized at fair market value at the inception of the lease.

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 (including purchased software licenses) is capitalized when the cost of individual items is \$5,000 or more. Infrastructure assets are capitalized when the cost of the assets 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets 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:

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, which were capitalized as of June 30, 1999. 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 \$8,260,945 and \$375,585, respectively, as of June 30, 2011. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

### ***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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

### ***Net Assets and Fund Balances***

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary funds financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are reported in three categories:

***Invested in capital assets, net of related debt*** is a category reported in the government-wide Statement of Net Assets and consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

***Restricted net assets*** consist 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 assets*** consist of assets that do not meet the definition of the two preceding categories.

The state's policy is that restricted 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.

**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 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. Unassigned fund balance also includes negative residual balances in other governmental funds.

The state's policy is that restricted amounts are spent first, then committed, assigned and finally unassigned when expenditures are incurred for purposes of which multiple resources are available within a fund.

### ***G. Compensated Absences***

All full-time and permanent part-time employees earn annual leave and sick leave. Employees earn fifteen days annual leave per year that can be accumulated to thirty days, except for employees with more than fifteen years of employment, who earn twenty days annual leave per year that can be accumulated to forty days. Upon termination, employees receive payment for their accumulated annual leave. Employees earn fourteen days 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, 2011, the amount of certificate of deposits being held by the Lottery was \$456,378 and is included in cash and cash equivalents on the balance sheet. The amount of \$5,821,500 was in the form of surety bonds, deposits in cash, or irrevocable letters of credit and is not reported on the Statement of Net Assets.

### ***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 Revenue and Regulation which are deposited into a special revenue fund but are transferred to and expended by the General Fund.

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

## **2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS**

### **Implementation of GASB Statement No. 54**

During fiscal year 2011, the State implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to honor constraints imposed upon the use of the resources reported in governmental funds. The new fund balance classifications are discussed in detail in Note 1 and Note 16.

GASB Statement No. 54 also provided clarified governmental fund type definitions. As a result, several funds reported in prior years as special revenue funds were determined to no longer meet the special revenue fund criteria. The Property Tax Reduction Fund, Tourism Promotion Fund, Investment Council Operating Fund, Private Activity Bonds Fund, Tax Relief Fund, Extraordinary Litigation Fund, and Unclaimed Property Administrative Fund, which were all previously reported as non-major special revenue funds, have been reclassified as subfunds of the General Fund. As a result of these fund reclassifications, beginning fund balance was increased in the General Fund by \$75,118,000 and decreased in the non-major special revenue fund column by \$75,118,000.

The following table provides additional detail regarding the General Fund fund balances reported on the Governmental Fund Balance Sheet at June 30, 2011 (expressed in thousands):

<b>General Fund Ending Fund Balance - FY10 (June 30, 2010)</b>		
<b>before GASB 54 Reclassifications</b>		<b>\$ 155,066</b>
<b>Reclassifications:</b>		
Property Tax Reduction - assigned for education	\$ 68,177	
Tourism Promotion - assigned for Tourism Promotion	1,806	
Investment Council Operating - assigned for Other	2,212	
Private Activity Bond - assigned for Other	1,173	
Tax Relief - unassigned	1,546	
Extraordinary Litigation Expense - unassigned	172	
Unclaimed Property - unassigned	32	
<b>Total Reclassifications</b>		<b><u>75,118</u></b>
<b>General Fund Beginning Fund Balance - FY11 (July 1, 2010)</b>		
<b>Restated for GASB 54 Reclassifications</b>		<b><u>\$ 230,184</u></b>

### **Restatements-Primary Government**

The beginning net asset balance reported in the governmental activities column of the government-wide financial statements decreased \$16,972,000 because of an asset that was capitalized in error during FY10. The asset was correctly capitalized in FY11.

### **Restatements-Component Units**

The beginning net assets balance reported for Higher Education was decreased by \$5,505,000 for errors in the reporting of cash, receivables, construction in progress, fixed assets, interagency eliminations, and other miscellaneous reporting errors in prior years.

The South Dakota Economic Development Finance Authority implemented an allowance for 1% for the pooled loans during the year ending June 30, 2011. The amount reported as beginning net assets was decreased by \$255,913 for recognition of the allowance associated with prior years.



### ***Recently Issued Pronouncements***

In November 2010, the GASB issued Statement 60, Accounting and Financial Reporting for Service Concession Arrangements. This Statement provides accounting and financial reporting guidance for service concession arrangement issues. The requirements of GASB Statement No. 60 are effective for the State's fiscal year 2013 financial statements.

In November 2010, the GASB issued Statement 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. This statement modifies certain component unit requirements in the financial reporting entity. The requirements of GASB Statement No. 61 are effective for the State's fiscal year 2013 financial statements.

In December 2010, the GASB issued Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement incorporates all 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements into the GASB's authoritative literature. The requirements of GASB Statement 62 are effective for the State's fiscal year 2013 financial statements.

In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of GASB Statement No. 63 are effective for the State's fiscal year 2013 financial statements.

In June 2011, the GASB issued Statement 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53. This Statement provides financial reporting guidance for derivative instruments and hedge accounting. The requirements of GASB Statement No. 64 are effective for the State's fiscal year 2013 financial statements.

Management has not yet determined the impact that the unimplemented GASB statements will have on the State's 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 \$30,402,523 for deficit cash balances that existed in various state funds at June 30, 2011, 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.

### ***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 83% of the Cash Flow Portfolio) and discretely presented component units (comprising 17% of the Cash Flow Portfolio). Higher Education and the Science and Technology Authority 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 Portfolios. This category represents the investments of the South Dakota Retirement System and the Cement Plant Retirement Fund. 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, Building Authority CREP Program 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. Deposits 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. At June 30, 2011, pledged collateral for one depository did not equal at least 100% of the total public deposits in excess of depository insurance. As a result, \$37,219 of the Cash Flow Portfolio's certificates of deposit was exposed to credit risk.

At June 30, 2011, the Retirement Portfolios had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Retirement Portfolios were exposed to custodial credit risk of \$7,302,082.

At June 30, 2011, the Trust Portfolios had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of \$535,679.

At June 30, 2011, 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 \$485,322.

## ***Investments***

***Securities Lending.*** State statutes and the 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. 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.

***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. No collateral securities were held by the Cash Flow Portfolio, the Retirement Portfolios, or the Trust Portfolios at June 30, 2011, which resulted in no custodial credit risk for those funds. The Other Funds, however, had custodial credit risk totaling \$155,089,827 at June 30, 2011.

***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 held by the various funds.

The Cash Flow Portfolio policy limits average portfolio duration to 2.88 years, and no holding's maturity can exceed 5 years. The Retirement Portfolios fixed income portfolio duration must fall between 70% and 130% of the duration of the Citigroup Broad Investment Grade (BIG) Index. The Trust Portfolios investment-grade fixed income portfolios are benchmarked to the duration of the Citigroup BIG Index. The internally managed high yield fixed income portfolios have a duration range of 70% to 130% of the Citigroup High-Yield Cash Pay Capped Index duration. The Treasury Inflation Protected Securities (TIPS)

investments have a range of 5 to 10 years to maturity at purchase. 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 (expressed in thousands):

Investment Type	Cash Flow Portfolio		Retirement Portfolios		Trust Portfolios		Other Funds	
	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	\$ 25,318	1.39	\$ 111,333	7.45	\$ 22,651	6.71	\$	
U.S. Treasury bills			9,071	.22				
U.S. Treasury STRIPS			37,637	11.89				
U.S. Treasury inflation protected securities					27,990	2.45		
U.S. agencies	167,607	1.63	38,163	3.27	10,408	7.91	12,955	.95
FDIC's Temporary Liquidity Guarantee Program	20,522	1.45	22,591	1.35	3,079	1.45		
U.S. Government-backed loans					2,617	10.44		
Investment grade corporate	738,101	2.16	371,345	3.53	52,759	3.88		
High-yield corporates			147,876	3.28				
High-yield bond mutual fund					9,124	3.80		
Mortgage-backed securities			309,448	3.58	49,998	3.53		
Mutual funds			119,078					
Municipal bonds					116,680	4.60		
Investment agreements							142,135	14.28
Total	<u>\$ 951,548</u>		<u>\$ 1,166,542</u>		<u>\$ 295,306</u>		<u>\$ 155,090</u>	
Portfolio modified duration		2.03		3.72		4.34		13.17

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State of South Dakota. SDIC policy establishes a percentage range and a normal allocation to various credit risk categories. The Cash Flow Portfolio actively managed portion can invest 4% of the portfolio into each corporate security rated Aaa or Aa, 2% in A-rated, 1% in Baa1 or Baa2, and .5% in individual holdings of corporate securities rating Baa3. The maximum overweight of Baa3 rated holdings versus the benchmark is 5% of the Cash Flow Portfolio. The SDIC sets the investment policy annually for the Trust Portfolios and the Retirement Portfolios. This policy establishes the average percentage invested in each asset category and the fund allocation range that each asset category can vary during the fiscal year. No formal credit risk policy exists for the Other Funds. As of June 30, 2011, 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	Retirement Portfolios	Trust Portfolios	Other Funds
	Fair Value	Fair Value	Fair Value	Fair Value
Aaa	\$ 262,684	\$ 422,864	\$ 80,249	\$ 15,415
Aa	233,144	52,933	80,335	6,611
A	428,105	135,051	50,739	9,456
Baa	51,744	136,463	18,854	100,186
Ba		54,615	4,169	
B		36,899	4,057	
Caa		22,864	2,516	
Ca		1,927	209	
C		69,589		
P-1				23,422
Unrated			9,880	27,816
Total	<u>\$ 975,677</u>	<u>\$ 933,205</u>	<u>\$ 251,008</u>	<u>\$ 182,906</u>

**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 investments. The Retirement and Trust Portfolios do not hedge foreign currency back to U.S. dollars (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, 2011, are as follows (in U.S. dollar fair value, expressed in thousands):

	Retirement Portfolios				Trust Portfolios			
	Equities U.S.Dollar Fair Value	Fixed Income U.S. Dollar Fair Value	Cash U.S Dollar Fair Value		Equities U.S.Dollar Fair Value	Cash U.S Dollar Fair Value		Total
Australian Dollar	\$ 9,247	\$	\$ 46	\$ 9,293	\$	\$		
Brazilian Real	1,807		36	1,843				
British Pound	250,416		1,626	252,042	25,101	73		25,174
Canadian Dollar	61,239		394	61,633	2,371	155		2,526
Danish Kroner	5,427		1	5,428				
Euro	313,187		650	313,837	32,004	127		32,131
Hong Kong Dollar	3,903		85	3,988				
Hungarian Forint	673			673				
Israeli Shekel	445			445				
Japanese Yen	209,179		4,173	213,352	22,598	181		22,779
Korean Won	14,024			14,024				
New Zealand Dollar	1,113			1,113				
Norwegian Krone	3,196		59	3,255				
Singapore Dollar	308			308				
Swiss Franc	201,963		232	202,195	24,051			24,051
Turkish Lira	501			501				
Total Fair Value	\$ 1,076,628	\$ 0	\$ 7,302	\$ 1,083,930	\$ 106,125	\$ 536	\$	106,661

Investments with limited partnerships and certain global equity investments with outside 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, 2011 was \$141,293,034. For the Retirement Portfolios, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2011 was \$2,481,485,247. The total fair value of global equity investments managed by outside managers was \$201,009,777. The total fair value of arbitrage equity investments managed by outside managers was \$91,894,533.

**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 Cash Flow Portfolio policy is located in the Credit Risk section. The SDIC does not have a formal policy in place to limit investments in any particular issuer for the Retirement Portfolios and Trust Portfolios. 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 portfolios that comprise 5% of the overall portfolios at June 30, 2011.

### **Derivative Financial Instruments in Primary Government**

**Retirement Portfolios.** Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. The Retirement Portfolios are exposed to a variety of derivative products through the investment management of the SDIC and their outside managers. The following notes detail the derivatives instruments used in the SDIC's internally managed portfolios. All of the SDIC'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 financial and interest rate futures as a means of adjusting the Retirement Portfolios mix and at a lower transaction cost substitute for transactions that would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2011, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, the SDIC pledges to the broker cash or U.S.

government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the portfolios receive or pay a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The net change in fair value from futures contracts for fiscal year ended June 30, 2011 was \$6,950,011. Futures contracts outstanding at June 30, 2011 were as follows:

	Open Positions	Contracts	Notional Contract size	Fair Value
U.S. Treasury note due September 2011	Long	1,010	100,000 par value 6% U.S. Treasury note	\$ 1,839,282
S&P 500 Index due September 2011	Short	(280)	\$250 x S&P 500 futures price	(3,250,000)
S&P 500 Index due September 2011	Long	1	\$250 x S&P 500 futures price	328,875

**Foreign Currency Forward Contracts.** The SDIC enters into foreign exchange forward contracts to manage foreign currency exposure, as permitted by portfolio policies. The net change in fair value from foreign currency forward contracts for fiscal year ended June 30, 2011 was \$32,047,449. At June 30, 2011, the foreign currency forward contracts outstanding were as follows:

Description	Notional Amount	Maturity Date	Fair Value
Forward sale	(723,840) CAD	7/5/2011	3,276
Forward sale	(115,000,000) JPY	8/8/2011	7,000
Forward sale	(2,868,600) EUR	9/2/2011	(35,950)
Forward sale	(170,000,000) JPY	9/16/2011	1,390
Forward sale	(65,777,375) EUR	9/22/2011	1,011,642
Forward sale	(411,245) EUR	7/1/2011	(3,372)
Forward sale	(230,806) GBP	7/1/2011	81
Forward sale	(139,481,959) JPY	7/1/2011	(7,382)
Forward sale	(255,127) CHF	7/5/2011	(961)
Forward sale	(363,300) GBP	8/12/2011	6,280
Forward purchase	1,038,937 CAD	7/5/2011	10,274
Forward purchase	18,765 GBP	7/1/2011	(10)
Forward purchase	15,031 GBP	8/12/2011	(388)
Forward purchase	200,900,000 CNY	7/26/2011	3,076,422
Forward purchase	159,225,000 CNY	8/25/2011	2,641,571
Forward purchase	129,400,000 CNY	7/24/2014	304,409
Forward purchase	128,050,000 CNY	7/28/2014	92,578
Forward purchase	150,250,000 CNY	3/30/2015	(1,423,976)
Forward purchase	117,237,600 CNY	9/10/2015	395,983
Forward purchase	1,900,000,000 JPY	7/14/2011	1,023,133
Forward sale	557,573 EUR	8/11/2011	(12,985)
Forward purchase	22,000,000 JPY	8/12/2011	1,748

**Credit Risk.** SDIC 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, 2011, the net fair value of foreign currency forward contracts was \$7,103,748. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The credit ratings of the counterparties are as follows:

Moody's Credit Rating	Number of Counterparties	Fair Value
A1	1	\$ 2,015,013
Aa2	1	5,088,735

**Interest Rate Risk.** The SDIC 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.** SDIC 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 U.S. dollars is \$7,090,763.

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 assets as investments – equities.

## **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 component units do not have deposit policies for custodial credit risk. As of June 30, 2011 the component units had deposits that were not collateralized or covered by depository insurance in the amount of \$2,170,990.

### **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, 2011, investments in the amount of \$4,412,864 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 component units have limits on the maturities of investments for their restricted accounts. Investments of the Capital Reserve accounts must provide for the purposes thereof as estimated by the 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 Authority.

The duration of fifty percent 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, these 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.

As of June 30, 2011, component units 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. Treasuries bills	\$ 100,913	\$ 100,913	\$	\$	\$
U.S. Treasuries notes	91,877		66,836	5,115	19,926
U.S. Treasury strips	62		62		
U.S. agencies	310,586	33,855	141,376	31,008	104,347
Mutual funds	151,729	151,629		100	
State Obligations	6,947	280	5,200	1,467	
Investment agreements	11,146	3,501	2,636		5,009
Total	\$ 673,260	\$ 290,178	\$ 216,110	\$ 37,690	\$ 129,282

**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, 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. The State obligations were rated Aa and Aaa by Moody's Investors Service. U.S. Government agencies are rated Aaa by Moody's Investors Service. Investment agreements are unrated, however, the underlying collateral pledged against them are invested in direct obligations of the U.S. Government and U.S. Government agencies. Mutual fund investments are rated Aaa by Moody's Investors Service. 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.

As of June 30, 2011, the Housing Development Authority and the Economic Development Finance Authority investments had the following ratings (expressed in thousands):

Moody's Rating	Fair Value
Aaa	\$ 453,388
Aa	7,826
Baa	401
Unrated	8,507
Total Fair Value	<u>\$ 470,122</u>

**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 component units place no limit on the amounts that they may invest in any one issuer. As of June 30, 2011, the following issuers held 5 % or more of the Housing Development Authority's investments: Federal Home Loan Bank (14.70%), Federal National Mortgage Association (18.20%), and Federal Home Loan Mortgage Corporation (9.02%).

#### ***Derivative Financial Instruments in Component Units***

**South Dakota Housing Development Authority.** 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, 2011, 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 (expressed in thousands).

Bond Series	Current Notional Amount	Effective Date	Fixed Rate	Variable Rate Received	Termination Date	Counterparty Credit Rating*	Fair Value
<b>Merrill Lynch Capital Services</b>							
2003 C-1	\$ 26,500	6/18/04	3.40%	57% of LIBOR plus 0.42%	5/01/2013	A2	\$ (1,403)
2005 D	6,925	4/13/05	3.29%	57.3 % of LIBOR plus 0.40%	5/01/2015	A2	(561)
2007 I	34,000	10/16/07	4.14%	63.8% of LIBOR plus 0.30%	5/01/2038	A2	(3,404)
<b>JPMorgan Chase Bank, N.A.</b>							
2004 G	33,000	10/20/04	3.90%	63.4% of LIBOR plus 0.29%	5/01/2034	Aa1	(1,910)
2005 C	41,000	4/13/05	3.93%	63.3% of LIBOR plus 0.30%	5/01/2035	Aa1	(2,659)
2008 F	34,000	9/4/08	3.85%	63.7% of LIBOR plus 0.31%	05/03/2039	Aa1	(2,624)
<b>The Bank of New York, Mellon, N.A.**</b>							
2003 F	13,000	6/21/05	3.76%	63.8% of LIBOR plus 0.29%	5/01/2034	Aaa	(494)
2003 I	28,000	6/21/05	3.76%	63.8% of LIBOR plus 0.29%	5/01/2034	Aaa	(1,051)
2004 C	34,000	6/21/05	3.75%	63.8% of LIBOR plus 0.29%	5/01/2034	Aaa	(1,416)
<b>Bank of America, N.A.</b>							
2009 C	22,000	11/18/09	3.14%	64.0% of LIBOR plus 0.22%	5/01/2039	Aa3	(308)
<b>Merrill Lynch Derivative Products, AG.</b>							
2005 G	25,000	7/19/05	3.77%	63.8% of LIBOR plus 0.29%	5/01/2035	Aa3	(1,315)
2006 C	45,000	6/14/06	4.42%	64% of LIBOR plus 0.29%	5/01/2037	Aa3	(4,755)
2008 C	46,090	3/26/08	3.42%	63.7% of LIBOR plus 0.30%	5/01/2039	Aa3	(1,787)
MPB 2008 A	7,240	8/2/08	3.55%	63.8% of LIBOR plus 0.20%	05/01/2048	Aa3	(437)

\* Moody's Investors Service

\*\* Swaps were novated from UBS on July 22, 2010

The fair values presented above were estimated by the 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 determine the current fair value of the Authority's swap contracts. The fair values in the table above represent the termination payments that would have been due had the swaps been terminated as of June 30, 2011. A positive fair value represents money due 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 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.

**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 the one-month, taxable LIBOR rate. Basis risk will vary over time due to inter-market conditions. For the year ended June 30, 2011, the weighted average interest rate on

the Authority's variable rate debt associated with swaps was 1.97% per annum, while the weighted average interest rate on the swaps was 1.931% 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 one-month, taxable LIBOR rate.

**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 notional amount of swaps with a single counterparty will not exceed \$150,000,000.

**Swap Payments and Associated Debt.** As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2011 (expressed in thousands):

Year End June 30	Variable-Rate Bond		Interest Rate		Total
	Principal	Interest	Swap – Net		
2012	\$ 80	\$ 365	\$ 13,493	\$	13,939
2013	90	365	13,364		13,819
2014	90	365	12,726		13,181
2015	95	365	12,723		13,183
2016	100	365	12,720		13,185
2017-2021	555	1,820	62,746		65,121
2022-2026	695	1,814	62,486		64,995
2027-2031	57,025	1,727	59,180		117,932
2032-2036	285,070	1,186	40,363		326,618
2037-2041	49,615	97	3,257		52,968
2042-2046	1,600	16	279		1,896
2047-2051	740	2	35		777
Total	\$ 395,755	\$ 8,487	\$ 293,372	\$	697,614

**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 is exposed to rollover risk on the following debt:

Bond Series	Debt Maturity Date	Swap Termination Date
2003 C – 1	May 1, 2032	May 1, 2013
2005 D	May 1, 2031	May 1, 2015



## 4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

### A. Receivables - Net

The line "Receivables, Net" reported on the government-wide Statement of Net Assets consisted of the following (expressed in thousands):

	Governmental Activities						Total
	General Fund	Trans- portation Fund	Social Services Federal Fund	Dakota Cement Trust Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	
Taxes Receivable	\$ 108,801	\$ 9,621	\$	\$	\$	\$ 4,222	\$ 122,644
Allowance	(9,456)	(21)				(27)	(9,504)
Accounts Receivable	6,867	984	8,427			19,430	35,902
Allowance	(1,140)	(326)				(3,640)	(5,106)
Due From Other Governments	731	49,576	29,929			83,836	164,194
Interest Receivable	2,199	607	3	1,132	1,836	2,154	8,214
Current Loans and Notes						9,211	9,211
Allowance						(362)	(362)
Non-current Loans and Notes		434				50,826	51,260
Allowance						(60)	(60)
Due From Fiduciary Funds	26					112	181
<b>Receivables, net</b>	<b>\$ 108,028</b>	<b>\$ 60,875</b>	<b>\$ 38,359</b>	<b>\$ 1,132</b>	<b>\$ 1,836</b>	<b>\$ 165,702</b>	<b>\$ 376,574</b>

	Business-type Activities				Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	
Accounts Receivable	\$4,000	\$	\$	\$ 5,307	\$ 9,307
Allowance	(9)			(3,085)	(3,094)
Due From Other Governments		378	507	1,205	2,090
Interest Receivable	69	2,377	1,709	488	4,643
Current Loans Receivable		22,970	13,076	9,427	45,473
Allowance				(292)	(292)
Noncurrent Loans Receivable		166,938	139,096	42,693	348,727
Allowance				(2,208)	(2,208)
Due From Fiduciary Funds				23	23
<b>Receivables, net</b>	<b>\$4,060</b>	<b>\$ 192,663</b>	<b>\$ 154,388</b>	<b>\$ 53,558</b>	<b>\$404,669</b>

## ***B. Accounts Payable and Other Current Liabilities***

The line "Accounts Payable and Other Current Liabilities" reported on the government-wide Statement of Net Assets consisted of the following (expressed in thousands):

	Governmental Activities						
	General Fund	Transportation Fund	Social Services Federal Fund	Dakota Cement Trust	Non-major Governmental Funds	Internal Service Funds	Total
Payroll and Withholdings	\$ 10,320	\$ 4,101	\$ 1,553	\$ 7	\$ 9,729	\$ 1,884	\$ 27,594
Accounts Payable	8,790	37,113	5,027		21,609	1,780	74,319
Bank Tax Refund	26,651						26,651
Medicaid Claims	17,817		27,098		7,009		51,924
Due to Other Governments	2,764	7,627	82		33,004	61	43,538
Shared Revenue Distribution	21,088				25,156		46,244
Claims Payable						12,530	12,530
Due to Fiduciary Funds	42				46		88
<b>Total</b>	<b>\$ 87,472</b>	<b>\$ 48,841</b>	<b>\$33,760</b>	<b>\$ 7</b>	<b>\$ 96,553</b>	<b>\$16,255</b>	<b>\$282,888</b>

	Business-type Activities					
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	Total	
Payroll and Withholdings	\$ 89	\$ 15	\$ 12	\$ 479	\$ 595	
Accounts Payable	1,599	223	253	1,546	3,621	
Due to Fiduciary Funds				13	13	
Escrow Payable	70				70	
Claims Payable				1,274	1,274	
Other Liabilities	473			19	492	
<b>Total</b>	<b>\$ 2,231</b>	<b>\$ 238</b>	<b>\$ 265</b>	<b>\$ 3,331</b>	<b>\$ 6,065</b>	

## 5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2011 is as follows (expressed in thousands):

### A. Interfund Receivables and Payables

Due To	Due From								
	General Fund	Transportation Fund	Social Services Federal Fund	Education Enhancement Fund	Non-major Governmental Fund	Lottery Fund	Non-major Enterprise Funds	Internal Service Fund	Fiduciary Fund
General Fund	\$	\$	\$ 3,524	\$ 14,469	\$ 35,692	\$4,326	\$ 5	\$ 14	\$ 26
Transportation Fund			3		437		4	736	
Social Services Federal Fund					6				
Non-major Governmental Funds	873	344	249		2,442	1,776	853	119	112
Non-major Enterprise Fund	53	2	17		119			95	23
Internal Service Funds	1,969	1,083	641		2,521	69	156	611	43
Fiduciary Funds	42				46		13		
<b>Total</b>	<b>\$ 2,937</b>	<b>\$ 1,429</b>	<b>\$ 4,434</b>	<b>\$ 14,469</b>	<b>\$ 41,263</b>	<b>\$6,171</b>	<b>\$ 1,031</b>	<b>\$1,575</b>	<b>\$ 204</b>

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; and, 3) other payables existing between funds.

Advances between funds also existed at June 30, 2011 which are not shown in the above table. These are amounts owed between funds that are not due within one year. In fiscal year 2011, advances include \$1,449,000 from the Energy Conservation Fund, reported as a non-major governmental fund, to the General Fund and the Veteran's Home Fund reported as a non-major governmental funds for energy conservation projects.

### B. Interfund Transfers

Transferred From	Transferred To							
	General Fund	Transportation Fund	Non-major Governmental Funds	Clean Water State Revolving Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	\$	\$ 82	\$ 12,634	\$	\$ 1,192	\$ 1,364	\$	\$ 15,272
Transportation Fund	2,388		1,173					3,561
Dakota Cement Trust Fund	12,000							12,000
Education Enhancement Trust Fund	14,469							14,469
Non-major Governmental Funds	73,435	4,651	6,833		706	350	4,097	90,072
Lottery Fund	101,050	176	6,752					107,978
Clean Water State Revolving Fund			30					30
Drinking Water State Revolving Fund			27	10,000				10,027
Non-major Enterprise Funds			1,613					1,613
Internal Service Funds	310		345			3		658
<b>Total</b>	<b>\$ 203,652</b>	<b>\$ 4,909</b>	<b>\$ 29,407</b>	<b>\$ 10,000</b>	<b>\$ 1,898</b>	<b>\$ 1,717</b>	<b>\$ 4,097</b>	<b>\$255,680</b>

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.

In fiscal year 2011, \$185,757,000 of State appropriations was used to support state-run universities, which are reported under Higher Education, a component unit. The amounts are reported as expenditures in the Governmental Fund Balance Sheet and as expenses in the governmental activities column of the Statement of Activities. They are reported as revenues in the component unit's column of the Statement of Activities.

## 6. CAPITAL ASSETS

### A. Primary Government

Capital Assets consisted of the following for fiscal year 2011 (expressed in thousands):

Governmental Activities	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 102,479	\$ 9,494	\$ 308	\$ 111,665
Land Improvements	6,279			6,279
Land & Improvements - Roads	596,572	2,228		598,800
Construction in Progress	216,372	148,224	94,666	269,930
<b>Total Capital Assets Not Being Depreciated</b>	<b>921,702</b>	<b>159,946</b>	<b>94,974</b>	<b>986,674</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	21,280	534		21,814
Buildings	370,686	44,766	3,890	411,562
Equipment	156,036	17,223	4,355	168,904
Intangible Assets - Software	43,468	6,234	633	49,069
Vehicles	124,829	12,618	4,636	132,811
Infrastructure	3,250,872	73,161	8,826	3,315,207
<b>Total Capital Assets Being Depreciated</b>	<b>3,967,171</b>	<b>154,536</b>	<b>22,340</b>	<b>4,099,367</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	6,536	1,069	70	7,535
Buildings	147,429	12,994	2,299	158,124
Equipment	89,669	11,141	3,589	97,221
Intangible Assets - Software	32,207	3,643	194	35,656
Vehicles	74,727	7,926	3,950	78,703
Infrastructure	1,271,634	54,353	5,242	1,320,745
<b>Total Accumulated Depreciation</b>	<b>1,622,202</b>	<b>91,126</b>	<b>15,344</b>	<b>1,697,984</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,344,969</b>	<b>63,410</b>	<b>6,996</b>	<b>2,401,383</b>
<b>Total Governmental Activities, Net</b>	<b>\$ 3,266,671</b>	<b>\$ 223,356</b>	<b>\$ 101,970</b>	<b>\$ 3,388,057</b>

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 295	\$	\$	\$ 295
<b>Total Capital Assets Not Being Depreciated</b>	<u>295</u>			<u>295</u>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	924			924
Buildings	4,008			4,008
Equipment	4,542	49	71	4,520
Intangible Assets - Software	725			725
<b>Total Capital Assets Being Depreciated</b>	<u>10,199</u>	<u>49</u>	<u>71</u>	<u>10,177</u>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	539	23		562
Buildings	2,907	65		2,972
Equipment	1,481	437	48	1,870
Intangible Assets - Software	704	4		708
<b>Total Accumulated Depreciation</b>	<u>5,631</u>	<u>529</u>	<u>48</u>	<u>6,112</u>
<b>Total Capital Assets Being Depreciated, Net</b>	4,568	(480)	119	4,065
<b>Total Business-type Activities, Net</b>	<u>\$ 4,863</u>	<u>\$ (480)</u>	<u>\$ 119</u>	<u>\$ 4,360</u>

Depreciation was charged to the function of government as follows:

<b>Governmental Activities</b>	<b>Amount</b>
Unallocated	\$ 58
General Government	9,259
Health, Human and Social Services	2,875
Law, Justice, Public Protection and Regi	7,394
Agriculture and Natural Resources	2,977
Transportation	67,108
Education	1,343
Economic Resources	112
<b>Total Governmental Activities</b>	<u>\$ 91,126</u>
<b>Business-type Activities</b>	
Enterprise Funds	<u>\$ 529</u>

## B. Component Units

Capital Assets for Component Units consisted of the following for fiscal year 2011 (expressed in thousands):

	Beginning Balance (Restated)	Additions	Deletions	Balance
<b>Higher Education:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 20,104	\$ 2,343	\$	\$ 22,447
Construction in Progress	214,428	76,642	258,490	32,580
Works of Art and Historical Treasures	8,607	35	5	8,637
<b>Total Capital Assets Not Being Depreciated</b>	<b>243,139</b>	<b>79,020</b>	<b>258,495</b>	<b>63,664</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	22,718	4,933		27,651
Infrastructure	31,050	2,063		33,113
Buildings	593,515	265,222	899	857,838
Equipment and Other Assets	214,326	14,255	3,827	224,754
<b>Total Capital Assets Being Depreciated</b>	<b>861,609</b>	<b>286,473</b>	<b>4,726</b>	<b>1,143,356</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	10,905	893		11,798
Infrastructure	13,849	1,011		14,860
Buildings	219,898	20,907	760	240,045
Equipment and Other Assets	157,782	12,216	3,352	166,646
<b>Total Accumulated Depreciation</b>	<b>402,434</b>	<b>35,027</b>	<b>4,112</b>	<b>433,349</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>459,175</b>	<b>251,446</b>	<b>614</b>	<b>710,007</b>
<b>Total Higher Education Capital Assets, Net</b>	<b>702,314</b>	<b>330,466</b>	<b>259,109</b>	<b>773,671</b>
<b>South Dakota Housing Development Authority:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	220			220
<b>Total Capital Assets Not Being Depreciated</b>	<b>220</b>			<b>220</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	1,210			1,210
Buildings	4,949			4,949
Equipment	3,357	113	90	3,380
<b>Total Capital Assets Being Depreciated</b>	<b>9,516</b>	<b>113</b>	<b>90</b>	<b>9,539</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	374	57		431
Buildings	208	126		334
Equipment and Other Assets	2,325	211	90	2,446
<b>Total Accumulated Depreciation</b>	<b>2,907</b>	<b>394</b>	<b>90</b>	<b>3,211</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>6,609</b>	<b>(281)</b>		<b>6,328</b>
<b>Total Housing Authority Capital Assets, Net</b>	<b>6,829</b>	<b>(281)</b>		<b>6,548</b>
<b>Science and Technology Authority:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	1,534			1,534
Underground Mine	15,541	1,072		16,613
Archive Materials	70			70
Construction in Progress	24	702		726
<b>Total Capital Assets Not Being Depreciated</b>	<b>17,169</b>	<b>1,774</b>		<b>18,943</b>
<b>Capital Assets Being Depreciated:</b>				
Building Improvements	23,418	1,766	16	25,168
Buildings	7,223			7,223
Equipment	6,645	438	727	6,356
Vehicles	79			79
Infrastructure	575	1,084		1,659
<b>Total Capital Assets Being Depreciated</b>	<b>37,940</b>	<b>3,288</b>	<b>743</b>	<b>40,485</b>
<b>Less: Accumulated Depreciation for:</b>				
Building Improvements	458	531	1	988
Buildings	733	146		879
Equipment	579	379	44	914
Vehicles	14	10		24
Infrastructure	29	28		57
<b>Total Accumulated Depreciation</b>	<b>1,813</b>	<b>1,094</b>	<b>45</b>	<b>2,862</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>36,127</b>	<b>2,194</b>	<b>698</b>	<b>37,623</b>
<b>Total Science and Technology Authority Capital Assets, Net</b>	<b>53,296</b>	<b>3,968</b>	<b>698</b>	<b>56,566</b>
<b>Total Discretely Presented Component Units, Net</b>	<b>\$ 762,439</b>	<b>\$ 334,153</b>	<b>\$ 259,807</b>	<b>\$ 836,785</b>

### ***C. Construction in Progress***

The State has entered into contracts for the renovation and construction of buildings, structures, and infrastructure (highway projects). Constructions in progress at June 30, 2011 are as follow (expressed in thousands):

<b>Governmental Activities</b>	
Land Improvements	\$ 4,632
Buildings and Structures	56,226
Equipment	716
Intangibles - Computer Software	53,531
Infrastructure	154,825
<b>Total Primary Government</b>	<b>\$ 269,930</b>

<b>Discretely Presented Component Units</b>	
Higher Education	
Land Improvements	\$ 7,916
Buildings and Structures	24,664
Science and Technology	
Buildings and Structures	703
Infrastructure	23
<b>Total Discretely Presented Component Units</b>	<b>\$ 33,306</b>

## ***7. RETIREMENT PLANS***

***South Dakota Retirement System, Plan Description:*** The South Dakota Retirement System (SDRS) is a cost-sharing, multiple-employer, hybrid defined benefit plan for employees of the State and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information. The SDRS is considered part of the State of South Dakota financial reporting entity and is included in the State's financial report as a pension trust fund. Copies of the separately issued financial report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

As of June 30, 2011, the number of participating governmental employers was:

School Districts	168
State of South Dakota	1
Board of Regents	1
Municipalities	149
Counties	64
Boards and Commissions	87
<b>Total Employers</b>	<b>471</b>

The SDRS financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for a pension trust fund. Revenue is recorded when earned and expenses recorded when incurred. Employee and employer contributions are recognized when due pursuant to formal commitment as well as statutory requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are carried at fair value to properly reflect the asset values of the fund at June 30, 2011. Fair values were determined based on closing market prices at June 30, 2011 for those securities traded on national and international stock exchanges and at the average of bid-and-asked quotations for those securities traded in the over-the-counter market. For alternative investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon the investment's current financial statements or

other information provided by the underlying investment advisor. The value of foreign securities in foreign currency amounts is expressed in U.S. dollars at the closing daily rate of exchange. Purchases and sales are recorded as of the trade date.

The equity securities include common stocks, preferred stocks, convertible debentures, arbitrage securities, and equity international funds. The fixed income securities include U.S. government and government-backed bonds and corporate bonds.

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 it is earned and dividend income is recorded on the ex-dividend date.

**Contributions:** Covered employees are required by state law to contribute a percentage of their salary to SDRS as follows:

Class A members - 6%  
Class B Judicial members - 9%  
Class B Public Safety members - 8%

All participating employers are required to contribute an amount equal to the member's contributions. Members may make an additional contribution of 1.5% of compensation for optional spouse coverage.

Contributions for all participating employers during fiscal year 2011 totaling \$198,804,676 (\$100,179,938 employee and \$98,624,738 employer) were made in accordance with statutory rates. The primary government and its discretely presented component units' share was \$72,076,323 (\$36,148,243 employee and \$35,928,080 employer). These contributions represent 100% of current year covered payroll for all participating units. The employee contributions exceed the employer contributions because of optional spouse coverage contributions and employee service purchase payments. The employer contributions for all participating employers for fiscal years 2010, 2009, and 2008 were \$96,914,192; \$94,244,915 and \$89,766,090 respectively.

SDRS is funded by fixed member and employer contributions at a rate established by state law. On an annual basis, an independent actuarial valuation of SDRS is made to determine the adequacy of the fixed contractually-required contributions to pay the normal cost, expenses and amortize the frozen unfunded actuarial accrued liability. The June 30, 2011 actuarial valuation of the plan determined that the contractually-required employer contributions equal the requirements for the annual required contribution of the employers under GASB Statement No. 25.

SDRS allows participating entities to pay their deferred contributions for funding of accrued benefits over periods of up to 20 years and members to pay for the purchase of certain prior service over periods of up to 10 years. Interest is charged at rates of 5% to 8%. As of June 30, 2011, deferred contribution payments will be received as follows (expressed in thousands):

Year Ending June 30	Employees
2012	\$ 352
2013	269
2014	210
2015	21
2016	19
Later	21
	892
Less interest	(108)
Total	\$ 784

**South Dakota Cement Commission Retirement Plans:** During the 2010 South Dakota Legislative Session, South Dakota Codified Law Chapter 5-17 was amended to provide for the abolishment of the South Dakota Cement Plant Commission and liquidation of the Commission's property no later than June 30, 2011. In addition, the law transferred the responsibility for the administration of the CPRF retirement benefit payment to the South Dakota Retirement System. On July 1, 2010, the South Dakota Retirement System (SDRS) began administering the South Dakota Cement Plant Retirement Fund (Fund), in conjunction to the dissolution of the South Dakota Cement Commission.



The Fund is a single-employer public employee retirement system (PERS). The Fund consists of six defined benefit pension plans covering all former employees of the State Cement Plant. The Plans are actuarially funded using the entry age normal, level percent of pay, funding method. The Plan's funding policy provides for the unfunded actuarial accrued liability to be amortized as a level dollar over an open 20-year period. The most recent actuarial valuation was prepared as of July 1, 2010.

On March 16, 2001, the State of South Dakota sold the State Cement Plant to a private corporation. As of that date the Plans were frozen as to new participants, final average earnings, credited service and primary social security benefits. The normal retirement age is 65, and early retirement is at age 55 with required credited service. The plans provide disability benefits to those former employees totally and permanently disabled on or before March 16, 2001. All participants in the plan on March 16, 2001 were 100% vested. A survivor benefit will be paid to a surviving spouse provided: a) the spouse has dependent children; or, b) the surviving spouse has attained the age of 65; or, c) the employee had purchased the surviving spouse coverage option. Plan contributions are established by Administrative Rules of South Dakota.

Copies of a separately issued financial report on the plans may be obtained by writing to the South Dakota Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, or by calling (605) 773-3595.

The Funds' financial statements are prepared on the accrual basis of accounting. Benefits are recorded when payable by administrative rule.

Investments are carried at fair value which is based on the quoted market price of each investment traded on stock exchanges in accordance with GASB Statement No. 31. For alternative investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon the investment's current financial statements or other information provided by the underlying investment advisor. Interest and dividends are accrued in the period they are earned. The unrealized appreciation or depreciation in the current value of the investments held at June 30, 2011 and the realized gain or loss on sales of investments during the period then ended are determined using the average cost of the investments. At June 30, 2011 the fair value of net assets held in trust for pension benefits was \$49,534,180.

**Department of Labor Employment Security Retirement Plan:** Employees of the Department of Labor hired prior to July 1, 1980 had the option to become a member of the SDRS, or maintain membership in the Employment Security Retirement Plan. The Employment Security Retirement Plan is a defined benefit single employer plan administered through a private insurance carrier.

Financial statements are not available from the insurance company. The latest actuarial information available is as of July 1, 2011. The following actuarial information covers all employees of the active life plan, plus any cost-of-living increases granted to retired life plan participants after January 1, 1987.

For the fiscal year ended June 30, 2011 (most recent actuarial valuation date), the payroll and contributions for employees covered by the plan was \$1,254,073 and \$12,774, respectively. On June 30, 2011 participants in the plan consisted of the following:

Active Participants	32
Vested Terminated Participants	4
Retired Participants and Beneficiaries	217

Investments are carried at fair value to properly reflect asset values at June 30, 2011. Contributions are made by active life plan participants at 5% of their salaries. As of July 1, 2011, the plan is overfunded by \$4.4 million, based on the actuarial assumptions used. The primary reason for this change was an asset gain of \$8.2 million due to returns more favorable than expected (actual 24.2% vs. 7.5% expected). This gain was offset by a demographic loss of approximately \$0.2 million due to less retiree deaths than expected and higher COLA than expected (actual 3.6% vs. 3.5% expected) offset by lower salaries than expected.

The following table shows the recommended contribution for plan year ending June 30, 2011:

<b>I. Recommended employer contribution, before test of unfunded liability</b>	
(a) Total normal cost	\$ 9,767
(b) Expected employee contributions	<u>(7,801)</u>
(c) Employer normal cost (a)-(b)	1,966
(d) 25-year amortization payment toward unfunded actuarial liability	282,068
(e) Interest to June 30, 2010 on (c)+(d)	<u>21,303</u>
(f) Recommended employer contribution, before test of unfunded liability: (c)+(d)+(e), but not less than \$0	\$ 305,337
<b>II. Test of unfunded liability</b>	
(g) Unfunded actuarial liability	
(i) Actuarial liability as of July 1, 2009	\$ 54,929,565
(ii) Actuarial value of assets as of July 1, 2009	<u>(51,549,554)</u>
(iii) Unfunded actuarial liability: (i)-(ii)	3,380,011
(h) Interest to June 30, 2010 on (c)+(g)	253,648
(i) Expected unfunded liability as of June 30, 2010: (c)+(g)+(h), but not less than \$0	3,635,625
<b>III. Recommended employer contribution: lesser of (f) and (i)</b>	<b>\$ 305,337</b>

The GASB No. 27 annual pension expense is defined as the Annual Required Contribution (ARC) plus one year's interest on the Net Pension Obligation (NPO) offset by an adjustment to the ARC. The ARC may be defined as the recommended annual employer contribution as developed above. The NPO is defined as the cumulative difference, including interest, for the years prior to the transition date (July 1, 1997) between (a) the employer's required contributions in accordance with the plan's actuarially determined funding requirements and (b) the contributions made by the employer in relation to the required contributions. The following table displays the development of the NPO and the annual pension cost assuming that there will be no employer contributions.

Fiscal Year Ended 30-Jun	(a) Annual Required Contribution (ARC)	(b) Employer Contribution	(c) Interest on NPO	(d) ARC Adjustment LY (h)/(e)	(e) Amortization Factor	(f) Annual Pension Cost (a)+(c)-(d)	(g) Change in NPO (f)-(b)	(h) NPO Balance LY+(g)
2010	\$503,139	\$0	\$0	\$0	11.147	\$503,139	\$503,139	\$503,139
2011	\$305,337	\$0	\$37,735	\$45,137	11.147	\$297,935	\$297,935	\$801,074

The schedule of funding progress (expressed in thousands) is as follows:

Fiscal Year Ended June 30	Actuarially Net Assets Available For Benefits	Entry Age Normal Assets in Accrued Liability (AAL)	Percent Funded (1)/(2)	Annual Excess of AAL (1)-(2)	Annual Covered Payroll	Assets in Excess Of AAL as a Percent of Covered Payroll (4)/(5)
2002	57,914	46,442	124.7	11,472	2,957	388.0
2003	56,633	47,386	119.5	9,247	2,758	335.3
2004	62,477	48,597	128.6	13,880	2,717	510.8
2005	66,065	49,885	132.4	16,180	2,698	599.8
2006	69,259	52,534	131.8	16,725	2,254	742.1
2007	76,357	53,395	143.0	22,962	2,010	1,142.2
2008	68,209	54,703	124.7	13,506	1,696	796.6
2009	48,578	54,144	89.7	(5,566)	1,631	(341.2)
2010	51,550	54,930	93.8	(3,380)	1,407	(240.2)
2011	59,870	55,470	107.9	4,400	1,254	350.9

## **8. DEFERRED COMPENSATION PLAN**

The State of South Dakota maintains a deferred compensation plan for the benefit of its employees created in accordance with Internal Revenue Code Section 457. The plan is available to all employees of the State and its political subdivisions. The plan permits participants to defer a portion of their salary until future years, thereby deferring taxation on the portion deferred. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights held by the deferred compensation plan, at all times until made available to a participant or the participant's beneficiary, shall be held in trust for the exclusive benefit of the participants. The State has no liability for losses under the plan.

The assets of the deferred compensation plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers and markets the plan for the participants.

## **9. SPECIAL PAY PLAN**

The Special Pay Plan (SPP) was established in July 2004 as a qualified plan pursuant to Internal Revenue Code Section 401(a) under the administrative responsibility of the SDRS Board of Trustees. South Dakota state government and the South Dakota Board of Regents are participating units and every state political subdivision may become a participating unit in the plan. The SPP mandates that qualifying employees (over age 55 and \$600 or more in "special" pay) of participating units defer 100 percent of their special lump-sum termination pay to the plan. The participating unit transfers the deferred pay to the fund. This deferred pay is available to a participant immediately after termination, upon later retirement, or to beneficiaries or an estate upon the participant's death.

Of the \$23,576,722 net assets available for plan benefits at June 30, 2011, \$13,545,505 was held in trust for employees of the State, while the remaining \$10,031,217 represents the assets held in trust for employees of other jurisdictions. The assets of the special pay plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers and markets the plan for the participants.

## **10. OTHER POST EMPLOYMENT BENEFITS**

The State of South Dakota implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45) during the year ended June 30, 2008.

**Plan Description:** In accordance with Administrative Rules 55:03:04 other postemployment benefits (OPEB) are available to health plan retirees that are receiving a retirement benefit from the South Dakota Retirement System. In order to receive an SDRS benefit, the retiree must be at least age 55 with three years of service. Certain Public Safety employees qualify for SDRS at age 45 with three years of service.

Pre-Medicare retirees are eligible to be covered under the same medical plans that are provided to active employees as authorized by SDCL 3-12A-2 until the age of 65. However, retirees must contribute towards the cost of this coverage based on the contribution scale determined by the South Dakota Bureau of Personnel. Dependents at the time of retirement can continue to be covered during retirement for as long as they are eligible as dependents under the plan and contribute towards the cost of the coverage. Although the retirees generally must pay 100% of the premium rate, GASB 45 requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

The Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self-insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in that plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the

plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

The State operates an agent multiple defined employer retiree benefit plan which provides medical insurance benefits for retirees. There were 704 retirees as of July 1, 2010. The State has a self-insured health plan with the choice of three different deductibles for the participants to choose from.

**Funding Policy:** The contribution requirements of the plan participants are established by the Bureau of Personnel. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation:** The state's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a thirty year amortization period using a 3.0% discount rate. For year ending June 30, 2011, the state's ARC is \$8,105,443.

The following table shows the components of the state's annual OPEB cost for the year, the amount contributed to the plan, and the changes to the state's net OPEB obligation. Because Higher Education is a discretely presented component unit that contributes 36% of the revenue for active employees 36% of the Net OPEB Obligation was reported by Higher Education.

Annual Required Contribution (ARC)	\$ 8,105,443
Interest on Net OPEB Obligation (NOO)	456,554
Amortization Adjustment to ARC	<u>(753,762)</u>
Annual OPEB Cost (Expense)	7,808,235
Less: Contributions	<u>(2,893,849)</u>
Increase in Net OPEB Obligation (NOO)	4,914,386
NOO, Beginning Balance	<u>15,218,459</u>
<b>NOO, Ending</b>	<b><u>\$ 20,132,845</u></b>

The state's annual OPEB cost, the percentage of annual OPEB cost contributed to this plan, and the net OPEB obligation for FY 2008, FY 2009, FY 2010 and FY 2011 are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 9,429,305	37.2%	\$ 5,924,549
2009	7,560,788	39.7%	10,485,515
2010	8,184,906	42.2%	15,218,459
2011	7,808,235	37.1%	20,132,845

**Funded Status and Funding Progress:** As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits and the unfunded actuarial accrued liability (UAAL) was \$74.4 million. The actuarial value of assets is zero as no assets have been deposited into an irrevocable OPEB trust for future benefits. The covered payroll for active employees was \$634.0 million and the ratio of the UAAL to the covered payroll was 11.73%.

**Actuarial Methods and Assumptions:** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule

of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumption included a 3.0% discount rate based on the estimated long-term investment yield on the general assets of the State. The annual medical trend rate is assumed to grade from 7.00 percent to 5.0 percent in 2013 and to remain at that level for all future years. This trend curve reflects current general medical trend and an assumption that trend rates will gradually lower over the next 4 years.

Mortality rates are from the 1995 Buck Mortality Table for males and females.

The UAAL is being amortized on an open, level dollar basis over 30 years.

The following is a schedule of funding progress:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (ALL)* (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
07/01/2007	\$ 0	\$76,406,237	\$ 76,406,237	0%	\$ 591,271,605	12.92%
07/01/2008	0	67,080,768	67,080,768	0%	617,186,072	10.87%
07/01/2009	0	70,548,028	70,548,028	0%	626,434,784	11.26%
07/01/2010	0	74,398,195	74,398,195	0%	634,017,694	11.73%

\* The projected unit credit actuarial cost method is used to calculate the actuarial accrued liability and the annual required contribution.

## 11. COMMITMENTS

**Construction and Other Commitments:** At June 30, 2011 the Department of Transportation had contractual construction commitments of \$268,410,542 for various highway projects and maintenance commitments (including stockpile) of \$8,872,766. Financing for these future expenditures will be primarily from approved federal grants and highway use taxes.

The Department of Environment and Natural Resources had construction and other contractual commitments of \$121,193,725 for various water development projects. Financing for these future expenditures will be from approved federal grants, legislative appropriations, and a bond issue. These commitments relate to the following funds/programs:

Clean Water State Revolving Fund	\$66,777,248
Drinking Water State Revolving Fund	\$31,160,467
Water and Environment Fund Program	\$15,966,296
Federal Funds	\$ 7,289,714

The Building Authority has contracts and other construction commitments of \$17,392,746.

The South Dakota Housing Development Authority had commitments to purchase home-ownership mortgage loans aggregating approximately \$35,240,332. Financing for these commitments will be from home-ownership mortgage bonds.

The Department of Tourism and State Development had construction and other contractual commitments of \$61,963,880. Financing for these future expenditures will be from approved federal grants, bond issuances, from a previous 1% sales tax, and an employer's investment in South Dakota's future fee. These commitments relate to the following funds/programs:

### Revolving Economic Development Initiative (REDI) Fund Grants/Loans

Value-Added Agriculture Sub Fund	\$ 377,688
REDI Fund Loans	\$ 17,201,907
SD Economic Development Authority	\$ 325,000
Economic Development Finance Authority, Agriculture Processing and Export Program (APEX)	\$ 117,000
Economic Development Finance Authority, Pooled Loans	\$ 10,000,000
Community Development Block Grant (CDBG)	\$ 7,780,570
Future Fund Program	\$ 7,829,699
Energy Program Loans	\$ 2,023,621
Energy Program Grants	\$ 16,308,395

The South Dakota Science and Technology Authority had a contractual commitment of \$1,782,500 for the Homestake Mine for the installation and maintenance of a deep level pump system and had contractual commitments of \$7,952,523 to outfit the underground Davis Campus at the Homestake Mine.

## **12. 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 \$14,520,000 at June 30, 2011. The Workers' Compensation Fund liability at June 30, 2011 and the changes to the liability during fiscal years ended June 30, 2011 and 2010 listed on the following page were as follows (expressed in thousands):

	<u>FY2011</u>	<u>FY2010</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 19,168	\$ 18,115
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	3,850	3,728
Changes in provision for insured events of prior fiscal years	<u>744</u>	<u>673</u>
Total incurred claims and claim adjustment expenses	<u>4,594</u>	<u>4,401</u>
Payments		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	967	865
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>1,761</u>	<u>2,483</u>
Total payments	<u>2,728</u>	<u>3,348</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 21,034</u>	<u>\$ 19,168</u>

## **B. Health and Life Insurance**

The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance and life insurance benefits (an insurance carrier, however, provides claims administration services for health insurance). The health and life 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. Claims expenses and liabilities for life insurance are reported using a case-by-case review of claims. Allocated claim adjustment expenses are uncommon and immaterial. Unallocated claim adjustment expenses are not included. At the end of fiscal year 2011, \$725,000 of the net assets balance in the Self-Insurance Fund was designated for future catastrophic losses relating to life insurance. The health and life insurance programs liability at June 30, 2011 and the changes to the liability during fiscal years ended June 30, 2011 and 2010 were as follows (expressed in thousands):

	Health Insurance		Life Insurance	
	FY2011	FY2010	FY2011	FY2010
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 11,350	\$ 10,387	\$ 20	\$ 124
Incurred claims and claim adjustment expenses	94,575	91,426	2,672	2,164
Payments:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	83,394	80,076	2,495	2,144
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	11,350	10,387	20	124
Total payments	94,744	90,463	2,515	2,268
Unpaid claims and claim adjustment expenses at end of fiscal year	\$ 11,181	\$ 11,350	\$ 177	\$ 20

## **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 limited claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The State claimed 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, beginning in FY1996, the PEPL Fund coverage document was amended to provide liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance was purchased. Beginning in FY2001 through FY2003 the State purchased reinsurance for claims costs over \$250,000 with 100% of the remaining \$750,000. In FY2004 the State purchased reinsurance for claims costs over \$250,000 with 90% of the remaining \$750,000. In FY2005 through FY2011 the State purchased reinsurance for claims costs over \$250,000 with 75% of the remaining \$750,000.

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 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. At the end of fiscal year 2011, \$3,785,033 of the net assets balance in the PEPL Fund was



designated for future catastrophic losses. The PEPL Fund liability at June 30, 2011 and the changes to the liability during fiscal years ended June 30, 2011 and 2010 were as follows (expressed in thousands):

	<u>FY2011</u>	<u>FY2010</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 3,714	\$ 5,034
Incurring claims and claim adjustment expenses		
Provision for insured events of current fiscal year	1,160	932
Changes in provision for insured events of prior fiscal years	1,261	(693)
Total incurred claims and claim adjustment expenses	<u>2,421</u>	<u>239</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	269	173
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	1,031	1,386
Total payments	<u>1,300</u>	<u>1,559</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 4,835</u>	<u>\$ 3,714</u>

#### ***D. Risk Management***

The State is commercially insured for boiler insurance, 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 State is uninsured for property losses with the exception of all bonded buildings, all higher education facilities and buildings and certain other revenue-producing buildings that are covered through outside insurance companies.

### **13. OPERATING LEASES**

The State of South Dakota has entered into numerous agreements to lease land, buildings, and equipment. Most operating leases contain a provision that the State may renew leases on a year-to-year basis. In most cases, management expects the leases will be renewed or replaced by other leases of a similar nature.

The following schedule is a summary of future minimum rental payments by years required under operating leases with lease terms in excess of one year as of June 30, 2011 (expressed in thousands):

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2012	\$ 7,307	\$ 1,559
2013	5,934	733
2014	4,761	215
2015	3,598	138
2016	3,151	133
2017-2021	9,083	40
2022-2026	4,951	
2027-2031	3,622	
2032-2036	1,219	
2037-2041	66	
<b>Total Minimum Payments</b>	<u>\$ 43,692</u>	<u>\$ 2,818</u>

The total rental expenses for all operating leases for the fiscal year ended June 30, 2011 was \$10,199,971 for the primary government and \$2,044,127 for component units.

## 14. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2011 and changes to long-term liabilities during the fiscal year then ended are as follows (expressed in thousands):

	Beginning Balance (as restated)	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities *</b>					
Revenue Bonds	\$ 261,825	\$ 10,306	\$ (20,322)	\$ 251,809	\$ 8,484
Less Unamortized Discount	(1,957)		91	(1,866)	7
Less Deferred Loss on Refunding	(593)	(3)	198	(398)	(206)
Add Unamortized Premium	894	154	(217)	831	212
Net Revenue Bonds	260,169	10,457	(20,250)	250,376	8,497
Trust Certificates	21,895		(2,646)	19,249	2,762
Compensated Absences	49,781	32,241	(32,860)	49,162	26,001
Policy Claims Liability	3,713	2,422	(1,300)	4,835	1,300
Workers Compensation	19,344	4,602	(2,903)	21,043	2,608
Capital Leases	25,009	20,598	(5,421)	40,186	4,201
Pollution Remediation Obligation	8,979	2,690		11,669	650
Escheat Property	2,160	2,036	(2,102)	2,094	525
Net OPEB Obligation	9,740	4,997	(1,852)	12,885	
<b>Total Governmental Activities</b>	<b>\$ 400,790</b>	<b>\$ 80,043</b>	<b>\$ (69,334)</b>	<b>\$ 411,499</b>	<b>\$ 46,544</b>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 125,330	\$ 92,380	\$ (48,419)	169,291	\$ 7,166
Less Unamortized Discount	(79)		45	(34)	(5)
Less Deferred Loss on Refunding	(544)	(393)	185	(752)	(200)
Add Unamortized Premium	1,802	4,148	(237)	5,713	348
Net Revenue Bonds	126,509	96,135	(48,426)	174,218	7,309
Compensated Absences	1,179	733	(708)	1,204	643
<b>Total Business-type Activities</b>	<b>\$ 127,688</b>	<b>\$ 96,868</b>	<b>\$ (49,134)</b>	<b>\$ 175,422</b>	<b>\$ 7,952</b>
<b>Component Units</b>					
Revenue Bonds	\$ 2,412,573	\$176,009	\$ (408,037)	\$2,180,545	\$ 209,360
Less Deferred Loss on Refunding	(2,860)	149	(3)	(2,714)	(68)
Less Unamortized Discount	(11)		(280)	(291)	(11)
Add Unamortized Premium	16,733	750	(3,064)	14,419	491
Net Revenue Bonds	2,426,435	176,908	(411,384)	2,191,959	209,772
Compensated Absences	37,601	12,298	(12,441)	37,458	11,500
Capital Leases	3,472	1,903	(2,411)	2,964	1,899
Rural Development Loans	4,438	45	(204)	4,279	233
Federal Portion of Perkins Loan Program	37,073	631		37,704	
Net OPEB Obligation	5,479	2,811	(1,042)	7,248	
<b>Total Component Units</b>	<b>\$ 2,514,498</b>	<b>\$194,596</b>	<b>\$ (427,482)</b>	<b>\$2,281,612</b>	<b>\$ 223,404</b>

\*Governmental Activities Other Long-Term Obligations - The General Fund, special revenue and internal service funds in which the leases are recorded will liquidate the capital lease obligations. The compensated absence liability will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. 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 net OPEB obligations will be liquidated by the State's governmental and internal service funds that contribute toward the Health Insurance Internal Service Fund, based on the contribution rates. The pollution remediation obligations will be liquidated by the Petroleum Release Compensation Fund and the Department of Energy 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 South Dakota Building Authority (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 lease agreements between the SDBA and state departments and institutions. Lease payments for bonds and certificates of participation are paid from the General Fund and other state dedicated fees of state departments, boards, and commissions, and an annuity.

The SDBA sold trust certificates to a trustee bank and assigned the right to receive lease rental payments over to the trustee bank. The principal and interest payments on the certificates are payable solely from amounts payable by the State under lease agreements. The certificates are not an indebtedness of the State within the meaning of any constitutional or statutory debt limit, nor may the certificates be a claim against the property of the SDBA.

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 and trust certificates outstanding at June 30, 2011 (expressed in thousands):

<b>Bond Series:</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
1996A	2016	5.100%-5.950%	\$ 6,327
2003	2015	3.500%-5.000%	346
2005B	2026	3.000%-5.000%	6,705
2006A	2026	4.250%-5.000%	10,773
2006B	2013	4.000%-5.000%	11,390
2006C	2013	5.550%	605
2007	2032	4.250%-5.000%	5,030
2008	2033	4.000%-5.000%	1,960
2010B	2013	.900%-6.200%	5,500
2010C	2032	3.125%-5.850%	3,875
2010D	2033	2.250%-3.250%	801
Add Unamortized Premium			831
Less Unamortized Discount			(47)
Less Deferred Loss on Refunding			(398)
<b>Total Bonds</b>			<b>53,698</b>
<b>Trust Certificate Series:</b>			
1991 (A&B)	2016	6.500%-6.750%	3,670
1993 (A&B)	2017	6.500%-6.700%	15,580
<b>Total Trust Certificates</b>			<b>19,250</b>
<b>Total</b>			<b>\$ 72,948</b>

As of June 30, 2011, debt service requirements for principal and interest for the SDBA were as follows (expressed in thousands):

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 11,243	\$ 3,251	\$ 14,494
2013	10,714	2,675	13,389
2014	6,918	5,367	12,285
2015	6,349	5,233	11,582
2016	5,766	4,738	10,504
2017-2021	15,622	8,335	23,957
2022-2026	10,635	2,946	13,581
2027-2031	4,115	897	5,012
2032-2036	1,200	183	1,383
<b>Total</b>	<b>\$ 72,562</b>	<b>\$ 33,625</b>	<b>\$ 106,187</b>

## **2. Educational Enhancement Funding Corporation**

During the 2001 Legislative session, the Legislature authorized the South Dakota Building Authority to provide for the establishment of a corporation for the purpose of selling a portion or all of 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 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 Educational Enhancement Funding Corporation bonds outstanding at June 30, 2011 (expressed in thousands):

<b>Bond Series:</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
2002A	2025	6.72%	\$ 68,958
2002B	2032	6.50%	129,540
Less Unamortized Discount			(1,819)
<b>Total</b>			<b>\$ 196,679</b>

As of June 30, 2011, debt service requirements for principal and interest for the Educational Enhancement Funding Corporation were as follows (expressed in thousands):

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$	\$ 13,056	\$ 13,056
2013		13,056	13,056
2014		13,056	13,056
2015		13,056	13,056
2016		13,056	13,056
2017-2021	23,993	63,874	87,867
2022-2026	59,745	49,939	109,684
2027-2031	92,075	26,181	118,256
2032	22,685	1,474	24,159
<b>Total</b>	<b>\$ 198,498</b>	<b>\$ 206,748</b>	<b>\$ 405,246</b>

## **B. Business-type Activities**

### **South Dakota Conservancy District - State Revolving Funds**

The South Dakota Conservancy District 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 South Dakota Conservancy District 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. The bonds are paid solely from the interest earned on the loan repayments for the CWSRF and the DWSRF of \$4.1 million and \$3.5 million, respectively.

The following is a schedule of outstanding bonds as of June 30, 2011 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
<b>Clean Water State Revolving Fund</b>			
1996A	2017	5.63%	\$ 100
2001	2022	4.00%-5.00%	3,085
2004	2017	2.50%-5.25%	4,810
2005	2026	3.25%-5.00%	35,670
2010AB	2031	4.084%-5.646%	55,705
Less Unamortized Deferred Loss on Refunding			(520)
Less Unamortized Discount			(17)
Add Unamortized Premium			3,250
<b>Total</b>			<b>102,083</b>
<b>Drinking Water State Revolving Fund</b>			
2001	2022	4.00%-5.00%	3,705
2004	2025	3.00%-5.25%	22,275
2005	2026	3.25%-5.00%	7,265
2010AB	2031	2.00%-5.646%	36,675
Less Unamortized Deferred Loss on Refunding			(232)
Less Unamortized Discount			(18)
Add Unamortized Premium			2,462
<b>Total</b>			<b>72,132</b>
<b>Total Revenue Bonds</b>			<b>\$ 174,215</b>

As of June 30, 2011, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (expressed in thousands):

Year Ended June 30,	Principal	Interest	Total
<b>Clean Water State Revolving Fund</b>			
2012	\$ 4,320	\$ 4,840	\$ 9,160
2013	5,400	4,410	9,810
2014	4,915	4,189	9,104
2015	5,130	3,966	9,096
2016	5,350	3,732	9,082
2017-2021	25,055	15,162	40,217
2022-2026	30,845	8,743	39,588
2027-2031	18,355	2,032	20,387
<b>Total</b>	<b>99,370</b>	<b>47,074</b>	<b>146,444</b>
<b>Drinking Water State Revolving Fund</b>			
2012	2,845	3,448	6,293
2013	3,440	3,169	6,609
2014	3,590	3,015	6,605
2015	3,740	2,850	6,590
2016	3,895	2,674	6,569
2017-2021	20,995	10,447	31,442
2022-2026	20,990	5,413	26,403
2027-2031	10,425	1,216	11,641
<b>Total</b>	<b>69,920</b>	<b>32,232</b>	<b>102,152</b>
<b>Total</b>	<b>\$ 169,290</b>	<b>\$ 79,306</b>	<b>\$ 248,596</b>

## C. Component Units

### 1. South Dakota Housing Development Authority

The South Dakota Housing Development Authority (SDHDA) 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 SDHDA issues negotiable notes and bonds in amounts authorized by the Governor of South Dakota. Notes and bonds of the SDHDA 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 SDHDA.

Following is a schedule of bonds, consolidated by category, outstanding at June 30, 2011 (expressed in thousands):

	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Home-Ownership Mortgage Program</b>			
	2012-2045	.05%-6.25%	
Serial Bonds			\$ 368,890
Term Bonds			1,019,370
Add Unamortized Premium			9,978
Less Deferred Loss on Refunding			(845)
Total			<u>1,397,393</u>
<b>Single Family Mortgage Revenue Bonds</b>			
Serial Bonds	2011-2041	.62%-4.5%	18,845
Term Bonds	2011-2041	1.00%-4.24%	288,680
Add Unamortized Premium			448
Total			<u>307,973</u>
<b>Multifamily Housing Trust Funds</b>			
	2011-2048	.17%-5.15%	
Serial Bonds			7,330
Term Bonds			35,445
Less Deferred Loss on Refunding			(636)
Total			<u>42,139</u>
<b>Multifamily Housing Revenue Bonds</b>			
Serial Bonds	2011-2044	.10%-6.15%	3,022
Term Bonds	2011-2044	.10%-6.15%	26,575
Total			<u>29,597</u>
<b>Multifamily Mortgage Pass-Through Term Bonds</b>			
	2011-2017	3.75%-7.50%	<u>9,628</u>
<b>Multifamily Risk Sharing Bonds</b>			
	2011-2043	4.25%-5.85%	<u>13,155</u>
Term Bonds			<u>13,155</u>
<b>Total Bonds</b>			<u><u>\$ 1,799,885</u></u>

As of June 30, 2011, debt service requirements for principal and interest for the SDHDA were as follows (expressed in thousands):

Year Ended June 30,	Principal	Interest	Total
2012	\$ 185,777	\$ 67,352	\$ 253,129
2013	54,502	65,365	119,867
2014	53,241	63,366	116,607
2015	56,311	61,169	117,480
2016	53,439	59,033	112,472
2017-2021	250,849	259,655	510,504
2022-2026	219,420	206,147	425,567
2027-2031	243,160	156,234	399,394
2032-2036	533,741	77,092	610,833
2037-2041	125,815	9,027	134,842
2042-2046	12,925	338	13,263
2047-2051	1,760	21	1,781
Total	<u>\$ 1,790,940</u>	<u>\$ 1,024,799</u>	<u>\$ 2,815,739</u>

## **2. South Dakota Economic Development Finance Authority**

The South Dakota Economic Development Finance Authority (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 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, 2011, the balance in the Capital Reserve Account was \$5,000,000 and the reserve requirement was \$2,706,250.

The following is a schedule of outstanding bonds as of June 30, 2011 (expressed in thousands):

<b>Bond Series</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
1998A&B	2018	5.50%	\$ 535
2003A	2013	5.25%	620
2004A	2014-2029	5.000%-6.00%	4,225
2004B	2014-2024	5.000%-5.95%	2,750
2005A	2016-2026	5.25%-6.05%	4,130
2008	2015-2028	4.40%-5.875%	6,900
2009A&B	2016-2019	3.60%-5.00%	2,490
<b>Total</b>			<u><u>\$ 21,650</u></u>

As of June 30, 2011, debt service requirements for principal and interest for the EDFA were as follows (expressed in thousands):

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 1,325	\$ 1,218	\$ 2,543
2013	1,385	1,156	2,541
2014	1,105	1,089	2,194
2015	1,165	1,035	2,200
2016	1,225	976	2,201
2017-2021	6,170	3,802	9,972
2022-2026	6,750	2,002	8,752
2027-2029	2,525	291	2,816
<b>Total</b>	<u><u>\$ 21,650</u></u>	<u><u>\$ 11,569</u></u>	<u><u>\$ 33,219</u></u>

### 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 2011 equaled \$24,029,677.

Following are revenue bonds outstanding at June 30, 2011 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
School of Mines and Technology			
2003	2033	2.350%-5.300%	\$ 6,775
2008B	2028	4.550%	3,845
2009	2039	2.150%-6.250%	10,140
Less Unamortized Discount			(24)
University of South Dakota			
2003	2028	2.500%-5.000%	12,560
2005	2030	4.000%-5.000%	11,390
2009	2039	2.150%-6.250%	43,965
Less Unamortized Discount			(193)
Add Unamortized Premium			173
South Dakota State University			
2004	2024	2.500%-5.000%	22,440
2005A	2030	4.000%-5.000%	2,600
2006	2060	3.920%	6,550
2009	2039	2.150%-6.250%	34,425
Less Deferred Loss on Refunding			(478)
Less Unamortized Discount			(71)
Add Unamortized Premium			846
Northern State University			
2004A	2029	3.000%-5.000%	5,215
2008B	2038	4.550%	1,020
2009	2039	2.150%-6.250%	1,355
Less Deferred Loss on Refunding			(73)
Less Unamortized Discount			(3)
Add Unamortized Premium			135
Dakota State University			
2004	2025	3.000%-5.000%	2,540
2007	2029	3.760%	360
2008	2028	3.760%	4,260
Less Deferred Loss on Refunding			(103)
Add Unamortized Premium			87
Black Hills State University			
2004	2023	4.000%	3,685
2004A	2026	3.000%-5.000%	2,710
2006	2026	3.920%	1,075
2007	2029	3.880%	7,590
Less Deferred Loss on Refunding			(79)
Add Unamortized Premium			87
<b>Total</b>			<b>\$ 184,804</b>

As of June 30, 2011, debt service requirements for principal and interest were as follows (expressed in thousands):

Year Ended June 30,	Principal	Interest	Total
2012	\$ 6,705	\$ 8,257	\$ 14,962
2013	7,100	8,036	15,136
2014	7,260	7,783	15,043
2015	7,390	7,508	14,898
2016	7,685	7,238	14,923
2017-2021	43,830	30,764	74,594
2022-2026	43,350	20,150	63,500
2027-2031	33,345	10,287	43,632
2032-2036	18,705	3,158	21,863
2037-2041	5,130	423	5,553
<b>Total</b>	<b>\$ 180,500</b>	<b>\$ 103,604</b>	<b>\$ 284,104</b>



**b. South Dakota Building Authority (Higher Education Portion)**

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

Following is a schedule of bonds outstanding at June 30, 2011 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
<b>Revenue Bonds</b>			
2002	2026	4.450%-5.750%	\$ 3,865
2003	2015	3.500%-5.000%	3,984
2003A	2028	2.250%-5.000%	13,265
2005C	2029	3.500%-5.000%	15,675
2006A	2026	4.250%-5.000%	2,762
2007	2032	4.250%-5.000%	44,990
2008	2033	4.000%-5.000%	67,940
2009	2034	2.650%-6.760%	12,800
2010A	2027	0.900%-5.650%	10,940
2010B	2035	0.900%-6.200%	8,970
2010D	2019	2.250%-3.250%	264
Less Deferred Loss on Refunding			(500)
Add Unamortized Premium			2,665
<b>Total Revenue Bonds</b>			<b>\$ 187,620</b>

As of June 30, 2011, debt service requirements for principal and interest for the Building Authority (Higher Education portion) were as follows (expressed in thousands):

Year Ended June 30,	Principal	Interest	Total
2012	\$ 7,776	\$ 8,792	\$ 16,568
2013	7,661	8,470	16,131
2014	7,417	8,168	15,585
2015	7,292	7,851	15,143
2016	7,362	7,527	14,889
2017-2021	39,162	32,370	71,532
2022-2026	44,550	22,750	67,300
2027-2031	45,330	11,865	57,195
2032-2036	18,905	1,851	20,756
<b>Total</b>	<b>\$ 185,455</b>	<b>\$ 109,644</b>	<b>\$ 295,099</b>

### **Capital Leases**

The State has entered into various agreements to lease buildings, vehicles, and equipment. FASB Statement No. 13, "Accounting For Leases", requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease).

Capital lease obligations are recorded as liabilities in the government-wide and proprietary fund financial statements.

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2011 (expressed in thousands):

Fiscal Year Ending June 30,	Primary Government	
	Governmental Activities	Component Units
2012	\$ 6,280	\$ 2,049
2013	4,719	1,322
2014	3,231	159
2015	2,653	-
2016	2,604	-
2017-2021	12,810	-
2022-2026	11,137	-
2027-2031	9,691	-
2032-2036	9,641	-
2037-2041	5,759	-
Total Minimum Lease Payments	68,525	3,530
Less: Amount Representing Interest	28,338	566
Present Value of Net Minimum Lease Payments	\$ 40,187	\$ 2,964

The historical cost and depreciation of assets acquired under capital leases and included in capital assets on the government-wide financial statements at June 30, 2011 are as follows (expressed in thousands):

	Primary Government
	Governmental Activities
Buildings	\$ 59,007
Equipment	3,223
Vehicles	8,302
Total	70,532
Less Accumulated Depreciation	21,818
Total, Net	\$ 48,714

### **Conduit Debt Obligations**

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by state government 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 a lease 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 Value Added Finance Authority***

The South Dakota Value Added Finance Authority provides low interest financing to agricultural enterprises in the State of South Dakota. The loans can be used to acquire agricultural property. The Authority 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, 2011, there were 209 Beginning Farmer Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2011 could not be determined; however, the original issue amount totaled \$28,662,950.95.

As of June 30, 2011, there were 6 Agribusiness Bonding Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2011 could not be determined; however, the original issue amount totaled \$8,497,500.

As of June 30, 2011, there were 20 Livestock Nutrient Management Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2011 could not be determined; however, the original issue amount totaled \$9,609,765.

As of June 30, 2011, there were 14 Agribusiness Relending Program Loans outstanding. The outstanding loan balance at June 30, 2011 was \$536,293.79.

As part of the American Recovery and Reinvestment Act, the South Dakota Value Added Finance Authority issued 3 recovery zone bonds in state fiscal year 2011. The outstanding balance at June 30, 2011 could not be determined; however, the original issue amount totaled \$24,750,000.

## ***2. South Dakota Economic Development Finance Authority***

The Authority issues tax-exempt debt for the purpose of financing a company's acquisition and construction of land, buildings, machinery, and equipment to spawn economic growth. The bonds are special obligations of the Authority to which the payments paid by the company pursuant to a loan agreement have been and are hereby irrevocably pledged.

As of June 30, 2011, the aggregate amount of stand-alone bond principal outstanding was \$15,439,749. The original issue amount of stand-alone bonds totaled \$20,870,000.

### ***Refunded Bonds***

The Building Authority has defeased certain refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 2011, \$6,825,000 of the Building Authority bonds outstanding is considered defeased.

### ***Pollution Remediation Obligations***

The state of South Dakota has pollutions remediation obligation liabilities as of June 30, 2011 of \$11,669,200.

#### ***1. Gilt Edge Superfund Site***

The state of South Dakota, acting through the Department of Environment and Natural Resources, has contracted with the United States Environmental Protection Agency for participation in the reclamation and remediation of the former Brohm Mine, the Gilt Edge Superfund Site in Lawrence County. The EPA's current estimate of total cleanup cost is \$134 million. The State is required by law to pay 10% of the total costs of reclamation and remediation of the site or \$13.4 million. The State has already spent approximately \$5.6 million with a remaining outstanding liability as of June 30, 2011 of \$7.8 million. The State's contribution to the costs of reclamation and remediation will come from the Regulated Response Fund, which has a cash balance of \$1.1 million, but will grow with future penalties collected for environmental violations deposited into the fund and interest earned on the cash deposit. After reclamation is completed, and after a holding period by the United States, the State will take control of the site and use the reclamation bond to pay 100% of the ongoing water treatment costs. The State had a cash balance of approximately \$7.4 million as of June 30, 2011 from the cash reclamation bond deposited by Brohm. However, actual costs incurred when the State takes control of the site cannot be anticipated at this time because the final cleanup action has not been determined yet.

## **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 was established under SDCL 34A-13 and 34A-14. As of June 30, 2011, PRCF was currently involved with 66 active cases, 39 active/monitoring cases, and 15 pending cases (spill report not yet filed), for a total of 120 cases. The cost remaining for sites that have received at least one payment is \$969,200, the cost for sites that haven't received any payments is \$2,300,000 and the estimated cost for the Abandoned Tank Removal Program is \$600,000. The total liability as of June 30, 2011 for this program is \$3,869,200.

### **Other Obligations**

#### **1. Bond Anticipation Notes – Clean Water and Drinking Water State Revolving Funds**

Bond Anticipation Notes (BANS) with a total par amount of \$55 million (\$37M Clean Water, \$18M Drinking Water) were issued with a closing date of 8/26/2009. They were sold at a total premium of \$807,400 (\$543,160 Clean Water, \$264,240 Drinking Water) making the total BANS proceeds \$55,807,400 (\$37,543,160 Clean Water, \$18,264,240 Drinking Water). The maturity date on the BANS was 9/30/2010 with an interest rate of 2.0% for both Clean Water and Drinking Water.

## **15. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES**

The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Assets are presented in natural classifications. The following table presents those same expenses in functional classifications as of June 30, 2011 as recommended by NACUBO (expressed in thousands):

<b>Function</b>	<b>Personal Services</b>	<b>Travel</b>	<b>Contractual</b>	<b>Supplies &amp; Noncapitalized Equipment</b>	<b>Grants &amp; Subsidies</b>	<b>Interest &amp; Other Expenses</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$151,052	\$ 2,525	\$ 13,286	\$ 7,078	\$ 444	\$ 21	\$ 2,723	\$177,129
Research	48,215	2,853	14,527	7,919	18,992	1	4,332	96,839
Public Service	28,450	1,177	5,744	4,380	1,360	271	8,132	49,514
Academic Support	27,493	879	4,434	5,225	787		1,265	40,083
Student Services	24,604	5,210	6,174	4,476	625		690	41,779
Institutional Support	42,973	989	11,241	5,715	1,203	625	768	63,514
O&M of Plant	11,745	132	19,239	7,668		9	14,307	53,100
Scholarships and Fellowships	6,173	69	798	3,018	19,704	64	194	30,020
Auxiliary Enterprises	9,412	71	23,794	11,120	8,182	300	1,197	54,076
Other						100	1,393	1,493
<b>Total</b>	<b>\$350,117</b>	<b>\$13,905</b>	<b>\$ 99,237</b>	<b>\$ 56,599</b>	<b>\$ 51,297</b>	<b>\$ 1,391</b>	<b>\$ 35,001</b>	<b>\$607,547</b>

## 16. FUND BALANCES AND NET ASSETS

### 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, 2011 (expressed in thousands):

	General	Trans- portation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Non-Major Special Revenue Funds	Total
<b>Non-Spendable</b>							
Inventory and Prepaids	\$ 3,148	\$	\$	\$	\$	\$	\$ 3,148
Permanent Fund Principal				238,000	329,330	116,456	683,786
<b>Total Non-Spendable Fund Balances</b>	<u>3,148</u>			<u>238,000</u>	<u>329,330</u>	<u>116,456</u>	<u>686,934</u>
<b>Restricted</b>							
Education					47,804	8,532	56,336
Health and Public Assistance			95			28,440	28,535
Law, Justice and Public Protection						10,846	10,846
Economic Development						29,563	29,563
Transportation		155,886					155,886
Agriculture and Natural Resources						66,654	66,654
Energy Conservation or Development						11,243	11,243
Game and Fish						10,409	10,409
Parks and Recreation						7,359	7,359
Public Buildings						566	566
Public Broadcasting						1,600	1,600
Railroads						37,570	37,570
Debt Service						60,849	60,849
Capital Projects						5,285	5,285
Other				4,698		6,239	10,937
<b>Total Restricted Fund Balances</b>		<u>155,886</u>	<u>95</u>	<u>4,698</u>	<u>47,804</u>	<u>285,155</u>	<u>493,638</u>
<b>Committed</b>							
Education						372	372
Health and Public Assistance						2,848	2,848
Law, Justice and Public Protection						9,110	9,110
Agriculture and Natural Resources						9,129	9,129
Environmental Cleanup						3,648	3,648
Energy Conservation or Development						1,873	1,873
Public Buildings						2,406	2,406
Railroads						205	205
Other						7,253	7,253
<b>Total Committed Fund Balances</b>						<u>36,844</u>	<u>36,844</u>
<b>Assigned</b>							
Education	99,389					1,420	100,809
Higher Education	10,895						10,895
Health and Public Assistance	24,788					12,657	37,445
Law, Justice and Public Protection	4,352					11,849	16,201
Agriculture and Natural Resources	97					2,610	2,707
Tourism Promotion	2,454						2,454
Public Buildings	3,744					5,316	9,060
Other	2,418					832	3,250
<b>Total Assigned Fund Balances</b>	<u>148,137</u>					<u>34,684</u>	<u>182,821</u>
<b>Unassigned Fund Balances *</b>	136,018					(18,859)	117,159
<b>Total Fund Balances</b>	<u>\$ 287,303</u>	<u>\$ 155,886</u>	<u>\$ 95</u>	<u>\$ 242,698</u>	<u>\$ 377,134</u>	<u>\$ 454,280</u>	<u>\$ 1,517,396</u>

\* This amount includes \$43,398,000 of equity from the Budget Reserve established by the 1991 South Dakota Legislature as discussed further in the following paragraph.

### ***Budget Reserve Account***

The 1991 South Dakota Legislature established a budget reserve 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 fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each branch 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, 2011 was \$43,398,000 and is reported as unassigned fund balance within the General Fund.

### ***General Fund***

The State's General Fund beginning fund balance was restated in the current year for the reclassification of various statutorily created accounts, that because of the implementation of GASB 54, no longer qualify as Special Revenue Funds and were required to be combined with the State's General Fund (as identified in Note 1). As of June 30, 2011 the following equity balances were included within the State's General fund due to the implementation of GASB 54 (expressed in thousands):

<b>Fund Balance - June 30, 2011 excluding GASB 54 combinations</b>	<b>\$ 214,180</b>
<b>Statutorily Created Funds Combined with the General Fund</b>	
Property Tax Reduction - assigned for Education	67,754
Tourism Promotion - assigned for Tourism Promotion	2,454
Investment Council Operating - assigned for Other	1,728
Private Activity Bond - assigned for Other	67
Tax Relief - unassigned	936
Extraordinary Litigation Expense - unassigned	154
Unclaimed Property - unassigned	30
<b>Fund Balance - June 30, 2011 as reported</b>	<b>\$ 287,303</b>

### ***Net Assets Restricted by Enabling Legislation***

The government-wide Statement of Net Assets reports \$1.14 billion of restricted net assets for the primary government of which \$144.7 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 reserved in the governmental fund financial statements since these amounts are not available for appropriation. In the government-wide Statement of Net Assets the principal balance is shown as unexpendable and the investment earnings remaining in these funds at June 30, 2011 is shown as expendable.

- ***Dakota Cement Trust Fund.*** This fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings thereon. Article XIII, section 21 of the Constitution of the State of South Dakota states: "Except as provided in Article XIII, section 20 of the Constitution of the State of South Dakota, the original principal of the trust fund shall forever remain inviolate. However, the Legislature shall, by appropriation, make distributions from the difference between the twelve million dollar annual general fund transfer and five percent of the market value of the trust fund for the support of education, but not for the replacement of state aid to general education or special education, if the increase in the market value of the trust fund in that fiscal year was sufficient to maintain the original principal of the trust fund after such distributions."
- ***Education Enhancement Trust Fund.*** This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and monies from the Youth-at-Risk Fund. 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, 2011 are summarized as follows (expressed in thousands):

<b>Fund</b>	<b>Expendable</b>	<b>Nonexpendable</b>	<b>Total Restriction</b>
Dakota Cement Trust	\$ 4,698	\$ 238,000	\$ 242,698
Education Enhancement Trust	47,804	329,330	377,134
Health Care Trust	18,421	85,631	104,052
Permanent	669	30,825	31,494
<b>Total</b>	<b>\$ 71,592</b>	<b>\$ 683,786</b>	<b>\$ 755,378</b>

### **Individual Fund Deficits**

The following individual funds had deficit fund equity at June 30, 2011 (expressed in thousands):

<b>Fund Type/Fund</b>	<b>Deficit</b>
Internal Service:	
State Worker's Compensation	\$14,520
Special Revenue:	
Law Enforcement Revolving	156
Fire Suppression	1,437
Public Safety Emergency Management	17,100
Enterprise:	
Banking Special Revenue Fund	84

## **17. VOCATIONAL TECHNICAL INSTITUTES**

The State primary government has an ongoing financial responsibility for the funding of four technical institutes in the State. The technical institutes are considered part of the local school districts in the district where they are located. By law, the State may adopt rules governing the operation of the technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2011, the State provided \$20,262,000 in General Fund state aid payments to the technical institutes.

Construction and renovation of facilities is funded with proceeds from debt issued by the Health and Education Facilities Authority. The Health and Educational Facilities Authority 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 State primary government appoints a voting majority of the 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 lease purchase agreements with the Health and Educational Facilities Authority and sub-leases the facilities to the school districts. The State makes lease payments to the Health and Educational Facilities Authority from a combination of General Fund appropriations, interest earnings from a special revenue fund and from student facility fees collected by the technical institutes and remitted to the State. Upon completion of payments under the lease agreements, titles to the facilities pass to the State. The sub-lease 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 vocational education. Facilities constructed or renovated and the lease purchase agreements between the State and the Health and Educational Facilities Authority are reported under the governmental activities column in the government-wide Statement of Net Assets.

## **18. RELATED PARTY TRANSACTIONS**

The Sanford Research/University of South Dakota (USD) was created by the Sioux Valley (Sanford) Health Care Systems and the USD School of Medicine to facilitate medical research and technology transfer. USD is a part of Higher Education and is a component unit of the state of South Dakota. The University of South Dakota subcontracted research awards totaling \$1,185,727 to Sanford Research/USD. The research conducted included areas of prenatal alcohol in sudden infant death syndrome, breast cancer cells project, and the Center for Health Research with Tribes in South Dakota, Montana and Wyoming. The funding sources were the National Science Foundation for \$28,714; the US Department of Health and Human Services for \$104,892; SD Governor's Research and Commercialization Council for \$1,045,670; and the remaining was funded from other sources.

The South Dakota Railroad Board (SDRB) has a loan program which enables the Regional Railroad Authority's to rehabilitate rail lines. In FY10 Sioux Valley Regional Railroad Authority (SVRRA) applied for and was approved for a loan from the SDRB. The loan was to rehabilitate a section of rail between Canton and Elk Point, SD. The SVRRA has tax levying power and was created by D&I Railroad Co. SVRRA passed the loan funds onto D & I Railroad Co who is the operator. A SDRB member is also the president of D & I Railroad Co. Funding for the loan came from the Department of Transportation Railroad Trust fund and a total of \$5,396,622.00 was awarded to Sioux Valley Regional Railroad Authority in FY10. For FY11, Day County Regional Railroad Authority was approved a loan in the amount of \$1,500,000.00 and Aberdeen-Brown County Regional Railroad Authority was approved a loan in the amount of \$3,000,000 to expand South Dakota Wheat Growers existing industrial siding for 10,365 feet near Andover, SD and 12,770 feet near Roscoe, SD, respectively. An employee of South Dakota Wheat Growers is also the chairman of the South Dakota Railroad Board.

The South Dakota Development Corporation (SDDC) was created under the South Dakota Nonprofit Corporation Act with the Secretary of State's office. The SDDC is a South Dakota non-profit corporation and a Certified Development Company created for the purpose of administering the U.S. Small Business Administration's (SBA) 503/504 loan programs and the Microloan Program. The Microloan Program was formed as a partnership between Citibank (South Dakota) N.A., the SDDC and The South Dakota Department of Tourism and State Development (SDDTSD). Citibank is no longer a part of this partnership. The SDDTSD has agreed to provide certain staff services and related support of the SBA 504 loans and Microloan Program loans made by SDDC. The SDDTSD provides these services out of SDDTSD funds. The SDDTSD grants are provided to SDDC to be used for loans to businesses in South Dakota. The purpose of the SBA's 503/504 loan program and the Microloan program, is to help facilitate economic development and the creation of jobs in South Dakota. These loans are used to assist companies either operating in the state or moving to the state. Businesses use the loan funds to expand their operations, improve their facilities, or set up operations in South Dakota. There were nine 503/504 loans awarded during FY11 totaling \$4,698,597. Funding for these loans came from the SBA. In addition, the SDDTSD's Revolving Economic and Development Initiative fund board has loaned out \$645,312 for the Microloan Program loans and granted \$5,300,000 from the Future Fund to the SDDC in FY11.

## **19. CONTINGENCIES AND LITIGATION**

The State of South Dakota is party to numerous legal proceedings, many of which occur in the normal course of governmental operation. Adverse judgment of these lawsuits could result in liabilities to the State. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the State. The contingent liabilities at June 30, 2011 are as follows:

**Darley International, LLC v. South Dakota International Business Institute and Hanul Professional Law Corp.** Darley International brought an arbitration action against a Korean law firm and the South Dakota International Business Institute, which at that time was part of Northern State University under the control of the South Dakota Board of Regents. The arbitration action is brought in the State of California and involves contract and tort claims arising from an overseas investor recruitment agreement between the plaintiff and the Korean law firm involving activities conducted by the South Dakota International Business Institute. Darley claims damages exceeding \$1,000,000. Darley moved to defer arbitration in 2011 in an effort to join additional parties. Darley has not yet moved for an arbitration date in 2012. The matter is being vigorously defended. In the opinion of Counsel defending the action, the risk of a reportable unfavorable outcome



appears low as the claim of damages is speculative and the underlying claims are uncertain. If the decision is unfavorable, it could have a material impact on the State's General Fund and/or Higher Education, a discretely presented component unit of the State.

**M.A. Mortenson Company Appeal of Certificate of Assessment.** On November 30, 2010, the Department of Revenue and Regulation issued a certificate of assessment against M.A. Mortenson Company for tax, penalty and interest in the amount of \$6,037,343.44. On January 28, 2011, M.A. Mortenson Company, along with Tatanka Wind Power, LLC, filed a request for an administrative hearing concerning the certificate of assessment. Mortenson, along with Tatanka, is claiming the Department erred as a matter of law in concluding that wind turbines are subject to the contractor's excise tax as wind turbines should not be considered realty fixtures. In the alternative, they argue that Tatanka Wind Farms meets the definition of a qualified utility and therefore the value of the turbines supplied by Tatanka or its affiliates is subject to the Alternate Contractor's Excise Tax under SDCL ch. 10-46B. At this point the matter has not been scheduled for hearing. The Department of Revenue and Regulation intends to vigorously assert the correctness of the certificate of assessment, however, due to the nature of procedural and substantive defenses, counsel is not in a position to give any opinion at this time as to the risk of an unfavorable outcome regarding this matter. If the decision is unfavorable, it could have a material impact on the State's General Fund.

**Client Network Services, Inc. v. State of South Dakota et. al.** On December 16, 2010, Client Network Services, Inc. (CNSI) sued the State of South Dakota and the South Dakota Department of Social Services in state circuit court, Hughes County regarding a contract for a large-scale project called SDMEX to replace the State's legacy Medicaid Management Information System. The claims against the State Defendants are for breach of contract and unjust enrichment, and the requested damages are approximately \$13,200,000. On January 21, 2011, the State Defendants filed an answer denying liability and a counterclaim against CNSI for approximately \$32,400,000 for breach of contract. Litigation is in its initial stages. The Attorney General's Office is counsel for all State Defendants. Counsel for State Defendants are vigorously defending and pursuing the counter claims. At this time, counsel for State Defendants are not in the position to give any opinion regarding the risk of an unfavorable outcome or the potential financial impact (positive or negative) of any final judgment on the State's financial statement. If the decision is unfavorable, it could have a material impact on the State's General Fund.

**Northern Border Pipeline Company v. Department of Revenue.** The Department conducted an audit of Northern Border Pipeline Company. On September 6, 2011, the Department issued a certificate of assessment against Northern Border Pipeline in the amount of \$5,760,120.25, consisting of \$4,160,756.59 of tax and \$1,599,374.66 of interest. On November 3, 2011, Northern Border Pipeline requested an administrative hearing contesting the assessment stating the Department made mistakes of fact or errors of law in issuing the assessment. This matter was heard before the Office of Hearing Examiners on May 1, 2012 and a briefing schedule has been set up. A decision is anticipated by this fall. The Department of Revenue intends to vigorously assert the correctness of the certificate of assessment, however, due to the nature of procedural and substantive defenses counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome regarding this matter. If the decision is unfavorable, it could have a material impact on the State's General Fund.

**Mark Long, et. al. v. State.** A group of homeowners brought a regulatory takings action against the State of South Dakota and City of Sioux Falls through a complaint filed in the Second Circuit, Minnehaha County, dated October 26, 2010. Plaintiff's takings claims relate to flooding resulting from an extreme precipitation event in Minnehaha County during 2010. The claim is for \$1,250,000 and an additional sum of compensation for diminished use of property. The action is in the discovery phase. Counsel for the State is vigorously defending this action. However, due to the early stages of litigation and the nature of the claims and potential defenses, counsel is not in the position to give any opinion as to the risk of an unfavorable outcome or the potential monetary consequences. If the decision is unfavorable, it could have a material impact on the State's General Fund.

**Claim for Recovery for Overpayment of Franchise Tax on Financial Institutions.** Banks and financial institutions are subject to South Dakota's Income Tax on Banks and Financial Corporations as outlined in SDCL ch. 10-43. In 2012, the S.D. Department of Revenue has received claims for refund of bank franchise tax in the aggregate amount of \$29,944,132. The S.D. Department of Revenue reviewed and denied the requests for refund. The denial of the requests is currently being contested and administrative hearing proceedings are pending. The Department counsel is not in a position to offer an opinion at this time as to the risk of an unfavorable outcome, which could have a material impact on the State's General Fund.

**South Dakota Department of Transportation Workers Compensation Claim.** On November 16, 2011, an employee of the South Dakota Department of Transportation was involved in a car accident. The employee was on the way back from a work trip to Yankton. The car accident occurred in an area where the employee would not have been expected or required to travel for their employment on that day. The claim for workers' compensation benefits was denied on the basis the car accident occurred outside the scope of employment with South Dakota Department of Transportation. The claimant's attorney filed a Petition for medical and indemnity/disability benefits. The Workers' Compensation Program plans to contest the responsibility and liability and defend vigorously on the basis the car accident did not arise out of and in the course of employment. The Present Value of indemnity/disability benefits is \$470,578.40. An estimate of the medical expenses will exceed \$1,000,000. If the decision is unfavorable, it could have a material impact on the State Employee Workers Compensation Fund.

## ***20. SUBSEQUENT EVENTS***

### ***Housing Authority***

On July 14, 2011, the Housing Authority issued \$30,000,000 of Single Family Mortgage Bonds 2011 Series 1 and \$45,000,000 of Single Family Mortgage Bonds 2009 Series 1-C. The bonds will mature May 1, 2012 through November 1, 2041.

On October 20, 2011 the Housing Authority issued \$100,000,000 of Single Family Mortgage Bonds 2011 Series 2. The bonds will mature May 1, 2012 through November 1, 2041.

On June 13, 2012, the Housing Authority issued \$58,245,000 of Homeownership Mortgage Bonds 2012 Series ABC. The bonds will mature May 1, 2013 through November 1, 2042.

### ***Building Authority***

On August 11, 2011, the Building Authority issued the Series 2011 Revenue Bonds in the amount of \$12,880,000 to finance various cost related to a number of maintenance projects on buildings under lease from the Authority to the South Dakota Board of Regents.

On December 13, 2011, the Building Authority issued the Series 2011A Revenue Bonds in the amount of \$6,925,000.

### ***Vocational Education Program***

On August 11, 2011, the Health and Educational Facilities Authority issued the Vocational Education Program Series 2011A bonds in the amount of \$20,140,000.

On February 16, 2012, the Health and Educational Facilities Authority issued the Vocational Education Program Series 2012A bonds in the amount of \$18,810,000.

### ***Department of Environment and Natural Resources***

On May 8, 2012, the Department issued State Revolving Fund Program Bonds in the amount of \$69,775,000 for Taxable Revenue Bonds Series 2012A and in the amount of \$53,530,000 for Revenue Bonds Series 2012B.

### ***Value Added Finance Authority***

On June 7, 2012, the Value Added Finance Authority issued Beginning Farmers Bonds in the amount of \$682,500.

### ***Board of Regents***

On November 17, 2011 the Board of Regents issued Housing and Auxiliary Facilities System Revenue Bonds Series 2011 in the amount of \$63,480,000. The new bond issue is to be used at South Dakota State University for a new residence hall project, student union expansion (including dining), family student housing project, and parking expansion and for Northern State University for a student center project.

## ***REQUIRED SUPPLEMENTARY INFORMATION***

***The “Required Supplementary Information” includes the Budgetary Reporting Information. The following individual statements are included:***

***Budgetary Comparison Schedule – General Fund***

***Budgetary Comparison Schedule – Transportation Fund***

***Budgetary Comparison Schedule – Social Services Federal Fund***

***Budgetary Comparison Schedule Budget-to-GAAP Reconciliation***

***Notes to Required Supplementary Information – Budgetary Reporting***

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
DEPARTMENT OF EXECUTIVE MANAGEMENT				
OFFICE OF THE GOVERNOR				
Personal Services	1,792	1,740	1,740	0
Operating Expenses	445	497	497	0
TOTAL	2,237	2,237	2,237	0
GOVERNOR'S CONTINGENCY FUND				
Personal Services	0	0	0	0
Operating Expenses	100	100	100	0
TOTAL	100	100	100	0
LIEUTENANT GOVERNOR				
Personal Services	19	19	19	0
Operating Expenses	14	14	14	0
TOTAL	33	33	33	0
BUREAU OF FINANCE AND MANAGEMENT				
Personal Services	569	543	543	0
Operating Expenses	314	340	340	0
TOTAL	883	883	883	0
SALE LEASEBACK, B.F.M.				
Personal Services	0	0	0	0
Operating Expenses	7,255	7,255	7,255	0
TOTAL	7,255	7,255	7,255	0
ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION				
Personal Services	0	0	0	0
Operating Expenses	728	728	663	65
TOTAL	728	728	663	65
SALE LEASEBACK, B.O.A.				
Personal Services	0	0	0	0
Operating Expenses	533	533	533	0
TOTAL	533	533	533	0
CENTRAL SERVICES				
Personal Services	156	141	141	0
Operating Expenses	250	265	265	0
TOTAL	406	406	406	0
STATEWIDE MAINTENANCE AND REPAIR				
Personal Services	0	0	0	0
Operating Expenses	5,361	5,361	2,754	2,607
TOTAL	5,361	5,361	2,754	2,607
OFFICE OF HEARING EXAMINERS				
Personal Services	216	202	202	0
Operating Expenses	116	130	130	0
TOTAL	332	332	332	0
SOUTH DAKOTA PUBLIC BROADCASTING				
Personal Services	2,649	2,649	2,649	0
Operating Expenses	1,383	1,383	1,383	0
TOTAL	4,032	4,032	4,032	0

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2011  
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	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>STATE RADIO ENGINEERING</b>				
Personal Services	570	570	570	0
Operating Expenses	1,187	1,187	1,187	0
<b>TOTAL</b>	<b>1,757</b>	<b>1,757</b>	<b>1,757</b>	<b>0</b>
<b>PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS</b>				
Personal Services	193	193	193	0
Operating Expenses	67	67	67	0
<b>TOTAL</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>0</b>
<b>SOUTH DAKOTA RISK POOL</b>				
Personal Services	86	80	80	0
Operating Expenses	625	631	631	0
<b>TOTAL</b>	<b>711</b>	<b>711</b>	<b>711</b>	<b>0</b>
<b>DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT</b>				
Personal Services	6,250	6,137	6,137	0
Operating Expenses	18,378	18,491	15,819	2,672
<b>TOTAL</b>	<b>24,628</b>	<b>24,628</b>	<b>21,956</b>	<b>2,672</b>
<b>DEPARTMENT OF REVENUE AND REGULATION</b>				
<b>SECRETARIAT</b>				
Personal Services	112	112	112	0
Operating Expenses	57	57	55	2
<b>TOTAL</b>	<b>169</b>	<b>169</b>	<b>167</b>	<b>2</b>
<b>PROPERTY AND SPECIAL TAXES</b>				
Personal Services	784	788	787	1
Operating Expenses	1,044	1,041	723	318
<b>TOTAL</b>	<b>1,828</b>	<b>1,829</b>	<b>1,510</b>	<b>319</b>
<b>DEPARTMENT TOTAL, REVENUE &amp; REGULATION</b>				
Personal Services	896	900	899	1
Operating Expenses	1,101	1,098	778	320
<b>TOTAL</b>	<b>1,997</b>	<b>1,998</b>	<b>1,677</b>	<b>321</b>
<b>DEPARTMENT OF AGRICULTURE</b>				
<b>ADMINISTRATION, SECRETARY OF AGRICULTURE</b>				
Personal Services	654	509	509	0
Operating Expenses	188	188	188	0
<b>TOTAL</b>	<b>842</b>	<b>697</b>	<b>697</b>	<b>0</b>
<b>AGRICULTURAL SERVICES</b>				
Personal Services	1,214	1,178	1,178	0
Operating Expenses	765	876	876	0
<b>TOTAL</b>	<b>1,979</b>	<b>2,054</b>	<b>2,054</b>	<b>0</b>
<b>AGRICULTURAL DEVELOPMENT</b>				
Personal Services	801	801	801	0
Operating Expenses	738	752	749	3
<b>TOTAL</b>	<b>1,539</b>	<b>1,553</b>	<b>1,550</b>	<b>3</b>
<b>ANIMAL INDUSTRY BOARD</b>				
Personal Services	1,596	1,483	1,483	0
Operating Expenses	312	330	330	0
<b>TOTAL</b>	<b>1,908</b>	<b>1,813</b>	<b>1,813</b>	<b>0</b>

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2011  
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	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>STATE FAIR</b>				
Personal Services	0	0	0	0
Operating Expenses	300	450	450	0
<b>TOTAL</b>	<b>300</b>	<b>450</b>	<b>450</b>	<b>0</b>
<b>DEPARTMENT TOTAL, AGRICULTURE</b>				
Personal Services	4,265	3,971	3,971	0
Operating Expenses	2,303	2,596	2,593	3
<b>TOTAL</b>	<b>6,568</b>	<b>6,567</b>	<b>6,564</b>	<b>3</b>
<b>DEPARTMENT OF TOURISM AND STATE DEVELOPMENT</b>				
<b>GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT</b>				
Personal Services	1,643	1,643	1,643	0
Operating Expenses	799	799	799	0
<b>TOTAL</b>	<b>2,442</b>	<b>2,442</b>	<b>2,442</b>	<b>0</b>
<b>DIVISION OF RESEARCH COMMERCE</b>				
Personal Services	157	157	157	0
Operating Expenses	4,786	4,786	4,786	0
<b>TOTAL</b>	<b>4,943</b>	<b>4,943</b>	<b>4,943</b>	<b>0</b>
<b>TRIBAL GOVERNMENT RELATIONS</b>				
Personal Services	186	186	185	1
Operating Expenses	39	39	39	0
<b>TOTAL</b>	<b>225</b>	<b>225</b>	<b>224</b>	<b>1</b>
<b>HISTORY</b>				
Personal Services	989	989	989	0
Operating Expenses	1,035	1,035	1,035	0
<b>TOTAL</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>0</b>
<b>DEPARTMENT TOTAL, TOURISM AND STATE DEVELOPMENT</b>				
Personal Services	2,975	2,975	2,974	1
Operating Expenses	6,659	6,659	6,659	0
<b>TOTAL</b>	<b>9,634</b>	<b>9,634</b>	<b>9,633</b>	<b>1</b>
<b>DEPARTMENT OF GAME, FISH, AND PARKS</b>				
<b>CONSERVATION RESERVE ENHANCEMENT PROGRAM</b>				
Personal Services	0	0	0	0
Operating Expenses	75	75	0	75
<b>TOTAL</b>	<b>75</b>	<b>75</b>	<b>0</b>	<b>75</b>
<b>ADMINISTRATION, SECRETARY OF GAME, FISH AND PARKS</b>				
Personal Services	84	84	84	0
Operating Expenses	1,066	1,066	1,066	0
<b>TOTAL</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>0</b>
<b>PARKS AND RECREATION</b>				
Personal Services	2,842	2,842	2,842	0
Operating Expenses	1,020	1,162	1,162	0
<b>TOTAL</b>	<b>3,862</b>	<b>4,004</b>	<b>4,004</b>	<b>0</b>

STATE OF SOUTH DAKOTA  
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	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
DEPARTMENT TOTAL, GAME, FISH AND PARKS				
Personal Services	2,926	2,926	2,926	0
Operating Expenses	2,161	2,303	2,228	75
TOTAL	5,087	5,229	5,154	75
DEPARTMENT OF SOCIAL SERVICES				
ADMINISTRATION				
Personal Services	3,385	3,385	3,385	0
Operating Expenses	3,806	3,806	3,806	0
TOTAL	7,191	7,191	7,191	0
ECONOMIC ASSISTANCE				
Personal Services	6,632	6,632	6,614	18
Operating Expenses	15,616	16,206	15,324	882
TOTAL	22,248	22,838	21,938	900
MEDICAL AND ADULT SERVICES				
Personal Services	2,476	2,476	2,476	0
Operating Expenses	236,142	209,197	208,134	1,063
TOTAL	238,618	211,673	210,610	1,063
CHILDREN'S SERVICES				
Personal Services	8,527	8,527	8,527	0
Operating Expenses	23,995	26,862	26,862	0
TOTAL	32,522	35,389	35,389	0
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	21,020	21,020	21,002	18
Operating Expenses	279,559	256,071	254,126	1,945
TOTAL	300,579	277,091	275,128	1,963
DEPARTMENT OF HEALTH				
ADMINISTRATION, SECRETARY OF HEALTH				
Personal Services	646	646	646	0
Operating Expenses	531	411	411	0
TOTAL	1,177	1,057	1,057	0
HEALTH SYSTEMS DEVELOPMENT & REGULATION				
Personal Services	1,429	1,217	1,217	0
Operating Expenses	1,170	1,382	1,376	6
TOTAL	2,599	2,599	2,593	6
HEALTH AND MEDICAL SERVICES				
Personal Services	1,613	1,503	1,503	0
Operating Expenses	3,595	3,825	3,825	0
TOTAL	5,208	5,328	5,328	0
DEPARTMENT TOTAL, HEALTH				
Personal Services	3,688	3,366	3,366	0
Operating Expenses	5,296	5,618	5,612	6
TOTAL	8,984	8,984	8,978	6
DEPARTMENT OF LABOR				
ADMINISTRATION, SECRETARY OF LABOR				
Personal Services	0	0	0	0
Operating Expenses	200	200	200	0
TOTAL	200	200	200	0

STATE OF SOUTH DAKOTA  
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	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
STATE LABOR LAW ADMINISTRATION				
Personal Services	587	587	587	0
Operating Expenses	89	89	89	0
TOTAL	676	676	676	0
DEPARTMENT TOTAL, LABOR				
Personal Services	587	587	587	0
Operating Expenses	289	289	289	0
TOTAL	876	876	876	0
DEPARTMENT OF TRANSPORTATION				
GENERAL OPERATIONS				
Personal Services	472	472	472	0
Operating Expenses	50	50	50	0
TOTAL	522	522	522	0
DEPARTMENT TOTAL, TRANSPORTATION				
Personal Services	472	472	472	0
Operating Expenses	50	50	50	0
TOTAL	522	522	522	0
DEPARTMENT OF EDUCATION				
ADMINISTRATION, SECRETARY OF EDUCATION				
Personal Services	1,223	1,260	1,260	0
Operating Expenses	991	991	991	0
TOTAL	2,214	2,251	2,251	0
STATE AID TO GENERAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	319,584	327,986	327,986	0
TOTAL	319,584	327,986	327,986	0
STATE AID TO SPECIAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	49,390	49,390	49,390	0
TOTAL	49,390	49,390	49,390	0
DECLINING ENROLLMENT				
Personal Services	0	0	0	0
Operating Expenses	1,836	1,688	1,688	0
TOTAL	1,836	1,688	1,688	0
CONSOLIDATION INCENTIVES				
Personal Services	0	0	0	0
Operating Expenses	785	759	759	0
TOTAL	785	759	759	0
NATIONAL BOARD CERTIFIED TEACHERS				
Personal Services	0	0	0	0
Operating Expenses	0	116	116	0
TOTAL	0	116	116	0
TECHNOLOGY IN SCHOOLS				
Personal Services	0	0	0	0
Operating Expenses	6,692	6,692	6,692	0
TOTAL	6,692	6,692	6,692	0



STATE OF SOUTH DAKOTA  
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	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
CAREER AND TECHNICAL EDUCATION				
Personal Services	714	697	697	0
Operating Expenses	633	633	632	1
TOTAL	1,347	1,330	1,329	1
POST-SECONDARY VOCATIONAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	21,116	21,912	21,912	0
TOTAL	21,116	21,912	21,912	0
ED RESOURCES				
Personal Services	788	637	637	0
Operating Expenses	5,170	5,296	5,287	9
TOTAL	5,958	5,933	5,924	9
EDUCATION SERVICE AGENCIES				
Personal Services	0	0	0	0
Operating Expenses	116	116	116	0
TOTAL	116	116	116	0
STATE LIBRARY				
Personal Services	1,078	1,085	1,085	0
Operating Expenses	795	795	795	0
TOTAL	1,873	1,880	1,880	0
DEPARTMENT TOTAL, EDUCATION				
Personal Services	3,803	3,679	3,679	0
Operating Expenses	407,108	416,374	416,364	10
TOTAL	410,911	420,053	420,043	10
DEPARTMENT OF PUBLIC SAFETY				
ADMINISTRATION, SECRETARY OF PUBLIC SAFETY				
Personal Services	114	114	114	0
Operating Expenses	12	12	11	1
TOTAL	126	126	125	1
ENFORCEMENT				
Personal Services	1,175	1,175	1,082	93
Operating Expenses	156	156	156	0
TOTAL	1,331	1,331	1,238	93
EMERGENCY SERVICES				
Personal Services	1,105	1,105	1,056	49
Operating Expenses	2,920	2,875	2,872	3
TOTAL	4,025	3,980	3,928	52
INSPECTION AND LICENSING				
Personal Services	57	57	54	3
Operating Expenses	612	657	657	0
TOTAL	669	714	711	3
DEPARTMENT TOTAL, PUBLIC SAFETY				
Personal Services	2,451	2,451	2,306	145
Operating Expenses	3,700	3,700	3,696	4
TOTAL	6,151	6,151	6,002	149

STATE OF SOUTH DAKOTA  
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	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
BOARD OF REGENTS				
REGENTS SYSTEM OFFICE				
Personal Services	3,806	3,629	3,629	0
Operating Expenses	8,284	8,537	8,537	0
TOTAL	12,090	12,166	12,166	0
SOUTH DAKOTA OPPORTUNITY SCHOLARSHIPS				
Personal Services	0	0	0	0
Operating Expenses	4,721	4,721	4,721	0
TOTAL	4,721	4,721	4,721	0
UNIVERSITY OF SOUTH DAKOTA PROPER				
Personal Services	30,367	26,866	26,866	0
Operating Expenses	16	5,301	5,301	0
TOTAL	30,383	32,167	32,167	0
UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE				
Personal Services	15,699	13,651	13,651	0
Operating Expenses	1,076	4,153	4,153	0
TOTAL	16,775	17,804	17,804	0
SOUTH DAKOTA STATE UNIVERSITY PROPER				
Personal Services	39,150	34,263	34,263	0
Operating Expenses	59	7,380	7,380	0
TOTAL	39,209	41,643	41,643	0
COOPERATIVE EXTENSION SERVICE				
Personal Services	7,776	7,776	7,776	0
Operating Expenses	410	410	410	0
TOTAL	8,186	8,186	8,186	0
AGRICULTURAL EXPERIMENT STATION				
Personal Services	9,610	9,610	9,610	0
Operating Expenses	510	510	510	0
TOTAL	10,120	10,120	10,120	0
SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY				
Personal Services	13,460	11,857	11,857	0
Operating Expenses	217	2,616	2,616	0
TOTAL	13,677	14,473	14,473	0
NORTHERN STATE UNIVERSITY				
Personal Services	11,236	10,053	10,053	0
Operating Expenses	120	1,709	1,709	0
TOTAL	11,356	11,762	11,762	0
BLACK HILLS STATE UNIVERSITY				
Personal Services	7,700	6,885	6,885	0
Operating Expenses	0	1,189	1,189	0
TOTAL	7,700	8,074	8,074	0
DAKOTA STATE UNIVERSITY				
Personal Services	8,174	7,367	7,367	0
Operating Expenses	25	1,195	1,195	0
TOTAL	8,199	8,562	8,562	0

STATE OF SOUTH DAKOTA  
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	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
SOUTH DAKOTA SCHOOL FOR THE DEAF				
Personal Services	1,383	1,327	1,327	0
Operating Expenses	1,571	1,551	1,551	0
TOTAL	2,954	2,878	2,878	0
SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
Personal Services	2,433	2,373	2,373	0
Operating Expenses	298	359	359	0
TOTAL	2,731	2,732	2,732	0
DEPARTMENT TOTAL, BOARD OF REGENTS				
Personal Services	150,794	135,657	135,657	0
Operating Expenses	17,307	39,631	39,631	0
TOTAL	168,101	175,288	175,288	0
DEPARTMENT OF MILITARY & VETERANS AFFAIRS				
ADJUTANT GENERAL				
Personal Services	421	379	379	0
Operating Expenses	361	424	424	0
TOTAL	782	803	803	0
ARMY GUARD				
Personal Services	650	583	583	0
Operating Expenses	2,609	2,596	1,558	1,038
TOTAL	3,259	3,179	2,141	1,038
AIR GUARD				
Personal Services	159	152	152	0
Operating Expenses	216	205	205	0
TOTAL	375	357	357	0
VETERANS' BENEFITS AND SERVICES				
Personal Services	747	708	708	0
Operating Expenses	1,070	986	529	457
TOTAL	1,817	1,694	1,237	457
STATE VETERAN'S HOME				
Personal Services	1,413	1,413	1,413	0
Operating Expenses	1,285	1,486	1,058	428
TOTAL	2,698	2,899	2,471	428
DEPARTMENT TOTAL, MILITARY AND VETERANS AFFAIRS				
Personal Services	3,390	3,235	3,235	0
Operating Expenses	5,541	5,697	3,774	1,923
TOTAL	8,931	8,932	7,009	1,923
DEPARTMENT OF CORRECTIONS				
ADMINISTRATION, CENTRAL OFFICE				
Personal Services	2,165	1,722	1,722	0
Operating Expenses	8,485	15,483	15,483	0
TOTAL	10,650	17,205	17,205	0
MIKE DURFEE STATE PRISON				
Personal Services	8,305	6,707	6,707	0
Operating Expenses	4,105	3,821	3,821	0
TOTAL	12,410	10,528	10,528	0

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	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>STATE PENITENTIARY</b>				
Personal Services	13,114	10,856	10,856	0
Operating Expenses	4,976	5,352	5,352	0
<b>TOTAL</b>	<b>18,090</b>	<b>16,208</b>	<b>16,208</b>	<b>0</b>
<b>WOMEN'S PRISON</b>				
Personal Services	2,376	1,854	1,854	0
Operating Expenses	871	844	844	0
<b>TOTAL</b>	<b>3,247</b>	<b>2,698</b>	<b>2,698</b>	<b>0</b>
<b>COMMUNITY SERVICE</b>				
Personal Services	2,725	2,676	2,676	0
Operating Expenses	3,224	3,887	3,871	16
<b>TOTAL</b>	<b>5,949</b>	<b>6,563</b>	<b>6,547</b>	<b>16</b>
<b>PAROLE SERVICES</b>				
Personal Services	2,492	1,937	1,937	0
Operating Expenses	1,094	1,019	1,019	0
<b>TOTAL</b>	<b>3,586</b>	<b>2,956</b>	<b>2,956</b>	<b>0</b>
<b>JUVENILE COMMUNITY CORRECTIONS</b>				
Personal Services	2,442	1,953	1,953	0
Operating Expenses	12,989	11,619	11,619	0
<b>TOTAL</b>	<b>15,431</b>	<b>13,572</b>	<b>13,572</b>	<b>0</b>
<b>YOUTH CHALLENGE CENTER/LIVING CENTER</b>				
Personal Services	1,322	1,043	1,043	0
Operating Expenses	148	123	123	0
<b>TOTAL</b>	<b>1,470</b>	<b>1,166</b>	<b>1,166</b>	<b>0</b>
<b>PATRICK HENRY BRADY ACADEMY</b>				
Personal Services	1,323	1,055	1,055	0
Operating Expenses	118	118	118	0
<b>TOTAL</b>	<b>1,441</b>	<b>1,173</b>	<b>1,173</b>	<b>0</b>
<b>STATE TREATMENT AND REHABILITATION ACADEMY</b>				
Personal Services	2,743	2,010	2,010	0
Operating Expenses	2,547	2,767	2,767	0
<b>TOTAL</b>	<b>5,290</b>	<b>4,777</b>	<b>4,777</b>	<b>0</b>
<b>QUEST/ExCEL</b>				
Personal Services	1,428	1,126	1,126	0
Operating Expenses	148	142	142	0
<b>TOTAL</b>	<b>1,576</b>	<b>1,268</b>	<b>1,268</b>	<b>0</b>
<b>DEPARTMENT TOTAL, CORRECTIONS</b>				
Personal Services	40,435	32,939	32,939	0
Operating Expenses	38,705	45,175	45,159	16
<b>TOTAL</b>	<b>79,140</b>	<b>78,114</b>	<b>78,098</b>	<b>16</b>
<b>DEPARTMENT OF HUMAN SERVICES ADMINISTRATION, SECRETARY OF HUMAN SERVICES</b>				
Personal Services	726	726	726	0
Operating Expenses	305	305	305	0
<b>TOTAL</b>	<b>1,031</b>	<b>1,031</b>	<b>1,031</b>	<b>0</b>

STATE OF SOUTH DAKOTA  
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	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEVELOPMENTAL DISABILITIES</b>				
Personal Services	549	549	549	0
Operating Expenses	36,726	34,381	34,381	0
<b>TOTAL</b>	<b>37,275</b>	<b>34,930</b>	<b>34,930</b>	<b>0</b>
<b>SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD</b>				
Personal Services	6,505	5,872	5,872	0
Operating Expenses	1,903	1,657	1,657	0
<b>TOTAL</b>	<b>8,408</b>	<b>7,529</b>	<b>7,529</b>	<b>0</b>
<b>ALCOHOL AND DRUG ABUSE</b>				
Personal Services	2,200	2,211	2,211	0
Operating Expenses	8,632	7,587	7,587	0
<b>TOTAL</b>	<b>10,832</b>	<b>9,798</b>	<b>9,798</b>	<b>0</b>
<b>REHABILITATION SERVICES</b>				
Personal Services	678	678	678	0
Operating Expenses	3,086	2,961	2,961	0
<b>TOTAL</b>	<b>3,764</b>	<b>3,639</b>	<b>3,639</b>	<b>0</b>
<b>SERVICES TO THE BLIND &amp; VISUALLY IMPAIRED</b>				
Personal Services	451	451	451	0
Operating Expenses	458	458	458	0
<b>TOTAL</b>	<b>909</b>	<b>909</b>	<b>909</b>	<b>0</b>
<b>HUMAN SERVICES CENTER</b>				
Personal Services	20,989	19,862	19,862	0
Operating Expenses	10,517	9,520	9,520	0
<b>TOTAL</b>	<b>31,506</b>	<b>29,382</b>	<b>29,382</b>	<b>0</b>
<b>COMMUNITY MENTAL HEALTH</b>				
Personal Services	511	510	510	0
Operating Expenses	15,281	14,059	14,059	0
<b>TOTAL</b>	<b>15,792</b>	<b>14,569</b>	<b>14,569</b>	<b>0</b>
<b>DEPARTMENT TOTAL, HUMAN SERVICES</b>				
Personal Services	32,609	30,859	30,859	0
Operating Expenses	76,908	70,928	70,928	0
<b>TOTAL</b>	<b>109,517</b>	<b>101,787</b>	<b>101,787</b>	<b>0</b>
<b>DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</b>				
<b>FINANCIAL AND TECHNICAL ASSISTANCE</b>				
Personal Services	1,786	1,786	1,786	0
Operating Expenses	405	405	405	0
<b>TOTAL</b>	<b>2,191</b>	<b>2,191</b>	<b>2,191</b>	<b>0</b>
<b>ENVIRONMENTAL SERVICES</b>				
Personal Services	2,974	2,974	2,974	0
Operating Expenses	647	647	647	0
<b>TOTAL</b>	<b>3,621</b>	<b>3,621</b>	<b>3,621</b>	<b>0</b>
<b>DEPARTMENT TOTAL, ENVIRONMENT AND NATURAL RESOURCES</b>				
Personal Services	4,760	4,760	4,760	0
Operating Expenses	1,052	1,052	1,052	0
<b>TOTAL</b>	<b>5,812</b>	<b>5,812</b>	<b>5,812</b>	<b>0</b>

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
PUBLIC UTILITIES COMMISSION				
ADMINISTRATION, PUBLIC UTILITIES COMMISSION				
Personal Services	462	462	444	18
Operating Expenses	53	53	53	0
TOTAL	515	515	497	18
DEPARTMENT TOTAL, PUBLIC UTILITES COMMISSION				
Personal Services	462	462	444	18
Operating Expenses	53	53	53	0
TOTAL	515	515	497	18
UNIFIED JUDICIAL SYSTEM				
UNIFIED JUDICIAL SYSTEM				
Personal Services	30,358	29,966	29,966	0
Operating Expenses	5,842	6,265	6,123	142
TOTAL	36,200	36,231	36,089	142
DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM				
Personal Services	30,358	29,966	29,966	0
Operating Expenses	5,842	6,265	6,123	142
TOTAL	36,200	36,231	36,089	142
LEGISLATIVE				
LEGISLATIVE OPERATIONS				
Appropriation	4,633	4,633	4,554	79
TOTAL	4,633	4,633	4,554	79
LEGISLATIVE AUDIT				
Personal Services	2,559	2,504	2,473	31
Operating Expenses	335	390	374	16
Appropriation	-	-	-	-
TOTAL	2,894	2,894	2,847	47
DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT				
Personal Services	2,559	2,504	2,473	31
Operating Expenses	335	390	374	16
Appropriation	4,633	4,633	4,554	79
TOTAL	7,527	7,527	7,401	126
ATTORNEY GENERAL				
LEGAL SERVICES				
Personal Services	4,206	4,206	4,206	0
Operating Expenses	1,000	1,000	1,000	0
TOTAL	5,206	5,206	5,206	0
CRIMINAL INVESTIGATION				
Personal Services	2,586	2,586	2,586	0
Operating Expenses	1,760	1,760	1,758	2
TOTAL	4,346	4,346	4,344	2
LAW ENFORCEMENT TRAINING				
Personal Services	0	0	0	0
Operating Expenses	382	382	382	0
TOTAL	382	382	382	0

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
DEPARTMENT TOTAL, ATTORNEY GENERAL				
Personal Services	6,792	6,792	6,792	0
Operating Expenses	3,142	3,142	3,140	2
TOTAL	9,934	9,934	9,932	2
SCHOOL AND PUBLIC LANDS				
ADMINISTRATION OF SCHOOL & PUBLIC LANDS				
Personal Services	430	430	417	13
Operating Expenses	117	117	114	3
TOTAL	547	547	531	16
DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS				
Personal Services	430	430	417	13
Operating Expenses	117	117	114	3
TOTAL	547	547	531	16
SECRETARY OF STATE				
SECRETARY OF STATE				
Personal Services	670	686	685	1
Operating Expenses	305	288	286	2
TOTAL	975	974	971	3
DEPARTMENT TOTAL, SECRETARY OF STATE				
Personal Services	670	686	685	1
Operating Expenses	305	288	286	2
TOTAL	975	974	971	3
STATE TREASURER				
TREASURY MANAGEMENT				
Personal Services	339	339	338	1
Operating Expenses	174	174	120	54
TOTAL	513	513	458	55
DEPARTMENT TOTAL, STATE TREASURER				
Personal Services	339	339	338	1
Operating Expenses	174	174	120	54
TOTAL	513	513	458	55
STATE AUDITOR				
STATE AUDITOR				
Personal Services	1,056	1,056	1,022	34
Operating Expenses	155	155	144	11
TOTAL	1,211	1,211	1,166	45
DEPARTMENT TOTAL, STATE AUDITOR				
Personal Services	1,056	1,056	1,022	34
Operating Expenses	155	155	144	11
TOTAL	1,211	1,211	1,166	45
STATE TOTAL				
Personal Services	\$ 323,987	\$ 298,169	\$ 297,906	\$ 263
Operating Expenses	\$ 876,240	\$ 886,316	\$ 879,112	\$ 7,204
Appropriation	\$ 4,633	\$ 4,633	\$ 4,554	\$ 79
TOTAL	\$ 1,204,860	\$ 1,189,118	\$ 1,181,572	\$ 7,546

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION FUND  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)

Department	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
GENERAL OPERATIONS				
Personal Services	\$ 56,138	\$ 56,138	\$ 53,544	\$ 2,594
Operating Expenses	123,996	123,305	103,940	19,365
TOTAL	180,134	179,443	157,484	21,959
CONTRACT CONSTRUCTION--INFORMATIONAL				
Personal Services	0	0	0	0
Operating Expenses	317,356	332,806	329,766	3,040
TOTAL	317,356	332,806	329,766	3,040
ENFORCEMENT				
Personal Services	14,310	14,310	13,135	1,175
Operating Expenses	2,235	2,282	2,279	3
TOTAL	16,545	16,592	15,414	1,178
FUND TOTAL, TRANSPORTATION				
Personal Services	70,448	70,448	66,679	3,769
Operating Expenses	443,587	458,393	435,985	22,408
TOTAL	\$ 514,035	\$ 528,841	\$ 502,664	\$ 26,177



**STATE OF SOUTH DAKOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SOCIAL SERVICES FEDERAL FUND**  
**For the Fiscal Year Ended June 30, 2011**  
(Expressed in Thousands)

Department	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>ADMINISTRATION</b>				
Personal Services	\$ 4,526	\$ 4,526	\$ 3,827	\$ 699
Operating Expenses	14,746	14,746	6,245	8,501
<b>TOTAL</b>	19,272	19,272	10,072	9,200
<b>ECONOMIC ASSISTANCE</b>				
Personal Services	9,272	9,475	8,036	1,439
Operating Expenses	47,933	47,976	41,620	6,356
<b>TOTAL</b>	57,205	57,451	49,656	7,795
<b>MEDICAL AND ADULT SERVICES</b>				
Personal Services	5,099	5,099	4,389	710
Operating Expenses	511,617	509,478	457,101	52,377
<b>TOTAL</b>	516,716	514,577	461,490	53,087
<b>CHILDREN'S SERVICES</b>				
Personal Services	8,325	8,325	7,575	750
Operating Expenses	43,262	43,555	37,959	5,596
<b>TOTAL</b>	51,587	51,880	45,534	6,346
<b>DEPARTMENT TOTAL, SOCIAL SERVICES</b>				
Personal Services	27,222	27,425	23,827	3,598
Operating Expenses	617,558	615,755	542,925	72,830
<b>TOTAL</b>	\$ 644,780	\$ 643,180	\$ 566,752	\$ 76,428

**STATE OF SOUTH DAKOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET-TO-GAAP RECONCILIATION**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Social Services Federal Fund</u>
<b>Uses/Outflows of resources</b>			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,181,572	502,664	566,752
<b>Differences-budget to GAAP:</b>			
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.	(71,037)	(18,677)	(29,723)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(645)		
To Adjust Expenditures/Expenses for Accruals	(3,623)	12,495	145,772
To Adjust Expenditures/Expenses for reclassification under GASB 54	<u>20,257</u>	<u>          </u>	<u>          </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u><u>\$1,126,524</u></u>	<u><u>\$496,482</u></u>	<u><u>\$682,801</u></u>

## **Required Supplementary Information**

### **Notes to Required Supplementary Information - Budgetary Reporting**

The Budgetary Comparison Schedule presents comparisons of the original budget and legally revised final budget, with actual amounts for each program of the state of South Dakota on a budgetary basis. A Budgetary Comparison Schedule is presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. There are currently two major special revenue funds that fit this criterion: the Social Services Federal Fund and the Transportation Fund. The Budget 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, 2011, there were no over-expenditures by any State departments.

The original 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. Any of these adjustments may change the format, terminology, or classification of a Budget 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 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, 2011 has also been included as Required Supplementary Information.



# **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 Assets – Nonmajor Enterprise Funds***

***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –  
Nonmajor Enterprise Funds***

***Combining Statement of Cash Flows – Nonmajor Enterprise Funds***

***Combining Statement of Net Assets – Internal Service Funds***

***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –  
Internal Service Funds***

***Combining Statement of Cash Flows – Internal Service Funds***

***Combining Statement of Fiduciary Net Assets – Pension Trust Funds***

***Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds***

***Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds***

***Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds***

***Combining Statement of Fiduciary Net Assets – Agency Funds***

***Combining Statement of Changes in Assets and Liabilities – Agency Funds***

***Combining Statement of Net Assets – Component Units***

***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Component  
Units***

***Combining Statement of Net Assets – Nonmajor Component Units***

***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor  
Component Units***

STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE  
June 30, 2011  
(Expressed in Thousands)

<b>Assets</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 251,558	\$ 196	\$ 5,516	\$ 66	\$ 257,336
Investments	102,456	60,551		31,356	194,363
Receivables From:					
Taxes (Net)	4,195				4,195
Interest and Dividends	1,902	97	28	127	2,154
Other Funds	8,217				8,217
Component Units	134				134
Other Governments	83,836				83,836
Loans and Notes (Net)	59,615				59,615
Other (Net)	3,787	12,003			15,790
Inventory	3,138				3,138
Deferred Fiscal Charges and Other Assets	1,167	8			1,175
<b>Total Assets</b>	<b>\$ 520,005</b>	<b>\$ 72,855</b>	<b>\$ 5,544</b>	<b>\$ 31,549</b>	<b>\$ 629,953</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 38,335	\$ 3	\$ 9	\$	\$ 38,347
Payable To:					
Other Funds	41,009		250	54	41,313
Component Units	1,231				1,231
Other Governments	58,160				58,160
Claims, Judgments and Compensated Absences	64				64
Deferred Revenue	24,555	12,003			36,558
<b>Total Liabilities</b>	<b>163,354</b>	<b>12,006</b>	<b>259</b>	<b>54</b>	<b>175,673</b>
Fund Balances:					
Nonspendable	85,631			30,825	116,456
Restricted	218,351	60,849	5,285	670	285,155
Committed	36,844				36,844
Assigned	34,684				34,684
Unassigned	(18,859)				(18,859)
<b>Total Fund Balances</b>	<b>356,651</b>	<b>60,849</b>	<b>5,285</b>	<b>31,495</b>	<b>454,280</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 520,005</b>	<b>\$ 72,855</b>	<b>\$ 5,544</b>	<b>\$ 31,549</b>	<b>\$ 629,953</b>

**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, 2011**  
**(Expressed in Thousands)**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>Total</b>
Revenue:					
Taxes	\$ 99,760	\$	\$	\$	\$ 99,760
Licenses, Permits and Fees	188,462				188,462
Fines, Forfeits and Penalties	11,624				11,624
Use of Money and Property	27,249	1,098	213	6,761	35,321
Sales and Services	16,791				16,791
Administering Programs	833,129				833,129
Tobacco Settlement		23,673			23,673
Other Revenue	9,578	86			9,664
Total Revenue	<u>1,186,593</u>	<u>24,857</u>	<u>213</u>	<u>6,761</u>	<u>1,218,424</u>
Expenditures:					
Current:					
General Government	32,636	290	141	1,412	34,479
Education	213,264				213,264
Education - Payments to School Districts	47,300				47,300
Education - State Support to Higher Education	21,883				21,883
Health, Human and Social Services	307,322				307,322
Law, Justice, Public Protection and Regulation	170,632				170,632
Agriculture and Natural Resources	140,413				140,413
Economic Resources	30,715				30,715
Transportation	95,147				95,147
State Shared Revenue Paid to Other Governments	79,896				79,896
Capital Outlay			4,381		4,381
Debt Service:					
Principal		22,225			22,225
Interest		17,504			17,504
Total Expenditures	<u>1,139,208</u>	<u>40,019</u>	<u>4,522</u>	<u>1,412</u>	<u>1,185,161</u>
Excess of Revenue Over (Under) Expenditures	47,385	(15,162)	(4,309)	5,349	33,263
Other Financing Sources (Uses):					
Capital Leases	19,465				19,465
Bonds Issued			9,505		9,505
Proceeds of Refunding Bonds		801			801
Premiums on Bond Issuance			154		154
Premiums on Refunding Bonds		24			24
Proceeds from Sale of Capital Assets	449				449
Payments on Advanced Refundings		(741)			(741)
Transfers In	19,726	9,681			29,407
Transfers Out	(89,566)	(99)	(213)	(194)	(90,072)
Total Other Financing Sources (Uses)	<u>(49,926)</u>	<u>9,666</u>	<u>9,446</u>	<u>(194)</u>	<u>(31,008)</u>
Net Change in Fund Balances	(2,541)	(5,496)	5,137	5,155	2,255
Fund Balances at Beginning of Year, as restated	359,192	66,345	148	26,340	452,025
Fund Balances at End of Year	<u>\$ 356,651</u>	<u>\$ 60,849</u>	<u>\$ 5,285</u>	<u>\$ 31,495</u>	<u>\$ 454,280</u>

STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2011  
(Expressed in Thousands)

	Education Federal	Human Services	Labor	Health Federal	Tourism and State Development Federal
<b>Assets</b>					
Cash and Cash Equivalents	\$ 393	\$ 3,241	\$ 2,566	\$ 67	\$
Investments					
Receivables From:					
Taxes (Net)					
Interest and Dividends			3		
Other Funds	399	150	601	53	
Component Units	34				
Other Governments	23,051	12,614	1,257	2,091	1,232
Loans and Notes (Net)					
Other (Net)		235	8	5	
Inventory		307	83	2,364	
Deferred Fiscal Charges and Other Assets		85			
Total Assets	<u>\$ 23,877</u>	<u>\$ 16,632</u>	<u>\$ 4,518</u>	<u>\$ 4,580</u>	<u>\$ 1,232</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 2,994	\$ 9,779	\$ 1,386	\$ 1,746	\$ 44
Payable To:					
Other Funds	140	3,057	273	236	114
Component Units	240	27		18	
Other Governments	19,829	194	3	60	1,073
Claims, Judgments and Compensated Absences		39	2		
Deferred Revenue	406	264			
Total Liabilities	<u>23,609</u>	<u>13,360</u>	<u>1,664</u>	<u>2,060</u>	<u>1,231</u>
Fund Balances:					
Nonspendable					
Restricted	268	387	83	2,520	1
Committed					
Assigned		2,885	2,771		
Unassigned					
Total Fund Balances	<u>268</u>	<u>3,272</u>	<u>2,854</u>	<u>2,520</u>	<u>1</u>
Total Liabilities and Fund Balances	<u>\$ 23,877</u>	<u>\$ 16,632</u>	<u>\$ 4,518</u>	<u>\$ 4,580</u>	<u>\$ 1,232</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
\$	\$	\$ 324	\$ 12,704	\$ 7,636	\$ 908	\$ 3,359	\$ 7,765
							813
		16	89	7	34		11
		11	72	237		30	
4,426	1,908	1,531		164		90	
5,983							
3			444	1,001		80	
						290	
51							
<u>\$ 10,463</u>	<u>\$ 1,908</u>	<u>\$ 1,882</u>	<u>\$ 13,309</u>	<u>\$ 9,045</u>	<u>\$ 942</u>	<u>\$ 3,849</u>	<u>\$ 8,589</u>
\$ 4,100	\$ 595	\$ 447	\$ 2,181	\$ 905	\$ 105	\$ 221	\$ 56
21,140	748	88	851	223	28	804	549
	47	395	21				
2,320	389		5	4		25	720
	3		5				
3		791		676			6,919
<u>27,563</u>	<u>1,782</u>	<u>1,721</u>	<u>3,063</u>	<u>1,808</u>	<u>133</u>	<u>1,050</u>	<u>8,244</u>
51		161	10,246	7,237		2,073	
					320		345
	126				489	726	
(17,151)							
<u>(17,100)</u>	<u>126</u>	<u>161</u>	<u>10,246</u>	<u>7,237</u>	<u>809</u>	<u>2,799</u>	<u>345</u>
<u>\$ 10,463</u>	<u>\$ 1,908</u>	<u>\$ 1,882</u>	<u>\$ 13,309</u>	<u>\$ 9,045</u>	<u>\$ 942</u>	<u>\$ 3,849</u>	<u>\$ 8,589</u>

Continued on next page

STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (continued)  
June 30, 2011  
(Expressed in Thousands)

<b>Assets</b>	<b>Motor Vehicle</b>	<b>Revenue</b>	<b>Future</b>	<b>Vocational Education Facilities</b>	<b>Petroleum Release Compensation</b>	<b>Maintenance and Repair</b>
Cash and Cash Equivalents	\$ 16,037	\$ 333	\$ 29,180	\$ 5,497	\$ 3,556	\$ 7,335
Investments						
Receivables From:						
Taxes (Net)	204				127	
Interest and Dividends	18	9	142	8	20	13
Other Funds	2					538
Component Units						
Other Governments	12,598	367		98		
Loans and Notes (Net)						
Other (Net)	39					
Inventory						
Deferred Fiscal Charges and Other Assets	39					4
<b>Total Assets</b>	<b>\$ 28,937</b>	<b>\$ 709</b>	<b>\$ 29,322</b>	<b>\$ 5,603</b>	<b>\$ 3,703</b>	<b>\$ 7,890</b>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts Payable and Other Liabilities	\$ 458	\$ 459	\$ 497	\$	\$ 50	\$ 162
Payable To:						
Other Funds	273	206			4	5
Component Units			30			
Other Governments	25,157		68			
Claims, Judgments and Compensated Absences	1	1				
Deferred Revenue						
<b>Total Liabilities</b>	<b>25,889</b>	<b>666</b>	<b>595</b>	<b>0</b>	<b>54</b>	<b>167</b>
Fund Balances:						
Nonspendable						
Restricted			28,727	5,603		
Committed	3,048	43			3,649	2,406
Assigned						5,317
Unassigned						
<b>Total Fund Balances</b>	<b>3,048</b>	<b>43</b>	<b>28,727</b>	<b>5,603</b>	<b>3,649</b>	<b>7,723</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,937</b>	<b>\$ 709</b>	<b>\$ 29,322</b>	<b>\$ 5,603</b>	<b>\$ 3,703</b>	<b>\$ 7,890</b>

Water and Environment	Energy Conservation	Federal Stimulus (ARRA)	Health Care Trust	Railroad Trust	Other	Total
\$ 9,395	\$ 9,667	\$	\$ 5,315 102,126	\$ 6,189	\$ 120,091 330	\$ 251,558 102,456
611					2,440	4,195
70	45		487	403	527	1,902
1,272	1,449	823			2,580	8,217
	82				18	134
214		12,525			9,670	83,836
25,316		836		27,324	156	59,615
					1,972	3,787
					94	3,138
		370			618	1,167
<u>\$ 36,878</u>	<u>\$ 11,243</u>	<u>\$ 14,554</u>	<u>\$ 107,928</u>	<u>\$ 33,916</u>	<u>\$ 138,496</u>	<u>\$ 520,005</u>
\$ 180	\$	\$ 3,284	\$	\$	\$ 8,686	\$ 38,335
		2,817	3,876		5,577	41,009
		397		17	39	1,231
551		6,267			1,495	58,160
		583			13	64
					14,913	24,555
<u>731</u>	<u>0</u>	<u>13,348</u>	<u>3,876</u>	<u>17</u>	<u>30,723</u>	<u>163,354</u>
			85,631			85,631
36,147	11,243	1,206	18,421	33,695	60,282	218,351
				204	26,829	36,844
					22,370	34,684
					(1,708)	(18,859)
<u>36,147</u>	<u>11,243</u>	<u>1,206</u>	<u>104,052</u>	<u>33,899</u>	<u>107,773</u>	<u>356,651</u>
<u>\$ 36,878</u>	<u>\$ 11,243</u>	<u>\$ 14,554</u>	<u>\$ 107,928</u>	<u>\$ 33,916</u>	<u>\$ 138,496</u>	<u>\$ 520,005</u>

**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, 2011**  
**(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Tourism and State Development Federal
Revenue:					
Taxes	\$	\$	\$ 466	\$ 23	\$
Licenses, Permits and Fees		94			
Fines, Forfeits and Penalties					
Use of Money and Property		52	16		
Sales and Services		929			
Administering Programs	156,729	131,756	26,180	52,275	9,669
Other Revenue	43	25	7	46	
Total Revenue	<u>156,772</u>	<u>132,856</u>	<u>26,669</u>	<u>52,344</u>	<u>9,669</u>
Expenditures:					
General Government					
Education	156,570				
Education - Payments to School Districts					
Education - State Support to Higher Education					
Health, Human and Social Services		132,337	28,719	53,447	
Law, Justice, Public Protection and Regulation					
Agriculture and Natural Resources					
Economic Resources					9,671
Transportation					
State Shared Revenue Paid to Other Governments					
Total Expenditures	<u>156,570</u>	<u>132,337</u>	<u>28,719</u>	<u>53,447</u>	<u>9,671</u>
Excess of Revenue Over (Under) Expenditures	202	519	(2,050)	(1,103)	(2)
Other Financing Sources (Uses):					
Capital Leases					
Proceeds from Sale of Capital Assets			1		
Transfers In		667	3,036	230	
Transfers Out		(2,762)	(626)		
Total Other Financing Sources (Uses)	<u>0</u>	<u>(2,095)</u>	<u>2,411</u>	<u>230</u>	<u>0</u>
Net Change in Fund Balances	202	(1,576)	361	(873)	(2)
Fund Balances at Beginning of Year, as restated	66	4,848	2,493	3,393	3
Fund Balances at End of Year	<u>\$ 268</u>	<u>\$ 3,272</u>	<u>\$ 2,854</u>	<u>\$ 2,520</u>	<u>\$ 1</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
\$	\$	\$	\$	\$	\$	\$	\$
			27,830	1,520 12,029	18,802 20,499 30	7,559	9,218 7,175 1
		106	785	1,670	200		47
			293	564	18		
62,976	8,989	19,652	107	3,956			
335	1	2	188	44	31	866	
63,311	8,990	19,760	29,203	19,783	39,580	8,425	16,441
						7,636	
72,401					2,259		1,513
	9,079	19,169	34,865	14,452			
							8,212
72,401	9,079	19,169	34,865	14,452	2,259	7,636	9,725
(9,090)	(89)	591	(5,662)	5,331	37,321	789	6,716
			107	70			
4	82	100	132	88		31	
	(1)	(633)	(3,094)	(1,643)	(37,118)	(1,284)	(6,772)
4	81	(533)	(2,855)	(1,485)	(37,118)	(1,253)	(6,772)
(9,086)	(8)	58	(8,517)	3,846	203	(464)	(56)
(8,014)	134	103	18,763	3,391	606	3,263	401
\$ (17,100)	\$ 126	\$ 161	\$ 10,246	\$ 7,237	\$ 809	\$ 2,799	\$ 345

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, 2011**  
**(Expressed in Thousands)**

	<b>Motor Vehicle</b>	<b>Revenue</b>	<b>Future</b>	<b>Vocational Education Facilities</b>	<b>Petroleum Release Compensation</b>	<b>Maintenance and Repair</b>
Revenue:						
Taxes	\$ 2,847	\$ 8,709	\$ 12,377	\$	\$ 1,680	\$
Licenses, Permits and Fees	78,545	2,443		2,783		
Fines, Forfeits and Penalties						
Use of Money and Property	85	7	679	71	64	29
Sales and Services	2,665					1,556
Administering Programs						
Other Revenue	13	7		414	5	40
Total Revenue	<u>84,155</u>	<u>11,166</u>	<u>13,056</u>	<u>3,268</u>	<u>1,749</u>	<u>1,625</u>
Expenditures:						
General Government	7,208	9,014				1,022
Education				23,873		
Education - Payments to School Districts						
Education - State Support to Higher Education						
Health, Human and Social Services						
Law, Justice, Public Protection and Regulation	6,685					
Agriculture and Natural Resources					2,848	
Economic Resources			11,424			
Transportation						
State Shared Revenue Paid to Other Governments	70,184	1,500				
Total Expenditures	<u>84,077</u>	<u>10,514</u>	<u>11,424</u>	<u>23,873</u>	<u>2,848</u>	<u>1,022</u>
Excess of Revenue Over (Under) Expenditures	78	652	1,632	(20,605)	(1,099)	603
Other Financing Sources (Uses):						
Capital Leases				19,465		
Proceeds from Sale of Capital Assets						
Transfers In	1,033			1,650		726
Transfers Out	(372)	(710)	(17)		(1,000)	
Total Other Financing Sources (Uses)	<u>661</u>	<u>(710)</u>	<u>(17)</u>	<u>21,115</u>	<u>(1,000)</u>	<u>726</u>
Net Change in Fund Balances	739	(58)	1,615	510	(2,099)	1,329
Fund Balances at Beginning of Year, as restated	2,309	101	27,112	5,093	5,748	6,394
Fund Balances at End of Year	<u>\$ 3,048</u>	<u>\$ 43</u>	<u>\$ 28,727</u>	<u>\$ 5,603</u>	<u>\$ 3,649</u>	<u>\$ 7,723</u>

Water and Environment	Energy Conservation	Federal Stimulus (ARRA)	Health Care Trust	Railroad Trust	Other	Total
\$ 6,577	\$	\$	\$	\$	\$ 37,564	\$ 99,760
1,727				204	27,551	188,462
					11,593	11,624
345	237		18,493	878	3,485	27,249
					10,766	16,791
		284,545			76,295	833,129
		597			6,914	9,578
8,649	237	285,142	18,493	1,082	174,168	1,186,593
		482	258		14,652	32,636
		30,055			2,766	213,264
		47,300				47,300
		21,883				21,883
		70,121			15,062	307,322
		13,141			74,633	170,632
18,805		3,897			37,298	140,413
		5,910			3,710	30,715
		90,776		284	4,087	95,147
						79,896
18,805	0	283,565	258	284	152,208	1,139,208
(10,156)	237	1,577	18,235	798	21,960	47,385
						19,465
				19	252	449
4,862				140	6,945	19,726
(504)		(395)	(3,876)		(28,759)	(89,566)
4,358	0	(395)	(3,876)	159	(21,562)	(49,926)
(5,798)	237	1,182	14,359	957	398	(2,541)
41,945	11,006	24	89,693	32,942	107,375	359,192
\$ 36,147	\$ 11,243	\$ 1,206	\$ 104,052	\$ 33,899	\$ 107,773	\$ 356,651

**STATE OF SOUTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**June 30, 2011**  
**(Expressed in Thousands)**

	<b>Building Authority</b>	<b>Tobacco Securitization</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$	\$ 196	\$ 196
Investments	27,816	32,735	60,551
Receivables From:			
Interest and Dividends		97	97
Other (net)		12,003	12,003
Deferred Fiscal Charges and Other Assets		8	8
<b>Total Assets</b>	<b>\$ 27,816</b>	<b>\$ 45,039</b>	<b>\$ 72,855</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable and Other Liabilities	\$	\$ 3	\$ 3
Deferred Revenue		12,003	12,003
<b>Total Liabilities</b>	<b>0</b>	<b>12,006</b>	<b>12,006</b>
Fund Balances:			
Restricted	27,816	33,033	60,849
<b>Total Fund Balances</b>	<b>27,816</b>	<b>33,033</b>	<b>60,849</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,816</b>	<b>\$ 45,039</b>	<b>\$ 72,855</b>



**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, 2011**  
**(Expressed in Thousands)**

	<b>Building Authority</b>	<b>Tobacco Securitization</b>	<b>Total</b>
Revenue:			
Use of Money and Property	\$	\$ 1,098	\$ 1,098
Tobacco Settlement		23,673	23,673
Other Revenue	86		86
Total Revenue	<u>86</u>	<u>24,771</u>	<u>24,857</u>
Expenditures:			
Current:			
General Government	152	138	290
Debt Service:			
Principal	11,240	10,985	22,225
Interest	3,731	13,773	17,504
Total Expenditures	<u>15,123</u>	<u>24,896</u>	<u>40,019</u>
Excess of Revenue Over (Under)			
Expenditures	(15,037)	(125)	(15,162)
Other Financing Sources (Uses):			
Proceeds of Refunding Bonds	801		801
Payments on Advanced Refundings	(741)		(741)
Premiums on Refunding Bonds	24		24
Transfers In	9,681		9,681
Transfers Out	(99)		(99)
Total Other Financing Sources (Uses)	<u>9,666</u>	<u>0</u>	<u>9,666</u>
Net Change in Fund Balances	(5,371)	(125)	(5,496)
Fund Balances at Beginning of Year	<u>33,187</u>	<u>33,158</u>	<u>66,345</u>
Fund Balances at End of Year	<u>\$ 27,816</u>	<u>\$ 33,033</u>	<u>\$ 60,849</u>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2011  
(Expressed in Thousands)

<b>Assets</b>	<b>Revolving Economic Development and Initiative</b>	<b>Unemployment Insurance</b>	<b>Second Injury</b>	<b>State Fair</b>	<b>Federal Surplus Property</b>
Current Assets:					
Cash and Cash Equivalents	\$ 44,807	\$ 28,410	\$ 2,849	\$ 1,166	\$ 335
Receivables:					
Interest and Dividends	285		5	2	2
Other Funds		89		5	4
Component Units					
Other Governments		481			204
Loans and Notes (Net)	8,518				
Other (Net)	65	2,009		7	76
Inventory					1,206
Deferred Fiscal Charges and Other Assets					
Total Current Assets	53,675	30,989	2,854	1,180	1,827
Capital Assets:					
Land and Other Non-depreciable Assets				192	103
Property, Plant and Equipment	28			3,353	559
Accumulated Depreciation	(11)			(2,925)	(410)
Total Capital Assets	17	0	0	620	252
Other Noncurrent Assets	38,717				
<b>Total Assets</b>	<b>92,409</b>	<b>30,989</b>	<b>2,854</b>	<b>1,800</b>	<b>2,079</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable and Other Liabilities	37		1	66	90
Payable To:					
Other Funds	4	846		15	4
Claims, Judgments and Compensated Absences	13		1	16	43
Deferred Revenue				499	2
Total Current Liabilities	54	846	2	596	139
Noncurrent Liabilities:					
Claims, Judgments and Compensated Absences	12		1	14	38
Total Noncurrent Liabilities	12	0	1	14	38
<b>Total Liabilities</b>	<b>66</b>	<b>846</b>	<b>3</b>	<b>610</b>	<b>177</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	17			620	252
Unrestricted	92,326	30,143	2,851	570	1,650
<b>Total Net Assets</b>	<b>\$ 92,343</b>	<b>\$ 30,143</b>	<b>\$ 2,851</b>	<b>\$ 1,190</b>	<b>\$ 1,902</b>

<u>Rural Rehabilitation</u>	<u>Prison Industries</u>	<u>Health Insurance Risk Pool</u>	<u>Professional and Licensing</u>	<u>Banking and Insurance</u>	<u>Other</u>	<u>Total</u>
\$ 5,241	\$ 3,738	\$ 7,706	\$ 7,702	\$ 1,377	\$ 2,086	\$ 105,417
81	18	40	39	6	10	488
	198		13			309
	25					25
					520	1,205
617						9,135
	63				2	2,222
	1,063				73	2,342
	27				135	162
5,939	5,132	7,746	7,754	1,383	2,826	121,305
						295
18	2,327		41	7	870	7,203
(7)	(1,302)		(31)	(7)	(832)	(5,525)
11	1,025	0	10	0	38	1,973
1,768						40,485
7,718	6,157	7,746	7,764	1,383	2,864	163,763
72	96	53	276	1,270	83	2,044
9	34	2	67	10	40	1,031
17	61	834	161	99	486	1,731
	23	1,020	575		100	2,219
98	214	1,909	1,079	1,379	709	7,025
15	45	2	143	88	40	398
15	45	2	143	88	40	398
113	259	1,911	1,222	1,467	749	7,423
11	1,025		10		38	1,973
7,594	4,873	5,835	6,532	(84)	2,077	154,367
\$ 7,605	\$ 5,898	\$ 5,835	\$ 6,542	\$ (84)	\$ 2,115	\$ 156,340

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	<b>Revolving Economic Development and Initiative</b>	<b>Unemployment Insurance</b>	<b>Second Injury</b>	<b>State Fair</b>	<b>Federal Surplus Property</b>
Operating Revenue:					
Licenses, Permits and Fees	\$	\$	\$	\$	\$
Use of Money and Property	1,461			396	
Sales and Services				1,455	6,370
Administering Programs				37	
Assessments		74,452	3,315		
Other Revenue	33			296	3
Total Operating Revenue	1,494	74,452	3,315	2,184	6,373
Operating Expenses:					
Personal Services and Benefits	137		13	661	505
Travel	13			9	3
Contractual Services	250		1	1,417	956
Supplies and Materials	4			484	4,693
Other	26			52	
Depreciation/Amortization	4			29	9
Insurance Claims		63,618	1,275		
Total Operating Expenses	434	63,618	1,289	2,652	6,166
Operating Income (Loss)	1,060	10,834	2,026	(468)	207
Nonoperating Revenue (Expenses):					
Interest Income	1,075	2,304	6	9	7
Other Expense	(235)				
Grant and Other Income	263			293	
Total Nonoperating Revenue (Expenses)	1,103	2,304	6	302	7
Income (Loss) Before Transfers	2,163	13,138	2,032	(166)	214
Transfers:					
Transfers In		623		450	
Transfers Out		(1,433)			
Net Transfers In (Out)	0	(810)	0	450	0
Change in Net Assets	2,163	12,328	2,032	284	214
Net Assets at Beginning of Year	90,180	17,815	819	906	1,688
Net Assets at End of Year	\$ 92,343	\$ 30,143	\$ 2,851	\$ 1,190	\$ 1,902

<b>Rural Rehabilitation</b>	<b>Prison Industries</b>	<b>Health Insurance Risk Pool</b>	<b>Professional and Licensing</b>	<b>Banking and Insurance</b>	<b>Other</b>	<b>Total</b>
\$ 107	\$	\$	\$ 5,968	\$ 3,336	\$ 1,354	\$ 10,765
159						2,016
	2,683	5,778	251	149	1,262	17,948
			110			147
		93	352		8	77,767
		5,871	6,681	3,485	2,624	785
266	2,683					109,428
376	593	78	3,077	1,601	1,556	8,597
40	8	3	540	156	133	905
259	497	519	2,291	1,509	836	8,535
25	1,207	6	338	85	252	7,094
37			179			294
3	94		4		24	167
		7,124			2,562	74,579
740	2,399	7,730	6,429	3,351	5,363	100,171
(474)	284	(1,859)	252	134	(2,739)	9,257
115	105	184	177	37	56	4,075
						(235)
	5	826			2,368	3,755
115	110	1,010	177	37	2,424	7,595
(359)	394	(849)	429	171	(315)	16,852
	5	711		11	98	1,898
	(107)		(73)			(1,613)
0	(102)	711	(73)	11	98	285
(359)	292	(138)	356	182	(217)	17,137
7,964	5,606	5,973	6,186	(266)	2,332	139,203
\$ 7,605	\$ 5,898	\$ 5,835	\$ 6,542	\$ (84)	\$ 2,115	\$ 156,340

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2011**  
**(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	\$ 33	\$ 74,402	\$ 3,317	\$ 2,249	\$ 2,958
Receipts from Interfund Services Provided		103			3,118
Receipts from Federal Agencies					141
Receipts from Loan Payments	7,598				
Payments to Suppliers and for Benefits and Claims	(264)	(63,618)	(1,333)	(1,814)	(5,752)
Payments for Employee Services	(134)		(16)	(660)	(501)
Payments for Interfund Services Used	(51)			(222)	(72)
Payments for Loans Originated	(3,045)				
Other Receipts (Payments)					3
Net Cash Provided (Used) by Operating Activities	4,137	10,887	1,968	(447)	(105)
Cash Flows From Capital and Related Financing Activities:					
Purchases of Capital Assets					
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0	0
Cash Flows From Noncapital Financing Activities:					
Transfers In		623		450	
Transfers Out		(1,433)			
Other Noncapital Financing Activities	31			284	
Net Cash Provided (Used) by Noncapital Financing Activities	31	(810)	0	734	0
Cash Flows From Investing Activities:					
Investment Income	1,075	2,304	11	10	9
Net Cash Provided (Used) by Investing Activities	1,075	2,304	11	10	9
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	5,243	12,381	1,979	297	(96)
Cash and Cash Equivalents at Beginning of Year	39,564	16,029	870	869	431
Cash and Cash Equivalents at End of Year	\$ 44,807	\$ 28,410	\$ 2,849	\$ 1,166	\$ 335
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 1,060	\$ 10,834	\$ 2,026	\$ (468)	\$ 207
Adjustments to Reconcile Operating Income (Loss):					
Depreciation/Amortization Expense	4			29	9
Miscellaneous Nonoperating Items					
Decrease/(Increase) in Assets:					
Accounts Receivable	1,099	(51)		4	(31)
Interest, Dividends & Penalties Receivable	29				
Loans and Notes Receivable	1,985				
Due From Other Funds		30		(6)	13
Due From Component Units					
Due From Other Governments		141			(133)
Inventory					31
Deferred Fiscal Charges and Other Assets					
Other Restricted Assets					
Increase/(Decrease) in Liabilities:					
Accounts Payable	(43)		(56)	(65)	(204)
Accrued Liabilities	1		(1)	(1)	
Compensated Absences Payable	3		(2)	2	4
Due To Other Funds	(1)	(67)		(4)	1
Due To Other Governments			1		
Deferred Revenue				62	(2)
Policy Claim Liabilities					
Net Cash Provided (Used) by Operating Activities	\$ 4,137	\$ 10,887	\$ 1,968	\$ (447)	\$ (105)

Rural Rehabilitation	Prison Industries	Health Insurance Risk Pool	Professional and Licensing	Banking and Insurance	Other	Total
\$ 275	\$ 656 1,951	\$ 5,902	\$ 6,264 378	\$ 3,487	\$ 2,436 147	\$ 101,979 5,697
					88	229
505						8,103
(323)	(1,567)	(7,928)	(2,706)	(1,184)	(3,016)	(89,505)
(366)	(605)	(80)	(3,119)	(1,587)	(1,544)	(8,612)
(69)	(119)	(14)	(580)		(398)	(1,525)
			(22)			(3,045)
						(19)
22	316	(2,120)	215	716	(2,287)	13,302
	(10)				(6)	(16)
0	(10)	0	0	0	(6)	(16)
	5	711		11	98	1,898
	(107)		(73)			(1,613)
		826			1,858	2,999
0	(102)	1,537	(73)	11	1,956	3,284
119	100	187	182	34	54	4,085
119	100	187	182	34	54	4,085
141	304	(396)	324	761	(283)	20,655
5,100	3,434	8,102	7,378	616	2,369	84,762
\$ 5,241	\$ 3,738	\$ 7,706	\$ 7,702	\$ 1,377	\$ 2,086	\$ 105,417
\$ (474)	\$ 284	\$ (1,859)	\$ 252	\$ 134	\$ (2,739)	\$ 9,257
3	94		3		24	166
	5				1	6
	(5)		7			1,023
12						41
504						2,489
	(10)				1	28
	(13)					(13)
	8				(7)	1
	(2)				10	49
					(67)	(2)
						(67)
(43)	26	20	31	557	(15)	208
2		(4)	(30)	93	(5)	55
7	(16)	2	(15)	16	16	17
(1)	8		14	(84)	3	(131)
12						13
	(63)	29	(47)		47	26
		(308)			444	136
\$ 22	\$ 316	\$ (2,120)	\$ 215	\$ 716	\$ (2,287)	\$ 13,302

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2011  
(Expressed in Thousands)

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
<b>Assets</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 23,402	\$ 4,049	\$ 1,430	\$ 1,710	\$ 645	\$ 643
Receivables:						
Interest and Dividends	127	12	7	12	2	2
Other Funds		1,704	822	880	1,171	293
Component Units		4	333	71		1
Other Governments						
Other		1	26	1		2
Inventory		18	138		19	303
Deferred Fiscal Charges and Other Assets	338	920	338	537	3	9
Total Current Assets	23,867	6,708	3,094	3,211	1,840	1,253
Capital Assets:						
Property, Plant and Equipment		15,349	3,851	10,173	1,167	431
Accumulated Depreciation		(12,535)	(3,215)	(9,653)	(1,091)	(375)
Construction in Progress		355	12	766		
Total Capital Assets	0	3,169	648	1,286	76	56
<b>Total Assets</b>	<b>23,867</b>	<b>9,877</b>	<b>3,742</b>	<b>4,497</b>	<b>1,916</b>	<b>1,309</b>
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable and Other Liabilities	313	1,187	573	79	261	34
Payable To:						
Other Funds	46	160	122	95	24	5
Component Units						
Bonds, Notes and Leases Payable		525	115			
Claims, Judgments and Compensated Absences	12,557	921	401	113	143	33
Deferred Revenue	8,134					
Total Current Liabilities	21,050	2,793	1,211	287	428	72
Noncurrent Liabilities:						
Bonds, Notes and Leases Payable		787	135			
Claims, Judgments and Compensated Absences	24	821	357	101	127	29
Total Noncurrent Liabilities	24	1,608	492	101	127	29
<b>Total Liabilities</b>	<b>21,074</b>	<b>4,401</b>	<b>1,703</b>	<b>388</b>	<b>555</b>	<b>101</b>
<b>Net Assets</b>						
Invested In Capital Assets, Net of Related Debt		1,857	398	1,286	76	56
Unrestricted	2,793	3,619	1,641	2,823	1,285	1,152
<b>Total Net Assets</b>	<b>\$ 2,793</b>	<b>\$ 5,476</b>	<b>\$ 2,039</b>	<b>\$ 4,109</b>	<b>\$ 1,361</b>	<b>\$ 1,208</b>



Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 715	\$ 8,676	\$ 583	\$ 869	\$ 6,531	\$ 3,457	\$ 52,710
2	48	16	5	31	19	283
		1,263	297		663	7,093
		239			116	764
					122	122
4		5	2	9	144	194
					322	800
11		5				2,161
732	8,724	2,111	1,173	6,571	4,843	64,127
1,895	58	47,453	12		9,704	90,093
(1,556)	(58)	(36,879)	(10)		(3,401)	(68,773)
		32				1,165
339	0	10,606	2	0	6,303	22,485
1,071	8,724	12,717	1,175	6,571	11,146	86,612
19	28	507	191	18	515	3,725
19	6	687	46	3	362	1,575
		111				111
		1,717			35	2,392
33	1,340	27	230	2,622	414	18,834
34		10			21	8,199
105	1,374	3,059	467	2,643	1,347	34,836
		605			156	1,683
29	3,571	24	205	18,448	369	24,105
29	3,571	629	205	18,448	525	25,788
134	4,945	3,688	672	21,091	1,872	60,624
339		8,284	2		6,112	18,410
598	3,779	745	501	(14,520)	3,162	7,578
\$ 937	\$ 3,779	\$ 9,029	\$ 503	\$ (14,520)	\$ 9,274	\$ 25,988

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2011**  
**(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	\$ 1	\$	\$	\$	\$	\$
Sales and Services	113,651	20,253	13,529	3,015	5,304	3,694
Other Revenue	1,985	21	4	13	11	
Total Operating Revenue:	115,637	20,274	13,533	3,028	5,315	3,694
Operating Expenses:						
Personal Services and Benefits	562	13,127	4,618	1,153	2,657	334
Travel	11	32	112	2	3	
Contractual Services	7,809	4,260	8,314	1,889	1,706	181
Supplies and Materials	107	630	377	101	748	3,196
Interest		38	14			
Depreciation/Amortization		1,308	268	190	21	10
Insurance Claims	109,443					
Total Operating Expenses	117,932	19,395	13,703	3,335	5,135	3,721
Operating Income (Loss)	(2,295)	879	(170)	(307)	180	(27)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets			6			
Loss on Disposal of Assets						
Interest Income	539	89	33	21	6	12
Grant and Other Income	973					
Total Nonoperating Revenue (Expenses)	1,512	89	39	21	6	12
Income (Loss) Before Transfers	(783)	968	(131)	(286)	186	(15)
Transfers:						
Transfers In	31			582	3	
Transfers Out				(310)		
Net Transfers In (Out)	31	0	0	272	3	0
Change in Net Assets	(752)	968	(131)	(14)	189	(15)
Net Assets at Beginning of Year	3,545	4,508	2,170	4,123	1,172	1,223
Net Assets at End of Year	\$ 2,793	\$ 5,476	\$ 2,039	\$ 4,109	\$ 1,361	\$ 1,208

Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$	\$	\$	\$	\$	\$ 9	\$ 10
1,032	10	14,581	3,491	4,490	10,885	193,935
	4	39		15	101	2,193
1,032	14	14,620	3,491	4,505	10,995	196,138
298	327	565	3,060	164	5,291	32,156
4	18	2	51	1	295	531
273	855	2,022	566	113	1,854	29,842
14	5	8,874	180	6	3,321	17,559
		163			4	219
507		3,541			362	6,207
	2,422			4,594	463	116,922
1,096	3,627	15,167	3,857	4,878	11,590	203,436
(64)	(3,613)	(547)	(366)	(373)	(595)	(7,298)
		98			24	128
		(17)			(7)	(24)
14	218	97	21	163	80	1,293
						973
14	218	178	21	163	97	2,370
(50)	(3,395)	(369)	(345)	(210)	(498)	(4,928)
			260	319	522	1,717
					(348)	(658)
0	0	0	260	319	174	1,059
(50)	(3,395)	(369)	(85)	109	(324)	(3,869)
987	7,174	9,398	588	(14,629)	9,598	29,857
\$ 937	\$ 3,779	\$ 9,029	\$ 503	\$ (14,520)	\$ 9,274	\$ 25,988

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	<b>Self- Insurance</b>	<b>Information Services</b>	<b>Tele- communi- cations</b>	<b>Accounting and Payroll</b>	<b>Buildings and Grounds</b>	<b>Central Mail</b>
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 65,698	\$ 315	\$ 4,169	\$ 293	\$ 7	\$ 147
Receipts from Interfund Services Provided	50,366	20,084	9,357	2,682	5,137	3,586
Payments to Suppliers and for Benefits and Claims	(117,042)	(3,483)	(8,380)	(1,004)	(1,849)	(3,483)
Payments for Employee Services	(569)	(13,343)	(4,502)	(1,137)	(2,693)	(332)
Payments for Interfund Services Used	(596)	(1,531)	(780)	(982)	(703)	(82)
Other Receipts (Payments)		21	4	13	17	
Net Cash Provided (Used) by Operating Activities	(2,143)	2,063	(132)	(135)	(84)	(164)
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets		(149)	(79)	(811)		
Sales of Capital Assets			6			
Payments on Capital Lease Obligations		(799)	(249)			
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(948)	(322)	(811)	0	0
Cash Flows From Noncapital Financing Activities:						
Transfers In	31			582		
Transfers Out				(311)		
Other Noncapital Financing Activities	973					
Net Cash Provided (Used) From Noncapital Financing Activities	1,004	0	0	271	0	0
Cash Flows From Investing Activities						
Investment Income (Expense)	568	83	34	32	6	12
Net Cash Provided (Used) by Investing Activities	568	83	34	32	6	12
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(571)	1,198	(420)	(643)	(78)	(152)
Cash and Cash Equivalents at Beginning of Year	23,973	2,851	1,850	2,353	723	795
Cash and Cash Equivalents at End of Year	<u>\$ 23,402</u>	<u>\$ 4,049</u>	<u>\$ 1,430</u>	<u>\$ 1,710</u>	<u>\$ 645</u>	<u>\$ 643</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (2,295)	\$ 879	\$ (170)	\$ (307)	\$ 180	\$ (27)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense		1,308	268	190	21	10
Interest Expense		38	14			
Miscellaneous Nonoperating Items		(212)				
Decrease/(Increase) in Assets:						
Accounts Receivable			(1)		7	(1)
Due From Other Funds		146	(1)	(33)	(160)	40
Due From Component Units		1	(2)	(6)		
Due From Other Governments						
Inventory		(8)	(16)		2	(194)
Deferred Fiscal Charges and Other Assets		167	(45)	(6)	1	5
Increase/(Decrease) in Liabilities:						
Accounts Payable	(229)	(37)	(224)	2	8	1
Accrued Liabilities	(2)	(79)	17	3	(4)	1
Compensated Absences Payable	(5)	(144)	99	12	(31)	2
Due To Other Funds	7	4	(2)	10	2	
Due To Component Units			(69)			
Due To Other Governments					(110)	(1)
Deferred Revenue	427					
Policy Claim Liabilities	(46)					
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,143)</u>	<u>\$ 2,063</u>	<u>\$ (132)</u>	<u>\$ (135)</u>	<u>\$ (84)</u>	<u>\$ (164)</u>
Noncash Investing, Capital and Financing Activities:						
Gain (Loss) on Disposal of Fixed Assets			6			
Capital Lease Obligations Entered Into		826				
Transfers In (Out) of Fixed Assets					3	

Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 403	\$ 10	\$ 3,046	\$ 26	\$ 1,241	\$ 2,224	\$ 77,579
309		11,966	3,461	3,265	8,731	118,944
(173)	(1,547)	(5,478)	(385)	(2,819)	(3,938)	(149,581)
(311)	(326)	(561)	(3,052)	(160)	(5,377)	(32,363)
(108)	(84)	(5,245)	(415)	(29)	(1,897)	(12,452)
	4	43			111	213
120	(1,943)	3,771	(365)	1,498	(146)	2,340
(11)		(3,291)			(944)	(5,285)
		228			53	287
		(2,837)			(12)	(3,897)
(11)	0	(5,900)	0	0	(903)	(8,895)
			259	319	522	1,713
					(345)	(656)
						973
0	0	0	259	319	177	2,030
13	224	91	22	159	83	1,327
13	224	91	22	159	83	1,327
122	(1,719)	(2,038)	(84)	1,976	(789)	(3,198)
593	10,395	2,621	953	4,555	4,246	55,908
\$ 715	\$ 8,676	\$ 583	\$ 869	\$ 6,531	\$ 3,457	\$ 52,710
\$ (64)	\$ (3,613)	\$ (547)	\$ (366)	\$ (373)	\$ (595)	\$ (7,298)
507		3,541			362	6,207
		160			4	216
						(212)
(3)		10	2	(9)	46	51
86		218	(6)		81	371
		207			(34)	166
					(1)	(1)
					143	(73)
12	555	6				695
(2)	(7)	46	3	854	(30)	385
(6)	1	1	4	4	(21)	(81)
(7)		3	4		(65)	(132)
(1)		69	(6)		(33)	50
		57				(12)
					(2)	(113)
(402)					(1)	24
	1,121			1,022		2,097
\$ 120	\$ (1,943)	\$ 3,771	\$ (365)	\$ 1,498	\$ (146)	\$ 2,340
		81			12	99
					199	1,025
					(3)	0

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS  
June 30, 2011  
(Expressed in Thousands)

	South Dakota Retirement System	Cement Plant Retirement System	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 7,109	\$ 2,448	\$ 9,557
Receivables:			
Employer	2,314		2,314
Employee	3,133		3,133
Benefits	51		51
Unsettled Investment Sales	6,392	13	6,405
Investment Income	19,866	144	20,010
Total Receivables	31,756	157	31,913
Investments, at Fair Value:			
Fixed Income	1,868,251	10,133	1,878,384
Equities	4,188,040	23,893	4,211,933
Real Estate	1,013,531	6,581	1,020,112
Private Equity	916,316	6,199	922,515
Commodities		140	140
Total Investments	7,986,138	46,946	8,033,084
Properties, at Cost	43		43
Accumulated Depreciation	(23)		(23)
Other Assets	18		18
Total Assets	8,025,041	49,551	8,074,592
<b>Liabilities</b>			
Payables:			
Accounts Payable and Other Liabilities	3,622	15	3,637
Due to Other Funds	42		42
Compensated Absences Payable	257		257
Securities Sold, But Not Yet Purchased, at Fair Value	75,896		75,896
Unsettled Investment Purchases	8,955	2	8,957
Total Liabilities	88,772	17	88,789
<b>Net Assets Held In Trust For Pension and Other Employee Benefits</b>	<b>\$ 7,936,269</b>	<b>\$ 49,534</b>	<b>\$ 7,985,803</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	<b>South Dakota Retirement System</b>	<b>Cement Plant Retirement System</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employee	\$ 100,182	\$	\$ 100,182
Employer	98,625		98,625
Total Contributions	<u>198,807</u>	<u>0</u>	<u>198,807</u>
Investment Income:			
From Investing Activities			
Net Increase (Decrease) in Fair Value of Investments	1,459,543	8,915	1,468,458
Interest	93,369	590	93,959
Dividends	95,804	542	96,346
Real Estate	4,938	31	4,969
Securities Lending, Net	371	3	374
Investment Activity Income	<u>1,654,025</u>	<u>10,081</u>	<u>1,664,106</u>
Less Investment Activity Expenses	<u>(37,852)</u>	<u>(238)</u>	<u>(38,090)</u>
Net Investment Income (Loss)	<u>1,616,173</u>	<u>9,843</u>	<u>1,626,016</u>
Transfers From Other Funds		<u>4,097</u>	<u>4,097</u>
<b>Total Additions</b>	<u>1,814,980</u>	<u>13,940</u>	<u>1,828,920</u>
<b>Deductions</b>			
Benefits	345,943	3,519	349,462
Refunds of Contributions	25,825		25,825
Administrative Expenses	<u>3,576</u>	<u>54</u>	<u>3,630</u>
<b>Total Deductions</b>	<u>375,344</u>	<u>3,573</u>	<u>378,917</u>
Net Increase	1,439,636	10,367	1,450,003
Net Assets Held In Trust For Pension and Other Employee Benefits, Beginning of Year	<u>6,496,633</u>	<u>39,167</u>	<u>6,535,800</u>
End of Year	<u>\$ 7,936,269</u>	<u>\$ 49,534</u>	<u>\$ 7,985,803</u>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PRIVATE PURPOSE TRUST FUNDS**  
**June 30, 2011**  
**(Expressed in Thousands)**

	<b>Common School</b>	<b>Child's Own</b>	<b>Corrections</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,280	\$ 240	\$ 1,945	\$ 650	\$ 6,115
Receivables:					
Due from Other Funds			101		101
Investment Income	614	1		2	617
Other	4	11			15
Total Receivables	618	12	101	2	733
Investments, at Fair Value:					
Pooled Investment Funds	148,350				148,350
Total Investments	148,350	0	0	0	148,350
Properties, at Cost	13,868			18	13,886
Other Assets				2	2
Total Assets	166,116	252	2,046	672	169,086
<b>Liabilities</b>					
Payables:					
Accounts Payable and Other Liabilities		143		4	147
Due To Other Funds			139	23	162
Total Liabilities	0	143	139	27	309
<b>Net Assets Held In Trust For Others</b>	<b>\$ 166,116</b>	<b>\$ 109</b>	<b>\$ 1,907</b>	<b>\$ 645</b>	<b>\$ 168,777</b>



STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)

	Common School	Child's Own	Corrections	Other	Total
<b>Additions</b>					
Contributions:					
From Clients and Inmates	\$	\$	\$ 6,504	\$ 1,080	\$ 7,584
Other	7,460				7,460
Total Contributions	7,460	0	6,504	1,080	15,044
Investment Income:					
From Investing Activities					
Net Increase (Decrease) in Fair Value of Investments	19,138				19,138
Pooled Interest and Dividends	5,604	4		9	5,617
Securities Lending, Net	8				8
Net Investment Income (Loss)	24,750	4	0	9	24,763
Escheated Property	19				19
Miscellaneous Income	64	716		45	825
Total Additions	32,293	720	6,504	1,134	40,651
<b>Deductions</b>					
Distribution to School Districts	8,274				8,274
Payments made for Trust Purposes		694	6,598	1,124	8,416
Administrative Expenses				2	2
Total Deductions	8,274	694	6,598	1,126	16,692
Net Increase (Decrease)	24,019	26	(94)	8	23,959
Net Assets Held In Trust For Others					
Beginning of Year	142,097	83	2,001	637	144,818
End of Year	\$ 166,116	\$ 109	\$ 1,907	\$ 645	\$ 168,777



STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2011  
(Expressed in Thousands)

	Department of Revenue - Tax Collections	Social Services - Child Support	State Auditor - Payroll Withholding	State Clerk of Courts	Other	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 75,341	\$ 1,462	\$ 5,269	\$ 3,375	\$ 1,211	\$ 86,658
Receivables:						
Taxes Receivable (net)	35,988					35,988
Due From Other Governments	467					467
Interest and Dividends Receivable	48				1	49
Other	342				32	374
Total Receivables	<u>36,845</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33</u>	<u>36,878</u>
<b>Total Assets</b>	<u>\$ 112,186</u>	<u>\$ 1,462</u>	<u>\$ 5,269</u>	<u>\$ 3,375</u>	<u>\$ 1,244</u>	<u>\$ 123,536</u>
<b>Liabilities</b>						
Payables:						
Accounts Payable and Other Liabilities	\$ 2,469	\$ 1,462	\$ 28	\$ 3,375	\$ 453	\$ 7,787
Refunds - Contractors Excise Tax	59,693					59,693
Due To Other Governments	<u>50,024</u>		<u>5,241</u>		<u>791</u>	<u>56,056</u>
<b>Total Liabilities</b>	<u>\$ 112,186</u>	<u>\$ 1,462</u>	<u>\$ 5,269</u>	<u>\$ 3,375</u>	<u>\$ 1,244</u>	<u>\$ 123,536</u>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Fiscal Year Ended June 30, 2011  
(Expressed in Thousands)**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Department of Revenue - Tax Collections</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 48,851	\$ 369,676	\$ 343,186	\$ 75,341
Accounts Receivable	443	342	443	342
Taxes Receivable (Net)	33,541	35,988	33,541	35,988
Interest and Dividends Receivable	44	48	44	48
Due From Other Governments	482	492	507	467
Total Assets	<u>\$ 83,361</u>	<u>\$ 406,546</u>	<u>\$ 377,721</u>	<u>\$ 112,186</u>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 3,756	\$ 972	\$ 2,259	\$ 2,469
Refunds - Contractors Excise Tax	33,681	34,526	8,514	59,693
Due To Other Governments	45,924	371,048	366,948	50,024
Total Liabilities	<u>\$ 83,361</u>	<u>\$ 406,546</u>	<u>\$ 377,721</u>	<u>\$ 112,186</u>
<b>Social Services - Child Support</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,425	\$ 107,367	\$ 107,330	\$ 1,462
Total Assets	<u>\$ 1,425</u>	<u>\$ 107,367</u>	<u>\$ 107,330</u>	<u>\$ 1,462</u>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 1,425	\$ 107,367	\$ 107,330	\$ 1,462
Total Liabilities	<u>\$ 1,425</u>	<u>\$ 107,367</u>	<u>\$ 107,330</u>	<u>\$ 1,462</u>
<b>State Auditor - Payroll Withholding</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 4,870	\$ 183,513	\$ 183,114	\$ 5,269
Total Assets	<u>\$ 4,870</u>	<u>\$ 183,513</u>	<u>\$ 183,114</u>	<u>\$ 5,269</u>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 28	\$ 2,109	\$ 2,109	\$ 28
Due To Other Governments	4,842	181,404	181,005	5,241
Total Liabilities	<u>\$ 4,870</u>	<u>\$ 183,513</u>	<u>\$ 183,114</u>	<u>\$ 5,269</u>
<b>State Clerk of Courts</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,599	\$ 9,185	\$ 9,409	\$ 3,375
Total Assets	<u>\$ 3,599</u>	<u>\$ 9,185</u>	<u>\$ 9,409</u>	<u>\$ 3,375</u>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 3,599	\$ 9,185	\$ 9,409	\$ 3,375
Total Liabilities	<u>\$ 3,599</u>	<u>\$ 9,185</u>	<u>\$ 9,409</u>	<u>\$ 3,375</u>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES**  
**IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS (continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Other Agency Funds</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,189	\$ 40,380	\$ 40,358	\$ 1,211
Accounts Receivable	29	32	29	32
Interest and Dividends Receivable	2	1	2	1
Due From Other Governments	10	495	505	0
<b>Total Assets</b>	<b>\$ 1,230</b>	<b>\$ 40,908</b>	<b>\$ 40,894</b>	<b>\$ 1,244</b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 411	\$ 39,110	\$ 39,068	\$ 453
Due To Other Governments	819	798	826	791
<b>Total Liabilities</b>	<b>\$ 1,230</b>	<b>\$ 39,908</b>	<b>\$ 39,894</b>	<b>\$ 1,244</b>
<b>Total All Agency Funds</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 59,934	\$ 710,121	\$ 683,397	\$ 86,658
Accounts Receivable	472	374	472	374
Taxes Receivable (Net)	33,541	35,988	33,541	35,988
Interest and Dividends Receivable	46	49	46	49
Due From Other Governments	492	987	1,012	467
<b>Total Assets</b>	<b>\$ 94,485</b>	<b>\$ 747,519</b>	<b>\$ 718,468</b>	<b>\$ 123,536</b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 9,219	\$ 158,743	\$ 160,175	\$ 7,787
Refunds - Contractors Excise Tax	33,681	34,526	8,514	59,693
Due To Other Governments	51,585	553,250	548,779	56,056
<b>Total Liabilities</b>	<b>\$ 94,485</b>	<b>\$ 746,519</b>	<b>\$ 717,468</b>	<b>\$ 123,536</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**June 30, 2011**  
**(Expressed in Thousands)**

Assets	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 241,141	\$ 35,752	\$ 137,090	\$ 3,430	\$ 417,413
Receivables:					
Interest and Dividends	11,315	222	1,040	136	12,713
Primary Government		30	1,652		1,682
Other Governments			29,036		29,036
Loans and Notes (Net)	78,726		8,159	1,863	88,748
Other (Net)		1,084	16,620	9	17,713
Investments	45,774		1,993	2,749	50,516
Inventory	2,101	2,828	8,185		13,114
Deferred Swap Outflow	24,125				24,125
Deferred Fiscal Charges and Other Assets		793	4,790	56	5,639
Total Current Assets	403,182	40,709	208,565	8,243	660,699
Investments	427,954		313,485	1,441	742,880
<b>Restricted Assets:</b>					
Cash and Cash Equivalents			24,813	19	24,832
Investments			29,894	6,360	36,254
Other			6,614		6,614
<b>Capital Assets:</b>					
Land and Other Non-depreciable Assets	220	18,217	35,583		54,020
Property, Plant and Equipment	9,539	40,485	1,164,707		1,214,731
Accumulated Depreciation	(3,211)	(2,862)	(438,558)		(444,631)
Construction in Progress		726	32,580		33,306
Total Capital Assets	6,548	56,566	794,312	0	857,426
Other Noncurrent Assets (net)	1,474,066		85,636	21,726	1,581,428
<b>Total Assets</b>	<b>2,311,750</b>	<b>97,275</b>	<b>1,463,319</b>	<b>37,789</b>	<b>3,910,133</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Liabilities	1,001	1,784	35,580	35	38,400
Payable To:					
Primary Government	41		958		999
Escrow Payable	17,917				17,917
Bonds, Notes and Leases Payable	185,777		19,667	1,558	207,002
Claims, Judgments and Compensated Absences		214	11,102		11,316
Accrued Interest Payable	11,259		3,379	320	14,958
Deferred Revenue			7,369		7,369
Fair Value of Interest Rate Swap Agreements	24,125				24,125
Other Current Liabilities			16,837	113	16,950
Total Current Liabilities	240,120	1,998	94,892	2,026	339,036
<b>Noncurrent Liabilities:</b>					
Bonds, Notes and Leases Payable	1,614,109		377,494	24,370	2,015,973
Claims, Judgments and Compensated Absences	513	214	25,565		26,292
Federal Capital Contribution Refundable Advance			37,704		37,704
Other Noncurrent Liabilities	2,853		22,326	1,399	26,578
Total Noncurrent Liabilities	1,617,475	214	463,089	25,769	2,106,547
<b>Total Liabilities</b>	<b>1,857,595</b>	<b>2,212</b>	<b>557,981</b>	<b>27,795</b>	<b>2,445,583</b>
<b>Net Assets</b>					
Invested In Capital Assets, Net of Related Debt	(51)	56,566	437,422		493,937
<b>Restricted For:</b>					
Debt Service	454,206		5,528	6,379	466,113
Higher Education - Expendable			114,446		114,446
Higher Education - Nonexpendable			306,192		306,192
Interim Lab		7,475			7,475
Sanford Center for Science Education		13,037			13,037
Indemnification		10,000			10,000
Other		2,500			2,500
Unrestricted		5,485	41,750	3,615	50,850
<b>Total Net Assets</b>	<b>\$ 454,155</b>	<b>\$ 95,063</b>	<b>\$ 905,338</b>	<b>\$ 9,994</b>	<b>\$ 1,464,550</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	<b>Business-type Activities</b>				
	<b>Housing Authority</b>	<b>Science and Technology Authority</b>	<b>Higher Education</b>	<b>Nonmajor</b>	<b>Total</b>
Operating Revenue:					
Tuition and Fees (net of discounts and allowances for scholarships of \$33,337)	\$	\$	\$ 184,566	\$	\$ 184,566
Use of Money and Property	141,667			1,434	143,101
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$9,841)		1,008	90,209		91,217
Administering Programs			160,512		160,512
Other Revenue	6,438	117	41,769		48,324
Total Operating Revenue	<u>148,105</u>	<u>1,125</u>	<u>477,056</u>	<u>1,434</u>	<u>627,720</u>
Operating Expenses:					
Personal Services and Benefits	3,463	8,099	355,077	54	366,693
Travel	143	79	14,712		14,934
Contractual Services	4,874	2,804	98,323	95	106,096
Supplies and Materials	108	4,228	58,948		63,284
Grants and Subsidies	44,952		52,097		97,049
Other	1,712		3,850	53	5,615
Interest	73,149		235	1,295	74,679
Depreciation/Amortization	2,924	1,094	35,479		39,497
Total Operating Expenses	<u>131,325</u>	<u>16,304</u>	<u>618,721</u>	<u>1,497</u>	<u>767,847</u>
Operating Income (Loss)	16,780	(15,179)	(141,665)	(63)	(140,127)
Nonoperating Revenue (Expenses):					
Loss on Disposal of Assets			(460)		(460)
Interest Income		928	48,766	90	49,784
Interest Expense			(18,951)	(12)	(18,963)
Other Expense			(8,286)		(8,286)
State Aid from Primary Government			185,757		185,757
Federal Appropriation			6,890		6,890
Grant and Other Income		7,399	4,112	9	11,520
Total Nonoperating Revenue (Expenses)	<u>0</u>	<u>8,327</u>	<u>217,828</u>	<u>87</u>	<u>226,242</u>
Income (Loss) Before Capital Grants and Additions to Endowments	16,780	(6,852)	76,163	24	86,115
Capital Grants			12,521		12,521
Additions to Endowments			17,788		17,788
Change in Net Assets	16,780	(6,852)	106,472	24	116,424
Net Assets At Beginning of Year, as restated	<u>437,375</u>	<u>101,915</u>	<u>798,866</u>	<u>9,970</u>	<u>1,348,126</u>
Net Assets at End of Year	<u>\$ 454,155</u>	<u>\$ 95,063</u>	<u>\$ 905,338</u>	<u>\$ 9,994</u>	<u>\$ 1,464,550</u>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR COMPONENT UNITS  
June 30, 2011  
(Expressed in Thousands)

Assets	Business-type Activities			Total
	Finance Authority	CREP Program	Value Added Finance Authority	
Current Assets:				
Cash and Cash Equivalents	\$ 1,727	\$ 425	\$ 1,278	\$ 3,430
Receivables:				
Interest and Dividends	133	2	1	136
Loans and Notes (Net)	1,718	28	117	1,863
Other (Net)	7	2		9
Investments	2,749			2,749
Deferred Fiscal Charges and Other Assets	56			56
Total Current Assets	6,390	457	1,396	8,243
Investments	1,441			1,441
Restricted Assets:				
Cash and Cash Equivalents	19			19
Investments	6,360			6,360
Other Noncurrent Assets (net)	21,327	27	372	21,726
<b>Total Assets</b>	<b>35,537</b>	<b>484</b>	<b>1,768</b>	<b>37,789</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Other Liabilities	34	1		35
Bonds, Notes and Leases Payable	1,507		51	1,558
Accrued Interest Payable	312		8	320
Other Current Liabilities	113			113
Total Current Liabilities	1,966	1	59	2,026
Noncurrent Liabilities:				
Bonds, Notes and Leases Payable	23,153		1,217	24,370
Other Noncurrent Liabilities	1,399			1,399
Total Noncurrent Liabilities	24,552	0	1,217	25,769
<b>Total Liabilities</b>	<b>26,518</b>	<b>1</b>	<b>1,276</b>	<b>27,795</b>
<b>Net Assets</b>				
Restricted For:				
Debt Service	6,379			6,379
Unrestricted	2,640	483	492	3,615
<b>Total Net Assets</b>	<b>\$ 9,019</b>	<b>\$ 483</b>	<b>\$ 492</b>	<b>\$ 9,994</b>



**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**NONMAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2011**  
**(Expressed in Thousands)**

	Business-type Activities			Total
	Finance Authority	CREP Program	Value Added Finance Authority	
Operating Revenue:				
Use of Money and Property	\$ 1,385	\$ 25	\$ 24	\$ 1,434
Total Operating Revenue	<u>1,385</u>	<u>25</u>	<u>24</u>	<u>1,434</u>
Operating Expenses:				
Personal Services and Benefits		54		54
Contractual Services	82	13		95
Other	53			53
Interest	1,295			1,295
Total Operating Expenses	<u>1,430</u>	<u>67</u>	<u>0</u>	<u>1,497</u>
Operating Income (Loss)	(45)	(42)	24	(63)
Nonoperating Revenue (Expenses):				
Interest Income	84	6		90
Interest Expense			(12)	(12)
Grant and Other Income			9	9
Total Nonoperating Revenue (Expenses)	<u>84</u>	<u>6</u>	<u>(3)</u>	<u>87</u>
Change in Net Assets	39	(36)	21	24
Net Assets At Beginning of Year, as restated	<u>8,980</u>	<u>519</u>	<u>471</u>	<u>9,970</u>
Net Assets at End of Year	<u>\$ 9,019</u>	<u>\$ 483</u>	<u>\$ 492</u>	<u>\$ 9,994</u>





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# ***STATISTICAL SECTION***

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**State of South Dakota**  
**Net Assets by Component,**  
**Last Ten Fiscal Years**  
(accrual basis of accounting, dollars in thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 3,300,829	\$ 3,211,673	\$ 3,101,101	\$ 3,053,427	\$ 2,947,980
Restricted	1,144,456	1,004,704	897,491	1,032,035	1,091,917
Unrestricted	95,317	79,854	67,523	67,587	70,308
Total governmental activities net assets	<u>\$ 4,540,602</u>	<u>\$ 4,296,231</u>	<u>\$ 4,066,115</u>	<u>\$ 4,153,049</u>	<u>\$ 4,110,205</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 4,360	\$ 4,863	\$ 2,299	\$ 2,565	\$ 2,829
Restricted	1,931	2,138	302,713	284,272	284,322
Unrestricted	498,567	445,444	102,607	122,595	94,300
Total business-type activities net assets	<u>\$ 504,858</u>	<u>\$ 452,445</u>	<u>\$ 407,619</u>	<u>\$ 409,432</u>	<u>\$ 381,451</u>
Primary government					
Invested in capital assets, net of related debt	\$ 3,305,189	\$ 3,216,536	\$ 3,103,400	\$ 3,055,992	\$ 2,950,809
Restricted	1,146,387	1,006,842	1,200,204	1,316,307	1,376,239
Unrestricted	593,884	525,298	170,130	190,182	164,608
Total primary government net assets	<u>\$ 5,045,460</u>	<u>\$ 4,748,676</u>	<u>\$ 4,473,734</u>	<u>\$ 4,562,481</u>	<u>\$ 4,491,656</u>

	Fiscal Year				
	2006	2005	2004	2003	2002
Governmental activities:					
Invested in capital assets, net of related debt	\$ 2,829,173	\$ 2,690,656	\$ 2,572,130	\$ 2,520,503	\$ 2,433,483
Restricted	1,012,357	280,219	253,780	248,126	209,216
Unrestricted	85,670	821,458	804,023	701,701	648,416
Total governmental activities net assets	<u>\$ 3,927,200</u>	<u>\$ 3,792,333</u>	<u>\$ 3,629,933</u>	<u>\$ 3,470,330</u>	<u>\$ 3,291,115</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 3,184	\$ 2,817	\$ 2,737	\$ 2,615	\$ 2,881
Restricted	262,293	227,167	215,957	197,892	197,428
Unrestricted	89,879	95,195	95,578	92,168	87,092
Total business-type activities net assets	<u>\$ 355,356</u>	<u>\$ 325,179</u>	<u>\$ 314,272</u>	<u>\$ 292,675</u>	<u>\$ 287,401</u>
Primary government					
Invested in capital assets, net of related debt	\$ 2,832,357	\$ 2,693,473	\$ 2,574,867	\$ 2,523,118	\$ 2,436,364
Restricted	1,274,650	507,386	469,737	446,018	406,644
Unrestricted	175,549	916,653	899,601	793,869	735,508
Total primary government net assets	<u>\$ 4,282,556</u>	<u>\$ 4,117,512</u>	<u>\$ 3,944,205</u>	<u>\$ 3,763,005</u>	<u>\$ 3,578,516</u>

**Source:** South Dakota Comprehensive Annual Financial Reports (FY 2002-2011).

**Note:** (a) The increase in restricted net assets from FY 2005 to FY 2006 was primarily due to implementation of GASB 46 - Net Assets Restricted by Enabling Legislation.

**State of South Dakota  
Changes in Net Assets,  
Last Ten Fiscal Years**

(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 157,405	\$ 146,193	\$ 170,900	\$ 175,272	\$ 194,266	\$ 175,826	\$ 131,411	\$ 131,737	\$ 140,681	\$ 138,637
Education - Elementary, Secondary and Vocational Schools	218,959	212,919	195,534	200,226	186,599	191,460	176,700	156,652	143,229	142,256
Education - State Support to Higher Education	185,757	182,681	196,007	170,348	160,725	149,040	143,358	137,028	133,337	131,462
Health, Human and Social Services	1,354,829	1,337,922	1,200,436	1,127,618	1,043,771	1,012,533	978,950	903,644	876,202	837,325
Law, Justice, Public Protection and Regulation	286,824	241,217	243,805	233,676	232,526	212,600	200,024	180,802	169,792	148,004
Agriculture and Natural Resources	151,116	130,943	118,686	114,783	123,135	109,904	100,275	96,077	101,497	95,732
Commerce and Regulation	-	-	-	-	-	-	-	-	-	13,351
Economic Resources	51,157	52,966	45,006	47,226	39,371	58,235	42,419	37,260	36,763	28,170
Transportation	508,548	457,081	408,482	316,113	362,680	316,125	320,379	336,259	290,739	340,394
Intergovernmental - Payments to School Districts	412,310	405,947	400,162	376,843	346,582	338,008	337,507	326,559	312,665	322,290
Intergovernmental - Revenue Sharing	100,493	103,425	99,064	103,633	101,669	99,171	87,105	82,878	83,945	80,434
Unallocated Interest Expense	18,711	19,820	21,514	22,805	23,191	23,998	24,599	25,410	22,281	8,736
Unallocated Depreciation	58	58	58	58	58	58	53	53	70	70
Total Governmental activities expenses	3,446,167	3,291,172	3,099,654	2,888,601	2,814,573	2,686,958	2,542,780	2,414,359	2,311,201	2,286,861
Business-type activities:										
Lottery	36,775	35,411	32,767	33,419	31,404	32,409	27,516	28,034	23,873	21,981
Clean Water State Revolving	11,109	4,455	4,777	4,486	3,996	3,286	1,114	1,616	1,500	1,466
Drinking Water State Revolving	11,964	5,066	3,253	2,855	2,720	2,574	1,976	1,253	899	860
Other	100,406	125,993	89,451	54,688	56,247	60,613	63,057	61,464	59,853	54,267
Total business-type activities expenses	160,254	170,925	130,248	95,448	94,367	98,882	93,663	92,367	86,125	78,574
Total primary government expenses	\$ 3,606,421	\$ 3,462,097	\$ 3,229,902	\$ 2,984,049	\$ 2,908,940	\$ 2,785,840	\$ 2,636,443	\$ 2,506,726	\$ 2,397,326	\$ 2,365,435
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 170,598	\$ 166,457	\$ 158,248	\$ 147,597	\$ 142,225	\$ 137,188	\$ 130,213	\$ 124,877	\$ 119,522	\$ 111,597
Education - Elementary, Secondary and Vocational Schools	5,843	6,204	2,489	3,451	4,137	4,055	2,024	1,776	2,209	2,720
Education - State Support to Higher Education	-	-	-	-	-	-	-	-	-	-
Health, Human and Social Services	36,256	36,758	25,865	25,858	25,506	30,665	25,589	25,104	24,125	19,293
Law, Justice, Public Protection and Regulation	60,555	57,213	50,888	50,335	49,435	44,624	42,534	38,491	39,610	12,300
Agriculture and Natural Resources	67,815	64,940	61,572	65,783	54,403	52,962	48,436	53,609	47,313	45,743
Commerce and Regulation	-	-	-	-	-	-	-	-	-	26,164
Economic Resources	1,332	1,796	2,379	2,011	1,788	2,183	1,752	1,806	1,660	727
Transportation	7,776	6,301	6,052	6,815	6,007	13,718	8,510	9,177	5,742	5,052
Operating grants and contributions	1,838,312	1,768,957	1,447,753	1,246,925	1,258,548	1,205,317	1,197,637	1,134,512	1,108,871	1,043,588
Capital grants and contributions	3,945	2,275	2,519	25,395	1,000	6,570	6,564	922	2,734	1,784
Total governmental activities program revenues	2,192,432	2,110,901	1,757,765	1,574,170	1,543,049	1,497,282	1,463,259	1,390,274	1,351,786	1,268,968
Business-type activities:										
Charges for Services:										
Lottery	144,460	154,669	152,590	156,241	152,697	151,647	143,976	144,091	135,989	131,324
Clean Water State Revolving	6,014	5,781	4,954	4,826	4,479	3,659	3,441	3,152	3,166	3,002
Drinking Water State Revolving	4,807	3,997	3,696	3,582	3,460	2,773	2,102	1,585	1,009	942
Other	112,210	119,048	60,925	59,152	54,166	57,684	50,952	45,577	43,295	39,405
Operating grants and contributions	52,926	50,927	26,272	21,879	26,262	30,098	22,606	31,995	19,846	40,133
Total business-type activities program revenues	320,417	334,422	248,437	245,680	241,064	245,861	223,077	226,400	203,305	214,806
Total primary government program revenues	\$ 2,512,849	\$ 2,445,323	\$ 2,006,202	\$ 1,819,850	\$ 1,784,113	\$ 1,743,143	\$ 1,686,336	\$ 1,616,674	\$ 1,555,091	\$ 1,483,774

**State of South Dakota**  
**Changes in Net Assets,**  
**Last Ten Fiscal Years (Continued)**

(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (1,253,735)	\$ (1,180,271)	\$ (1,341,889)	\$ (1,314,431)	\$ (1,271,524)	\$ (1,189,676)	\$ (1,079,521)	\$ (1,024,085)	\$ (959,415)	\$ (1,017,893)
Business-type activities	160,163	163,497	118,189	150,232	146,697	146,979	129,414	134,033	117,180	136,232
Total primary government net (expense)/revenue	\$ (1,093,572)	\$ (1,016,774)	\$ (1,223,700)	\$ (1,164,199)	\$ (1,124,827)	\$ (1,042,697)	\$ (950,107)	\$ (890,052)	\$ (842,235)	\$ (881,661)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Sales taxes	\$ 741,455	\$ 663,146	\$ 675,652	\$ 668,123	\$ 625,133	\$ 597,230	\$ 554,647	\$ 524,705	\$ 488,742	\$ 471,025
Motor fuel taxes	130,542	127,807	124,442	125,005	146,851	145,415	153,846	156,212	156,029	125,252
Contractors excise taxes	66,518	85,973	71,533	79,137	81,069	76,979	66,555	60,322	56,852	53,449
Bank card and franchise taxes	16,954	16,674	55,260	62,036	76,497	65,187	51,281	47,458	46,847	41,784
Other taxes	266,415	273,535	261,176	264,944	211,452	183,236	184,452	179,866	181,509	198,776
Investment Earnings	143,106	101,246	(91,586)	(18,946)	137,568	60,956	81,543	54,190	74,953	53,422
Gain on sale of capital assets	819	526	919	1,135	1,305	42,344	1,747	398	877	1,048
Miscellaneous	41,519	36,625	52,288	41,805	39,667	35,493	32,526	33,854	32,245	31,428
Transfers	107,750	118,671	120,002	122,251	120,065	117,703	118,507	112,762	111,906	108,925
Total governmental activities	1,515,078	1,424,203	1,269,686	1,345,490	1,439,607	1,324,543	1,245,104	1,169,767	1,149,960	1,085,109
Business-type activities:										
Transfers	(107,750)	(118,671)	(120,002)	(122,251)	(120,065)	(117,703)	(118,507)	(112,762)	(111,906)	(108,925)
Total business-type activities	(107,750)	(118,671)	(120,002)	(122,251)	(120,065)	(117,703)	(118,507)	(112,762)	(111,906)	(108,925)
Total primary government	\$ 1,407,328	\$ 1,305,532	\$ 1,149,684	\$ 1,223,239	\$ 1,319,542	\$ 1,206,840	\$ 1,126,597	\$ 1,057,005	\$ 1,038,054	\$ 976,184
<b>Change in Net Assets</b>										
Governmental activities	\$ 261,343	\$ 243,932	\$ (72,203)	\$ 31,059	\$ 168,083	\$ 134,867	\$ 165,583	\$ 145,682	\$ 190,545	\$ 67,216
Business-type activities	52,413	44,826	(1,813)	27,981	26,632	29,276	10,907	21,271	5,274	27,307
Total primary government	\$ 313,756	\$ 288,758	\$ (74,016)	\$ 59,040	\$ 194,715	\$ 164,143	\$ 176,490	\$ 166,953	\$ 195,819	\$ 94,523

**Source** South Dakota Comprehensive Annual Financial Reports (FY 2002-2011).

**State of South Dakota**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Fund (Per GASB 54):</b>										
Non-Spendable	\$ 3,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	148,137	-	-	-	-	-	-	-	-	-
Unassigned	136,018	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 287,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Governmental Funds (Per GASB 54):</b>										
Non-Spendable	\$ 683,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	493,638	-	-	-	-	-	-	-	-	-
Committed	36,844	-	-	-	-	-	-	-	-	-
Assigned	34,684	-	-	-	-	-	-	-	-	-
Unassigned	(18,859)	-	-	-	-	-	-	-	-	-
Total Other Governmental Funds	<u>\$ 1,230,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Fund (Prior to GASB 54):</b>										
Reserved	\$ -	\$ 21,104	\$ 21,215	\$ 31,139	\$ 32,581	\$ 22,993	\$ 23,326	\$ 18,771	\$ 19,202	\$ 18,098
Unreserved	-	133,962	131,363	138,883	142,809	142,505	128,781	118,800	120,297	96,354
Total General Fund	<u>\$ -</u>	<u>\$ 155,066</u>	<u>\$ 152,578</u>	<u>\$ 170,022</u>	<u>\$ 175,390</u>	<u>\$ 165,498</u>	<u>\$ 152,107</u>	<u>\$ 137,571</u>	<u>\$ 139,499</u>	<u>\$ 114,452</u>
<b>Other Governmental Funds (Prior to GASB 54):</b>										
Reserved	\$ -	\$ 873,931	\$ 872,653	\$ 886,761	\$ 848,892	\$ 836,770	\$ 190,036	\$ 203,256	\$ 181,359	\$ 159,383
Unreserved, Reported in:										
Special Revenue Funds	-	332,270	232,200	342,384	446,152	394,636	1,070,412	1,056,614	1,005,812	690,248
Capital Projects Funds	-	148	2,484	2,460	7,084	10,068	3,140	420	492	231
Total Other Governmental Funds	<u>\$ -</u>	<u>\$ 1,206,349</u>	<u>\$ 1,107,337</u>	<u>\$ 1,231,605</u>	<u>\$ 1,302,128</u>	<u>\$ 1,241,474</u>	<u>\$ 1,263,588</u>	<u>\$ 1,260,290</u>	<u>\$ 1,187,663</u>	<u>\$ 849,862</u>

**Source:** South Dakota Comprehensive Annual Financial Reports (FY 2002-2011).

**Note:** The State of South Dakota implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications. Fiscal Year 2011 fund balance classifications are not comparable to prior years' classifications.



**State of South Dakota**  
**Changes in Fund Balances, All Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Taxes										
Sales & Use	\$ 741,455	\$ 663,146	\$ 675,652	\$ 668,123	\$ 625,133	\$ 597,230	\$ 554,647	\$ 524,706	\$ 488,742	\$ 471,025
Insurance Company	61,799	62,499	61,669	60,930	55,900	55,810	56,295	52,623	48,545	45,440
Liquor	14,953	14,247	14,782	13,044	13,138	12,602	12,349	12,281	10,899	11,219
Cigarette	46,700	62,918	56,607	57,160	43,998	26,689	26,246	26,270	20,336	17,466
Bank Franchise	16,954	16,674	55,260	62,036	76,497	65,187	51,281	47,458	46,847	41,784
Contractor's Excise	66,518	85,973	71,533	79,137	81,069	76,980	66,555	60,322	56,853	53,449
Severance	9,748	9,229	7,972	6,847	5,160	4,422	3,060	1,989	2,027	3,019
Other Tobacco	6,075	4,912	6,273	5,368	2,230	1,460	1,456	1,341	1,330	1,258
Motor Fuel & Vehicle	192,198	184,953	179,125	187,654	176,788	171,095	179,424	181,935	177,828	173,805
Other	65,482	62,584	59,190	59,005	61,088	56,573	59,462	59,639	76,573	71,823
Licenses, Permits & Fees	202,449	197,006	180,337	175,989	166,133	159,597	150,695	144,392	139,700	136,917
Fines, Forfeits & Penalties	12,142	11,306	11,327	11,141	8,637	7,397	8,601	7,549	6,723	6,845
Use of Money & Property	162,577	123,020	(77,407)	(2,123)	160,057	86,306	96,156	66,892	92,569	63,558
Sales & Services	32,499	32,659	35,114	33,885	31,764	27,204	26,645	26,267	24,843	19,111
Admin. Programs	1,820,205	1,745,559	1,434,664	1,222,191	1,232,755	1,195,842	1,185,536	1,125,402	1,093,374	1,027,860
Tobacco Settlement	23,673	25,175	29,986	27,616	21,369	20,415	22,239	21,911	25,603	-
Other Revenue	40,008	33,437	27,858	26,215	27,864	32,442	24,409	24,817	21,348	46,427
<b>Total Revenues</b>	<b>3,515,435</b>	<b>3,335,297</b>	<b>2,829,942</b>	<b>2,694,218</b>	<b>2,789,580</b>	<b>2,597,251</b>	<b>2,525,056</b>	<b>2,385,794</b>	<b>2,334,140</b>	<b>2,191,006</b>
<b>Expenditures</b>										
General Government	70,493	71,532	76,533	76,431	79,349	76,734	71,221	63,634	62,544	61,705
Education	832,936	816,454	787,670	743,024	690,874	675,100	653,690	616,440	586,041	592,498
Health, Human & Social Services	1,350,402	1,364,846	1,222,021	1,124,311	1,038,035	1,010,287	976,328	903,694	874,339	834,224
Law, Justice, Public Protection & Regulation	311,583	263,499	240,601	231,559	224,404	232,803	211,421	195,300	175,346	149,657
Agriculture & Natural Resources	155,064	132,683	125,640	123,257	123,367	109,781	100,920	97,095	107,985	97,297
Commerce & Regulation	-	-	-	-	-	-	-	-	-	13,279
Economic Resources	50,986	52,872	44,940	46,893	39,124	57,981	42,436	37,354	36,831	28,133
Transportation	576,777	495,796	448,159	400,200	492,073	477,845	440,681	390,903	390,628	411,526
State Shared Revenue	100,493	103,425	99,064	103,633	101,669	99,171	87,105	82,878	83,945	80,434
Capital Outlay	4,381	2,336	2,172	4,622	8,982	-	-	1	36	5
Debt Service:										
Principal	22,225	22,958	26,951	24,582	21,419	15,704	16,955	16,528	18,653	11,428
Interest	17,504	18,550	20,174	21,542	21,832	22,980	23,501	24,426	19,778	7,743
Bond Issuance Costs	-	-	-	-	-	-	-	-	1,618	-
<b>Total Expenditures</b>	<b>3,492,844</b>	<b>3,344,951</b>	<b>3,093,925</b>	<b>2,900,054</b>	<b>2,841,128</b>	<b>2,778,386</b>	<b>2,624,258</b>	<b>2,428,253</b>	<b>2,357,744</b>	<b>2,287,929</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>22,591</b>	<b>(9,654)</b>	<b>(263,983)</b>	<b>(205,836)</b>	<b>(51,548)</b>	<b>(181,135)</b>	<b>(99,202)</b>	<b>(42,459)</b>	<b>(23,604)</b>	<b>(96,923)</b>
<b>Other Financing Sources (Uses):</b>										
Bonds Issued	9,505	-	2,175	-	5,950	10,000	12,635	-	278,045	-
Discount on Bond Issuances	-	-	-	-	-	-	(80)	-	(5,472)	-
Proceeds of Refunding Bonds	801	-	-	-	25,855	2,864	-	-	1,263	444
Payments on Advance Refundings	(741)	-	-	-	(26,715)	(2,932)	-	-	(1,274)	-
Premiums on Bond Issuance	154	-	44	-	15	280	-	-	-	-
Premiums on Refunding Bonds	24	-	-	-	1,165	149	10	-	60	-
Proceeds from Sale of Capital Assets	1,588	4,963	3,296	2,757	2,707	10,799	-	-	-	-
Insurance Proceeds	-	809	-	-	-	-	-	-	-	-
Capital Leases	19,465	-	-	-	-	-	-	-	935	-
Transfers In	237,968	413,897	383,285	436,670	370,854	415,783	361,842	295,628	575,562	378,226
Transfers Out	(135,374)	(294,699)	(265,348)	(311,538)	(257,737)	(298,868)	(244,727)	(183,247)	(464,079)	(270,322)
<b>Net Other Financing Sources (Uses)</b>	<b>133,390</b>	<b>124,970</b>	<b>123,452</b>	<b>127,889</b>	<b>122,094</b>	<b>138,075</b>	<b>129,680</b>	<b>112,381</b>	<b>385,040</b>	<b>108,348</b>
<b>Special Item</b>										
Sale of Railroad Infrastructure	-	-	-	-	-	34,337	-	-	-	-
<b>Total Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 155,981</b>	<b>\$ 115,316</b>	<b>\$ (140,531)</b>	<b>\$ (77,947)</b>	<b>\$ 70,546</b>	<b>\$ (8,723)</b>	<b>\$ 30,478</b>	<b>\$ 69,922</b>	<b>\$ 361,436</b>	<b>\$ 11,425</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	1.21%	1.32%	1.60%	1.71%	1.64%	1.53%	1.68%	1.79%	1.83%	0.89%

Source: South Dakota Comprehensive Annual Financial Reports (FY 2002-2011).



**State of South Dakota**  
**Taxable Sales by Industry,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Taxable Sales by Industry</b>										
Agriculture, Forestry, and Fishing	\$ 224,548	\$ 206,139	\$ 206,927	\$ 199,715	\$ 178,366	\$ 170,983	\$ 157,489	\$ 149,210	\$ 130,298	\$ 121,973
Mining	95,566	62,308	106,421	87,996	79,841	73,130	48,785	36,058	33,672	34,027
Construction	19,479	20,345	38,652	34,042	18,338	20,626	16,761	16,041	25,046	28,745
Manufacturing	944,070	592,309	642,782	658,846	675,156	611,195	482,265	400,590	380,073	350,742
Transportation and Public Utilities	2,920,135	2,536,794	2,464,786	2,324,638	2,010,946	1,853,628	1,743,112	1,756,328	1,527,025	1,436,501
Wholesale Trade	1,300,644	1,131,812	1,262,986	1,253,201	1,151,922	1,115,834	998,408	1,434,049	1,262,450	1,337,265
Retail Trade	8,930,620	8,588,168	8,654,677	8,572,397	8,080,893	7,870,890	7,510,802	6,506,744	6,145,005	5,981,705
Finance, Insurance, and Real Estate	291,692	307,204	301,474	320,208	318,811	317,054	289,072	265,752	261,591	223,321
Services	2,980,187	2,773,413	2,784,114	2,721,315	2,561,395	2,346,888	2,219,300	2,134,617	2,053,825	1,976,614
Public Administration	2,082	1,584	1,629	1,456	1,337	1,307	1,219	560	549	440
Nonclassifiable Establishments	-	6	8	36	8	9	5	117	5	-
<b>Totals</b>	<b>\$ 17,709,023</b>	<b>\$ 16,220,082</b>	<b>\$ 16,464,456</b>	<b>\$ 16,173,850</b>	<b>\$ 15,077,013</b>	<b>\$ 14,381,544</b>	<b>\$ 13,467,218</b>	<b>\$ 12,700,066</b>	<b>\$ 11,819,539</b>	<b>\$ 11,491,333</b>
Direct Sales Tax Rate	4.00%	4.00%	4.00%	4.00%	4.00%	3.98%	3.97%	3.97%	3.98%	3.97%

**Source:** South Dakota Sales and Use Tax Report, Department of Revenue and Regulation.

**Notes:**

- 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.
- Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services and products transferred electronically which are subject to state tax or reservation tax. No Contractors Excise taxes are included.
- Prior to 2007, whenever there was less than 3 licenses in any one classification, the information was combined into the the "Nonclassifiable Establishments" category.
- Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.
- The taxable figures could include amended returns that were due in prior periods.

**State of South Dakota**  
**Sales Tax Revenue Payers by Industry,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

<b>Fiscal Year 2011</b>				
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable sales</u>	<u>Percent of Total</u>
Agriculture, Forestry, and Fishing	3,165	4.22%	\$ 224,548	1.38%
Mining	223	0.30%	95,566	0.59%
Construction	447	0.60%	19,479	0.12%
Manufacturing	3,306	4.41%	944,070	5.82%
Transportation and Public Utilities	3,297	4.40%	2,920,135	18.00%
Wholesale Trade	6,741	8.99%	1,300,644	8.02%
Retail Trade	29,017	38.70%	8,930,620	55.06%
Finance, Insurance, and Real Estate	2,121	2.83%	291,692	1.80%
Services	30,934	41.26%	2,980,187	18.37%
Public Administration	55	0.07%	2,082	0.01%
Nonclassifiable Establishments	-	0.00%	-	0.00%
<b>Total</b>	<b>79,306</b>	<b>105.77%</b>	<b>\$ 17,709,023</b>	<b>109.18%</b>

<b>Fiscal Year 2008</b>				
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable sales</u>	<u>Percent of Total</u>
Agriculture, Forestry, and Fishing	2,856	3.84%	\$ 199,715	1.24%
Mining	185	0.25%	87,996	0.54%
Construction	514	0.69%	34,042	0.21%
Manufacturing	2,882	3.87%	658,846	4.07%
Transportation and Public Utilities	3,137	4.22%	2,324,638	14.37%
Wholesale Trade	5,780	7.77%	1,253,201	7.75%
Retail Trade	28,216	37.92%	8,572,397	53.00%
Finance, Insurance, and Real Estate	1,994	2.68%	320,208	1.98%
Services	28,817	38.72%	2,721,315	16.83%
Public Administration	33	0.04%	1,456	0.01%
Nonclassifiable Establishments	4	0.01%	36	0.00%
<b>Total</b>	<b>74,418</b>	<b>100.00%</b>	<b>\$ 16,173,850</b>	<b>100.00%</b>

<b>Fiscal Year 2005</b>				
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable sales</u>	<u>Percent of Total</u>
Agriculture, Forestry, and Fishing	2,599	3.95%	\$ 157,489	1.169%
Mining	140	0.21%	48,785	0.362%
Construction	482	0.73%	16,761	0.124%
Manufacturing	1,973	3.00%	482,265	3.581%
Transportation and Public Utilities	3,564	5.41%	1,743,112	12.943%
Wholesale Trade	4,769	7.24%	998,408	7.414%
Retail Trade	23,974	36.42%	7,510,802	55.771%
Finance, Insurance, and Real Estate	1,623	2.47%	289,072	2.146%
Services	26,675	40.52%	2,219,300	16.479%
Public Administration	30	0.05%	1,219	0.009%
Nonclassifiable Establishments	2	0.00%	5	0.000%
<b>Total</b>	<b>65,831</b>	<b>100.00%</b>	<b>\$ 13,467,218</b>	<b>100.00%</b>

<b>Fiscal Year 2002</b>				
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable sales</u>	<u>Percent of Total</u>
Agriculture, Forestry, and Fishing	2,197	3.71%	\$ 121,973	1.06%
Mining	132	0.22%	34,027	0.30%
Construction	533	0.90%	28,745	0.25%
Manufacturing	1,700	2.87%	350,742	3.05%
Transportation and Public Utilities	3,551	6.00%	1,436,501	12.50%
Wholesale Trade	5,083	8.59%	1,337,265	11.64%
Retail Trade	20,939	35.37%	5,981,705	52.05%
Finance, Insurance, and Real Estate	1,438	2.43%	223,321	1.94%
Services	23,596	39.86%	1,976,614	17.20%
Public Administration	25	0.04%	440	0.00%
Nonclassifiable Establishments	2	0.01%	-	0.00%
<b>Total</b>	<b>59,196</b>	<b>100.00%</b>	<b>\$ 11,491,333</b>	<b>100.00%</b>

Fiscal Year 2010				Fiscal Year 2009			
Number of Filers	Percent of Total	Taxable sales	Percent of Total	Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,975	3.97%	\$ 206,139	1.27%	2,933	3.54%	\$ 206,927	1.26%
218	0.29%	62,308	0.38%	218	0.26%	106,421	0.65%
462	0.62%	20,345	0.13%	547	0.66%	38,652	0.24%
3,084	4.11%	592,309	3.65%	3,397	4.10%	642,782	3.90%
3,093	4.13%	2,536,794	15.64%	3,817	4.61%	2,464,786	14.97%
6,237	8.32%	1,131,812	6.98%	7,318	8.83%	1,262,986	7.67%
28,214	37.63%	8,588,168	52.95%	32,538	39.26%	8,654,677	52.57%
2,058	2.75%	307,204	1.89%	2,196	2.65%	301,474	1.83%
28,589	38.13%	2,773,413	17.10%	29,880	36.05%	2,784,114	16.91%
44	0.06%	1,584	0.01%	38	0.05%	1,629	0.01%
1	0.00%	6	0.00%	3	0.00%	8	0.00%
74,975	100.00%	\$ 16,220,082	100.00%	82,885	100.00%	\$ 16,464,456	100.00%

Fiscal Year 2007				Fiscal Year 2006			
Number of Filers	Percent of Total	Taxable sales	Percent of Total	Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,665	3.87%	\$ 178,366	1.18%	2,711	4.21%	\$ 170,983	1.19%
170	0.25%	79,841	0.53%	153	0.24%	73,130	0.51%
461	0.67%	18,338	0.12%	502	0.78%	20,626	0.14%
2,778	4.04%	675,156	4.48%	2,120	3.29%	611,195	4.25%
3,077	4.47%	2,010,946	13.34%	2,722	4.23%	1,853,628	12.89%
5,444	7.91%	1,151,922	7.64%	3,932	6.11%	1,115,834	7.76%
25,655	37.27%	8,080,893	53.60%	23,505	36.50%	7,870,890	54.73%
1,846	2.68%	318,811	2.12%	1,678	2.61%	317,054	2.21%
26,711	38.80%	2,561,395	16.99%	27,037	41.98%	2,346,888	16.32%
35	0.05%	1,337	0.01%	34	0.05%	1,307	0.01%
1	0.00%	8	0.00%	1	0.00%	9	0.00%
68,843	100.00%	\$ 15,077,013	100.00%	64,395	100.00%	\$ 14,381,544	100.00%

Fiscal Year 2004				Fiscal Year 2003			
Number of Filers	Percent of Total	Taxable sales	Percent of Total	Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,409	3.92%	\$ 149,210	1.18%	2,329	3.86%	\$ 130,298	1.10%
136	0.22%	36,058	0.28%	138	0.23%	33,672	0.29%
495	0.81%	16,041	0.13%	576	0.96%	25,046	0.21%
1,769	2.88%	400,590	3.15%	1,671	2.77%	380,073	3.22%
3,568	5.81%	1,756,328	13.83%	3,656	6.05%	1,527,025	12.92%
4,820	7.85%	1,434,049	11.29%	4,821	7.98%	1,262,450	10.68%
21,780	35.48%	6,506,744	51.24%	21,316	35.30%	6,145,005	51.99%
1,516	2.47%	265,752	2.09%	1,515	2.51%	261,591	2.21%
24,864	40.51%	2,134,617	16.81%	24,338	40.30%	2,053,825	17.38%
23	0.04%	560	0.00%	26	0.04%	549	0.01%
4	0.01%	117	0.00%	3	0.00%	5	0.00%
61,384	100.00%	\$ 12,700,066	100.00%	60,389	100.00%	\$ 11,819,539	100.00%

Source: South Dakota Sales and Use Tax Report, Department of Revenue and Regulation.

**Notes:**

- 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.
- Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services and products transferred electronically which are subject to state tax or reservation tax. No Contractors Excise taxes are included.
- Prior to 2007, whenever there was less than 3 licenses in any one classification, the information was combined into the the "Nonclassifiable Establishments" category.
- Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.
- 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 in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:										
Revenue Bonds	\$ 250,376	\$ 260,168	\$ 280,501	\$ 302,663	\$ 324,250	\$ 336,976	\$ 339,676	\$ 341,468	\$ 352,540	\$ 96,306
Trust Certificates	19,249	21,895	24,435	26,870	29,730	32,465	35,080	37,575	39,955	42,210
Capital Leases	40,186	25,480	29,632	30,971	30,992	30,925	34,413	34,729	34,255	38,368
Loans	-	-	-	-	-	-	-	-	-	44
Total Governmental Activities	309,811	307,543	334,568	360,504	384,972	400,366	409,169	413,772	426,750	176,928
Business-type Activities:										
Revenue Bonds	174,218	126,510	131,097	135,525	99,798	102,322	52,272	28,853	30,284	31,359
Capital Leases	-	-	-	-	-	4	13	21	29	25
Total Governmental Activities	174,218	126,510	131,097	135,525	99,798	102,326	52,285	28,874	30,313	31,384
Total Primary Government	\$ 484,029	\$ 434,053	\$ 465,665	\$ 496,029	\$ 484,770	\$ 502,692	\$ 461,454	\$ 442,646	\$ 457,063	\$ 208,312
South Dakota Total Personal Income	\$ 33,581,000	\$ 31,218,250	\$ 31,274,250	\$ 31,090,547	\$ 29,034,171	\$ 26,587,390	\$ 25,834,413	\$ 24,888,315	\$ 23,339,768	\$ 21,383,198
Debt as a Percentage of Personal Income	1.4%	1.4%	1.5%	1.6%	1.7%	1.9%	1.8%	1.8%	2.0%	1.0%
South Dakota Population (in thousands)	816	814	812	804	796	787	779	774	766	762
Long-Term Debt per Capita	\$ 593.17	\$ 533.23	\$ 573.48	\$ 616.95	\$ 609.01	\$ 638.74	\$ 592.37	\$ 571.89	\$ 596.69	\$ 273.38

**Source:** Debt information obtained from the South Dakota Comprehensive Annual Financial Reports (FY 2002-2011)  
Total Personal Income and Population data: US Bureau of Economic Analysis

**Note:** (a) South Dakota Total Personal Income figure for 2011 is preliminary.  
(b) Data for Total Personal Income for 2010 has been revised.  
(c) Detail about the State's debt can be found in Note 14 of the financial statements.  
(e) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000.  
(f) 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.

**State of South Dakota**  
**Ratios of Outstanding Long-Term Debt,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue Bonds and Trust Certificates										
- Building Authority										
Revenue - lease payments	\$ 15,052	\$ 15,276	\$ 15,940	\$ 17,003	\$ 16,778	\$ 16,989	\$ 17,182	\$ 17,811	\$ 18,425	\$ 19,119
Less: Operating expenses	-	-	-	-	-	-	-	-	-	-
Net available revenue	\$ 15,052	\$ 15,276	\$ 15,940	\$ 17,003	\$ 16,778	\$ 16,989	\$ 17,182	\$ 17,811	\$ 18,425	\$ 19,119
Debt service										
Principal	\$ 11,240	\$ 11,218	\$ 11,196	\$ 11,791	\$ 11,479	\$ 11,196	\$ 11,255	\$ 11,265	\$ 11,288	\$ 11,408
Interest	3,731	3,989	4,558	5,071	4,003	5,844	5,985	6,121	7,125	7,757
Total	\$ 14,971	\$ 15,207	\$ 15,754	\$ 16,862	\$ 15,482	\$ 17,040	\$ 17,240	\$ 17,386	\$ 18,413	\$ 19,165
Coverage	1.01	1.00	1.01	1.01	1.08	1.00	1.00	1.02	1.00	1.00
Revenue Bonds										
-Educational Enhancement Funding Corp.										
Revenue -										
Tobacco settlement	\$ 23,672	\$ 22,751	\$ 31,161	\$ 27,679	\$ 25,071	\$ 19,471	\$ 22,324	\$ 22,056	\$ 25,603	
Investment Earnings	1,098	1,126	1,204	1,437	1,401	1,509	1,258	1,113	943	
Less: Operating expenses	152	149	161	149	158	148	176	179	145	
Net available revenue	\$ 24,618	\$ 23,728	\$ 32,204	\$ 28,967	\$ 26,314	\$ 20,832	\$ 23,406	\$ 22,990	\$ 26,401	
Debt service										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,205	
Interest	13,773	14,583	15,615	16,480	16,841	17,134	17,522	17,868	12,624	
Total	\$ 13,773	\$ 14,583	\$ 15,615	\$ 16,480	\$ 16,841	\$ 17,134	\$ 17,522	\$ 17,868	\$ 14,829	
Coverage	1.79	1.63	2.06	1.76	1.56	1.22	1.34	1.29	1.78	
Revenue Bonds										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 43,202	\$ 16,789	\$ 16,089	\$ 14,689	\$ 10,780	\$ 9,702	\$ 11,593	\$ 9,460	\$ 11,105	\$ 11,816
Investment Income	3,259	2,722	2,600	2,258	3,104	4,046	3,048	2,972	2,930	2,851
Other Income	1,320	1,301	1,242	1,212	1,122	866	793	694	690	678
Less: Operating expenses	982	948	779	1,710	1,448	1,219	485	471	286	109
Net available revenue	\$ 46,799	\$ 19,864	\$ 19,152	\$ 16,449	\$ 13,558	\$ 13,395	\$ 14,949	\$ 12,655	\$ 14,439	\$ 15,236
Debt service										
Principal	\$ 3,665	\$ 2,820	\$ 2,730	\$ 2,635	\$ 1,210	\$ 1,165	\$ 150	\$ 1,125	\$ 945	\$ 900
Interest	3,188	2,872	2,562	2,477	2,376	1,709	260	1,007	1,061	1,055
Total	\$ 6,853	\$ 5,692	\$ 5,292	\$ 5,112	\$ 3,586	\$ 2,874	\$ 410	\$ 2,132	\$ 2,006	\$ 1,955
Coverage	6.83	3.49	3.62	3.22	3.78	4.66	36.46	5.94	7.20	7.79
Revenue Bonds										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 31,338	\$ 13,987	\$ 12,824	\$ 10,599	\$ 9,230	\$ 5,322	\$ 4,348	\$ 5,816	\$ 4,297	\$ 2,275
Investment Income	1,987	1,681	1,780	1,641	1,828	2,055	1,995	520	594	463
Other Income	1,034	886	897	868	835	678	511	388	217	205
Less: Operating expenses	164	213	57	70	50	-	-	-	-	-
Net available revenue	\$ 34,195	\$ 16,341	\$ 15,444	\$ 13,038	\$ 11,843	\$ 8,055	\$ 6,854	\$ 6,724	\$ 5,108	\$ 2,943
Debt service										
Principal	\$ 2,495	\$ 1,815	\$ 1,745	\$ 1,685	\$ 1,360	\$ 440	\$ 415	\$ 400	\$ 225	\$ 215
Interest	2,517	2,281	2,223	2,142	2,074	2,147	1,732	511	527	474
Total	\$ 5,012	\$ 4,096	\$ 3,968	\$ 3,827	\$ 3,434	\$ 2,587	\$ 2,147	\$ 911	\$ 752	\$ 689
Coverage	6.82	3.99	3.89	3.41	3.45	3.11	3.19	7.38	6.79	4.27

**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 Corp: Based upon the adjusted mandatory principal payments. Not in the calculation, \$62,867,000 in principal has been turbo redeemed from June 1, 2003 through June 30, 2011.
- (c) Debt coverage on Clean Water bonds in FY 2005 is 36.46% because all but one previous bond issue was refunded during that fiscal year, so there was not any debt services payment on those bonds during that fiscal year.
- (d) The Educational Enhancement Funding Corporation was created in FY 2003.
- (e) All funds are presented on a accrual basis except for the Building Authority Fund which is presented on a cash basis.

## ***POPULATION (THOUSANDS)***

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>WEST N. CENTRAL*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2011	311,592	0.7%	20,640	0.5%	824	1.2%
2010	309,350	0.8%	20,537	0.7%	814	0.2%
2009	306,772	0.9%	20,392	0.7%	812	0.9%
2008	304,094	1.0%	20,249	0.7%	805	1.0%
2007	301,231	1.0%	20,106	0.7%	797	1.0%
2006	298,380	1.0%	19,957	0.8%	789	1.2%
2005	295,517	0.9%	19,803	0.6%	780	0.8%
2004	292,805	0.9%	19,688	0.6%	774	0.9%
2003	290,108	0.9%	19,569	0.5%	767	0.7%
2002	287,625	1.0%	19,468	0.5%	762	0.4%

**Note:** Midyear (July 1) population estimates. Revised estimates for 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, and 2010. With each new release of July 1 population estimates, the Census Bureau Revises estimates for years back to the last census.

\* The West North Central states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

**Source:** U.S. Bureau of the Census, Population Division

## ***TOTAL PERSONAL INCOME (MILLIONS)***

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2010	\$ 12,357,113	3.7%	\$ 810,658	3.7%	\$ 32,326	4.7%
2009r	11,916,808	-4.3%	781,832	-3.8%	30,862	-4.2%
2008r	12,451,599	4.6%	812,443	7.1%	32,209	10.0%
2007r	11,900,562	5.7%	758,810	6.2%	29,285	10.2%
2006r	11,256,516	7.4%	714,501	6.1%	26,582	2.9%
2005r	10,476,669	5.5%	673,520	3.4%	25,829	3.8%
2004r	9,928,790	6.0%	651,446	5.3%	24,879	6.7%
2003r	9,369,072	3.5%	618,856	4.3%	23,313	9.1%
2002r	9,054,702	2.0%	593,412	2.5%	21,359	1.1%
2001r	8,878,830	5.4%	579,129	6.1%	21,121	8.7%

**Note:** Revised estimates reflect the revision of the National Income and Product Accounts (NIPA's), and newly available state and local data.

\* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

**Source:** U.S. Department of Commerce, Bureau of Economic Analysis, September 2011



## ***UNEMPLOYMENT RATE*** ***(Seasonally Adjusted)***

<b>YEAR</b>	<b>SOUTH DAKOTA</b>	<b>UNITED STATES</b>
*2011	4.7%	9.0%
2010	4.8%	9.6%
2009	5.0%	9.3%
2008	3.2%	5.8%
2007	2.9%	4.6%
2006	3.1%	4.6%
2005	3.6%	5.1%
2004	3.7%	5.5%
2003	3.5%	6.0%
2002	3.3%	5.8%

\* Preliminary.

Estimates for 2002 through 2010 have been recently updated.

**Source:** U.S. Bureau of Labor Statistics and Labor Market Information Center

## ***PER CAPITA PERSONAL INCOME***

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2010	\$ 39,945	0.8%	\$ 39,847	2.2%	\$ 39,593	3.6%
2009	39,626	-1.4%	38,985	-0.2%	38,208	-1.2%
2008	40,208	4.3%	39,082	6.8%	38,661	8.4%
2007	38,564	5.0%	36,587	5.9%	35,664	10.6%
2006r	36,744	6.0%	34,557	4.3%	32,241	0.2%
2005r	34,650	4.6%	33,123	3.3%	32,172	4.4%
2004r	33,123	5.1%	32,078	4.8%	30,813	5.6%
2003r	31,504	2.2%	30,618	3.3%	29,191	8.0%
2002r	30,821	0.8%	29,638	2.0%	27,029	0.4%
2001r	30,574	6.8%	29,052	5.9%	26,922	5.1%

**Note:** Per Capita personal income is total personal income divided by total mid-year population estimate. Midyear (July 1) population estimates source: U.S. Census Bureau.

r = Revised

\* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

**Source:** U.S. Department of Commerce, September 2011

**State of South Dakota  
Top Ten Employers  
2010 as Compared to 2001**

<b>2010 Rank</b>	<b>Employer</b>	<b>South Dakota Employees</b>	<b>Percentage of Total South Dakota Employment</b>
1	South Dakota State Government*	14,439	3.7%
2	Federal Government (Statewide)	11,936	3.1%
3	Avera System-Wide (SD)	9,172	2.4%
4	Sioux Falls MSA Local Government**	8,730	2.2%
5	Sanford Health - (SF)	8,712	2.2%
6	Sanford System-Wide (SD)	8,634	2.2%
7	Rapid City MSA Local Government**	6,087	1.6%
8	Wal-Mart (SD)	4,950	1.3%
9	Rapid City Regional Health System-Wide (SD)	4,542	1.2%
10	Avera McKennan Hospital (SF)	5,251	1.3%
		<u>82,453</u>	21.2%
	Total SD Employment 2010	<u>389,199</u>	

\* Includes Board of Regent Employees, a component unit of the State of South Dakota

\*\* Labor Market Information Center (LMIC) only provides data for covered workers for Sioux Falls and Rapid City Metropolitan Statistical Areas (MSA). Other cities are not available.

**Sources:** Company websites, public relations offices, SD State Govt, SF MSA Local Govt and RC MSA Local Govt Figures are from SD Covered Workers Annual Information, SD Dept of Labor, Labor Market Information Center (LMIC).

**Note:** a) Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha and Turner.  
b) Rapid City MSA includes the following counties: Pennington and Meade.  
c) Per LMIC, school district employment data is not available.

<b>2001 Rank</b>	<b>Employer</b>	<b>South Dakota Employees</b>	<b>Percentage of Total South Dakota Employment</b>
1	South Dakota State Government*	13,384	3.7%
2	Federal Government (Statewide)	11,081	3.0%
3	Sioux Falls MSA Local Government**	7,318	2.0%
4	Sioux Valley Hospital (Sioux Falls)	5,600	1.5%
5	Rapid City MSA Local Government**	5,262	1.4%
6	Gateway 2000	5,070	1.4%
7	Avera McKennan Hospital (Sioux Falls)	3,230	0.9%
8	Citibank South Dakota NA (Sioux Falls)	3,200	0.9%
9	John Morrell & Company (Sioux Falls)	3,000	0.8%
10	Rapid City Regional Hospital (Rapid City)	3,000	0.8%
		<u>60,145</u>	16.5%
	Total SD Employment 2001	<u>364,716</u>	

\* Includes Board of Regent Employees, a component unit of the State of South Dakota

\*\* Labor Market Information Center (LMIC) only provides data for covered workers for Sioux Falls and Rapid City Metropolitan Statistical Areas (MSA). Other cities are not available.

**Sources:** FY 2002 Comprehensive Annual Financial Report. Company websites, public relations offices. SD State Govt, SF MSA Local Govt and RC MSA Local Govt Figures are from SD Covered Workers Annual Information, SD Dept of Labor & Regulation, Labor Market Information Center (LMIC).

**Note:** a) Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha and Turner.  
b) Rapid City MSA includes the following counties: Pennington and Meade.  
c) Per LMIC, school district employment data is not available.

## ***NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY<sup>1</sup>*** ***(Expressed in Thousands)***

	<b>2011p</b>	<b>2010r</b>	<b>2009r</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Natural Resources/Mining/Construction*	22.5	20.9	21.8	23.3	23.1	22.8	21.9	20.7	20.2	19.6
Manufacturing	41.6	36.9	37.7	42.7	42.0	41.6	39.8	38.9	37.7	38.4
Trade/Transportation/Utilities	88.9	80.6	80.7	82.2	81.6	80.1	78.9	77.2	76.4	76.5
Wholesale Trade	20.4	18.5	18.3	18.7	18.5	18.2	17.6	17.1	16.7	16.7
Retail Trade	54.7	49.6	49.6	50.2	50.2	49.2	49.3	48.5	48.2	48.1
Trans/Warehousing/Util	13.7	12.5	12.8	13.2	12.9	12.7	12.1	11.5	11.5	11.8
Information	7.1	6.6	6.7	6.9	7.2	6.9	6.8	6.7	6.8	6.8
Financial Activities	30.7	28.7	30.4	31.0	30.8	29.5	28.5	27.8	27.7	27.9
Professional/Business Svcs.	31.0	27.3	26.9	28.0	27.6	25.7	24.5	24.2	24.3	24.9
Educational/Health Services	71.6	64.4	63.2	62.0	60.0	58.5	57.4	56.5	55.4	54.0
Leisure and Hospitality	47.5	43.1	42.9	43.2	42.8	42.5	41.7	40.7	39.7	39.4
Other Services (Except Public Administration)	17.1	15.7	15.7	15.9	15.8	15.6	15.5	15.9	15.7	15.9
Government	84.8	78.7	77.8	76.2	75.6	75.3	75.3	75.0	74.6	74.2
<b>TOTAL</b>	<b>443.0</b>	<b>402.8</b>	<b>403.7</b>	<b>411.4</b>	<b>406.4</b>	<b>398.6</b>	<b>390.1</b>	<b>383.7</b>	<b>378.4</b>	<b>377.5</b>
% Change in Nonfarm Employment	10.0%	-0.2%	-1.9%	1.2%	2.0%	2.2%	1.7%	1.4%	0.2%	-0.3%

**Note:** Numbers may not add due to rounding. Data not seasonally adjusted. Effective January 2001, an economic code change moved tribal workers from non-government to government.

<sup>1</sup> Based on NAICS

p = Preliminary Data; r = Revised Data

\* Effective January 1, 2008, the construction category is no longer separated out for **nonfarm wage and salaried workers**. It is now combined with Natural Resources and Mining.

**Source:** Labor Market Information Center (LMIC) in cooperation with the U.S. Bureau of Labor Statistics

## ***EXPANDED AND NEW INDUSTRIES*** ***(Dollars Expressed in Millions)***

	<b>EXPANSIONS</b>		<b>NEW</b>		<b>TOTAL</b>	
	<b>NUMBER</b>	<b>NEW CAPITAL INVESTMENT</b>	<b>NUMBER</b>	<b>NEW CAPITAL INVESTMENT</b>	<b>NUMBER</b>	<b>NEW CAPITAL INVESTMENT</b>
2011	367	\$296.1	4	\$0.9	371	\$297.0
2010	324	\$117.7	12	\$0.3	336	\$118.0
2009	399	\$217.0	9	\$0.0	408	\$217.0
2008	522	\$342.3	13	\$59.5	535	\$401.8
2007	528	\$733.4	8	\$2.7	536	\$736.1
2006	461	\$263.6	13	\$143.9	474	\$407.5
2005	344	\$221.0	16	\$54.1	360	\$275.1
2004	476	\$169.5	20	\$72.3	496	\$241.8
2003	496	\$191.5	21	\$206.0	517	\$397.5
2002	466	\$156.5	6	\$9.4	472	\$165.9

**Note:** Only manufacturing and processing companies are included in the above totals. Manufacturing data for 2002 based on NAICS. Since manufacturing data for earlier years is based on SIC, it is not comparable to 2002 data; i.e., publishers and small newspapers are not included in 2002, but are for earlier years.

**Source:** Governor's Office of Economic Development



**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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	1,003	1,020	1,019	1,000	993	990	979	964	974	975
Health, Human, and Social Services	3,040	3,121	3,064	3,051	3,054	3,113	3,083	2,995	2,992	2,887
Law, Justice, Public Protection, and Regulation	2,160	2,130	2,119	2,131	2,110	2,081	2,012	1,969	1,950	1,989
Agriculture and Natural Resources	938	942	918	908	899	907	911	891	884	865
Transportation	987	1,004	1,000	1,015	1,012	1,024	1,020	1,007	1,027	1,035
Education	133	135	130	134	139	136	130	122	128	126
Economic Resources	264	257	199	180	168	170	168	164	162	168
State Total	8,525	8,609	8,449	8,419	8,375	8,421	8,303	8,112	8,117	8,045

**Source:** State's Budget System RB12

**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**  
**Operating Indicators by Function,**  
**Last Ten Fiscal Years**

	Fiscal Year		
	2011	2010	2009
<b>General Government</b>			
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			
Data Storage (GB)	N/A	N/A	N/A
SDPB Local Production (Hours)	2,456	1,528	1,480
Radio Calls through Digital Network	24,122,503	22,188,596	21,468,474
Bureau of Personnel			
Health: Employees, COBRA, Retirees/Dependents	13,372 / 12,488	13,427 / 11,876	13,316 / 11,568
Bureau of Administration			
Pieces of Mail Handled/Year	8,991,825	9,274,640	9,687,084
Total Miles Driven	37,663,512	37,506,764	37,136,509
Revenue			
Total Active Business Licenses	78,399	78,919	76,367
Vehicles Registered	1,156,109	1,137,621	1,113,254
Misc. Special Tax Licenses	5,332	5,346	5,298
Lottery			
Licensed Lottery Retailers--Instant	13	14	129
Licensed Lottery Retailers--On-line	584	579	480
Legislature			
Legislative Research Council	N/A	N/A	N/A
Auditor General			
Audits Performed	59	58	59
Audits Reviewed (IPA reports)	356	349	286
School and Public Lands			
Apportion common school interest fund and income to school districts (in Thousands)	\$ 8,274	\$ 8,672	\$ 10,997
Apportion endowed income and interest fund to ten endowed institutions (in Thousands)	\$ 1,629	\$ 1,905	\$ 1,990
Secretary of State			
Business and Secured Transaction Filings	90,291	91,288	97,572
State Treasurer			
Cash Receipts (Thousands)	\$ 4,435,984	\$ 4,196,085	\$ 3,812,475
Unclaimed Property - Claims Paid	4,619	7,390	6,113
State Auditor			
Vouchers Audited	293,522	288,997	283,596
Warrants Written	433,121	451,581	473,409
<b>Health, Human, and Social Services</b>			
Social Services			
Medicaid Enrolled/Month	114,405	111,005	104,520
Long Term Care Services - Clients Served	4,272	4,346	4,347
Health			
Immunization Rate, Children 19-35 months			
4:3:1:3:3 shot series	N/A	N/A	N/A
Public Health Investigations	10,379	15,292	12,365
Labor			
State Labor Force	446,310	442,940	447,275
Unemployment Rate	4.70%	5.00%	4.10%
South Dakota Retirement System			
Budget Compared to Assets	5.300%	0.057%	0.063%
Budget Compared to Benefits	1.120%	1.140%	1.180%
Veterans Benefits and Services			
South Dakota Veteran Population	72,000	72,400	73,500
State Veterans' Home			
Average Daily Census	125	132	129
Human Services			
People with Developmental disabilities served	2,899	2,837	2,814
People with mental illness served	14,915	13,998	13,261
People with substance abuse issues served	14,893	15,131	15,338
People receiving vocational rehabilitation services	6,224	5,710	5,606

Fiscal Year						
2008	2007	2006	2005	2004	2003	2002
Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual
N/A	10,347	6,273	1,732	822	624	374
736	740	719	615	533	381	355
21,885,767	22,584,630	18,719,091	14,377,144	13,200,000	7,200,000	1,000
13,171 / 11,696	13,133 / 11,846	13,105 / 11,713	12,853 / 11,093	12,535 / 10,856	12,344 / 10,625	12,419 / 10,370
9,909,143	11,638,363	9,977,094	10,286,652	10,381,413	10,053,075	10,494,749
38,788,928	38,180,716	39,406,852	39,017,332	37,488,578	37,197,089	37,053,900
73,456	72,315	70,685	68,691	67,219	64,839	63,222
1,168,616	1,129,972	1,135,960	1,102,710	1,081,123	1,052,766	1,031,453
5,580	5,672	8,030	7,977	7,532	7,319	7,182
620	615	609	597	589	567	569
476	447	407	365	353	345	348
N/A	N/A	N/A	N/A	N/A	N/A	N/A
56	81	69	73	83	97	78
285	322	293	271	308	275	260
\$ 8,771	\$ 8,453	\$ 8,265	\$ 4,297	\$ 6,649	\$ 9,219	\$ 10,381
\$ 1,967	\$ 2,026	\$ 1,753	\$ 1,464	\$ 1,275	\$ 1,820	\$ 2,100
100,959	101,215	95,518	102,162	90,387	73,792	97,641
\$ 3,843,830	\$ 3,705,226	\$ 3,625,844	\$ 3,402,620	\$ 3,300,787	\$ 3,091,868	\$ 2,954,343
6,505	5,084	6,138	8,398	13,410	4,376	3,180
287,358	287,076	309,479	310,579	292,110	290,140	289,321
507,447	595,412	634,882	737,425	899,687	936,117	947,737
102,310	100,393	100,274	97,810	95,043	91,123	85,516
4,359	4,419	4,452	4,642	4,634	4,792	4,720
N/A	N/A	N/A	87%	86%	81%	80%
13,014	12,922	15,416	16,711	13,080	11,716	9,146
443,765	440,030	432,442	427,374	426,196	421,980	415,903
2.80%	3.00%	3.50%	3.80%	3.50%	3.00%	3.40%
0.045%	0.044%	0.044%	0.049%	0.049%	0.059%	0.056%
1.110%	1.220%	1.260%	1.300%	1.400%	1.500%	1.600%
74,273	73,325	74,224	75,104	75,966	78,000	77,400
124	119	119	122	121	123	128
2,776	2,762	2,727	2,668	2,521	2,457	2,395
12,901	12,246	11,591	10,389	9,665	9,288	9,032
15,146	15,069	14,180	16,394	16,524	17,190	16,879
5,714	6,508	6,819	6,717	6,401	6,140	6,017

**State of South Dakota**  
**Operating Indicators by Function,**  
**Last Ten Fiscal Years (continued)**

	Fiscal Year		
	2011	2010	2009
<b>Law, Justice, Public Protection, and Regulation</b>			
Corrections			
Adult System ADP (Average Daily Population)	3,479	3,490	3,428
Avg. Daily Population on Supervision	2,452	2,385	2,311
Juvenile Institutional and Placement ADP	459	446	497
Unified Judicial System			
Felony Offenses Filings/Pending	6,456 / N/A	6,126 / N/A	5,745 / 7,249
Class one Misdemeanor Filings/Pending	19,929 / N/A	20,141 / N/A	21,896 / 23,039
Class two Misdemeanor Filings/Pending	112,853 / N/A	124,965 / N/A	134,617 / 44,143
Attorney General			
New Cases Opened/Closed/Pending (thousands)	1.0 / 1.3 / 2.5	.8 / 1.3 / 2.3	.8 / 1.1 / 2.1
Investigations Conducted by DCI	902	867	772
Public Safety			
Patrol of Public Highways (Hours)	131,508	130,700	130,503
Driver Licenses Issued	198,871	176,153	150,056
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,391	3,441	3,391
Assigned Strength of the Air Guard	1,057	1,103	1,108
Appraiser Program			
New / Renewed licenses	11 / 381	18 / 354	17 / 372
Revenue Financial Services			
Banking Institutions Examined	562	538	538
Dealer, Broker & Investment Advisor			
Agents Licensed	77,038	62,262	61,995
Renewed & Issued Insurance			
Appointments/Licenses	270,412	269,361	254,327
Revenue Boards and Commissions			
New & Renewed Licenses Issued	6,853	8,191	7,425
Public Utilities Commission			
Dockets Opened	143	178	199
<b>Agriculture and Natural Resources</b>			
Agriculture			
Wildfires Suppressed: (Fires/Acres)	468 / 7,100	398 / 10,335	337 / 5,803
Dairy Inspections	956	1,078	1,444
Marketing Consultations	375	385	360
Insect & Disease Individual Assists	307	333	400
Game, Fish and Parks			
Total Park Visitations	7,469,331	7,785,508	7,638,828
Acres of Walk-In Areas	1,300,000	1,250,000	1,201,430
Environment and Natural Resources			
Dollars Awarded/Number of Grants and Loans (added water quality grants in FY05 & FY06)	119.1M / 155	80.6M / 109	100M / 129
Total number of Regulated Facilities	26,679	26,365	26,328
Petroleum Release Compensation			
Petroleum Release Cases Initiated	62	64	70
Abandoned Tank site Cases Initiated	36	45	53
<b>Transportation</b>			
Transportation			
Percent of Non-interstate State Highway system main lane pavement mileage rated good or better on condition index	88	85	84
Percent of interstate pavement in excellent condition based on condition index	33	31	45
<b>Education</b>			
Student K-12 public school fall enrollment	123,629	122,055	121,015
<b>Economic Resources</b>			
Tourism and State Development			
Capital Investment Reported (Millions)	\$ 118.00	\$ 217.00	\$ 401.80
New Jobs Created (calendar year)	4,462	3,298	3,952
Tourism's Impact on South Dakota Economy (billions)	\$ 1.76	\$ 2.42	\$ 2.74

Source: State's Budget System and/or Survey of department accounting personnel.

N/A= Not Applicable



Fiscal Year						
2008	2007	2006	2005	2004	2003	2002
3,373	3,412	3,466	3,177	3,059	2,954	2,781
2,379	2,312	2,011	2,243	1,945	1,667	1,471
461	489	510	512	520	514	468
5,797 / 7,104	5,660 / 7,388	6,970 / 7,462	7,032 / 7,970	6,895 / 6,936	6,277 / 5,978	6,784 / 6,033
22,611 / 22,924	23,464 / 22,296	24,064 / 22,570	22,094 / 20,330	20,542 / 18,144	20,107 / 16,948	19,502 / 16,422
139,262 / 46,389	139,933 / 43,043	141,405 / 43,614	142,605 / 40,449	142,025 / 36,983	141,508 / 39,580	148,326 / 39,853
1.1 / .9 / 2.0	1.1 / 1.0 / 1.9	1.2 / 1.2 / 1.9	1.3 / 1.2 / 1.9	1.5 / 1.4 / 1.8	1.2 / 1.2 / 1.6	1.5 / 1.2 / 1.5
759	534	599	580	683	622	636
124,763	139,828	136,428	125,844	129,575	123,880	129,431
195,900	205,260	198,755	189,727	134,282	199,115	204,675
3,368	3,360	3,425	3,425	3,425	3,410	3,355
1,012	1,008	1,015	1,030	1,025	1,035	1,084
22 / 354	17 / 360	33 / 361	30 / 360	33 / 331	38 / 316	31 / 329
553	376	609	606	618	632	554
63,004	60,015	54,396	51,146	47,593	44,937	48,410
223,240	210,739	211,904	196,873	218,679	206,237	173,550
8,387	7,351	7,759	6,577	7,861	6,492	7,364
227	306	258	306	435	327	314
595 / 55,731	904 / 288,616	762 / 47,860	412 / 7,309	622 / 73,585	455 / 116,933	564 / 55,976
1,300	1,350	1,549	1,532	1,691	N/A	1,916
396	300	220	240	280	265	380
500	792	390	373	430	777	234
7,371,201	7,326,503	7,202,975	7,148,102	7,413,106	7,256,419	7,115,630
1,152,653	1,000,000	1,080,000	935,163	903,000	883,827	821,267
99.3M / 113	34.8M / 102	91.4M / 135	108.2M / 150	34.5M / 117	47.1M / 113	54.5M / 110
25,677	24,445	23,123	20,711	20,525	20,328	20,000
45	22	29	27	21	29	16
33	45	38	53	69	171	794
83	83	78	77	75	71	75
40	41	35	24	34	30	29
121,089	120,278	120,682	121,327	123,058	124,470	125,612
\$ 736.10	\$ 407.50	\$ 275.10	\$ 241.80	\$ 397.50	\$ 165.90	\$ 238.50
4,083	3,044	3,202	3,046	2,190	2,398	2,633
\$ 2.42	\$ 2.35	\$ 2.16	\$ 2.02	\$ 1.75	\$ 1.66	\$ 1.50

**State of South Dakota**  
**Capital Asset Statistics by Function**  
**as of June 30, 2011**

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
General Government						
Vehicles	2,949	2,743	2,683	2,879	2,711	2,636
Land (Acres)	760,828	760,828	760,828	760,832	760,832	761,295
Equipment	1,296	1,275	1,291	1,416	1,477	1,970
Buildings	17	16	15	13	13	21*
Infrastructure	0	0	0	0	0	0
Health, Human, and Social Services						
Vehicles	8	7	7	12	6	5
Land (Acres)	710	710	906	901	901	901
Equipment	554	539	479	510	566	540
Buildings	47	46	46	46	46	46
Infrastructure	0	0	0	0	0	0
Law, Justice, Public Protection, and Regulation						
Vehicles	320	312	281	314	313	323
Land (Acres)	2,066	2,067	2,313	2,313	2,313	2,313
Equipment	762	682	596	607	627	599
Buildings	74	76	68	67	70	54*
Infrastructure	0	0	0	0	0	0
Agriculture and Natural Resources						
Vehicles	365	340	309	326	326	300
Land (Acres)	360,039	352,128	350,245	348,552	297,796	293,775
Equipment	1,357	1,292	1,208	1,173	1,123	1,095
Buildings	52	53	48	48	35	34
Infrastructure	0	0	0	0	0	0
Transportation						
Vehicles	1,268	1,241	1,149	1,607	1,259	1,194
Land (Acres)	3,618	3,747	3,891	3,875	3,883	3,950
Land, ROW Roads	\$ 86,389,686	\$ 84,159,719	\$ 76,597,880	\$ 73,884,865	\$ 69,080,371	\$ 48,033,462
Land Improvements, Roads	\$ 512,410,674	\$ 512,410,674	\$ 512,410,674	\$ 512,410,674	\$ 512,498,327	\$ 512,216,849
Equipment	3,043	2,828	2,603	2,511	2,402	2,258
Buildings	104	102	98	96	96	88
Infrastructure						
-Roads: Lane Miles	8,858	8,858	8,862	8,862	8,864	8,886
-Bridges: Number of	1,805	1,803	1,809	1,805	1,800	1,805
-Railroads: Track Miles	513	513	513	513	513	328
Education						
Vehicles	0	0	0	0	0	0
Land (Acres)	45	45	33	33	33	33
Equipment	15	24	30	32	47	53
Buildings	22	22	22	22	22	25
Infrastructure	0	0	0	0	0	0
Economic Resources						
Vehicles	2	2	1	1	3	2
Land (Acres)	0	0	0	0	0	0
Equipment	48	49	36	37	39	41
Buildings	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0

\* Restated balances

**Source:** Survey conducted by BFM of the department's finance personnel.

**Note:** Because of the complicated nature of retrieving this data, only FY 2006, FY 2007, FY 2008, FY 2009, FY 2010 & FY2011 will be shown.  
Data will be added to future CAFR reports until the data shown reaches ten years.



