

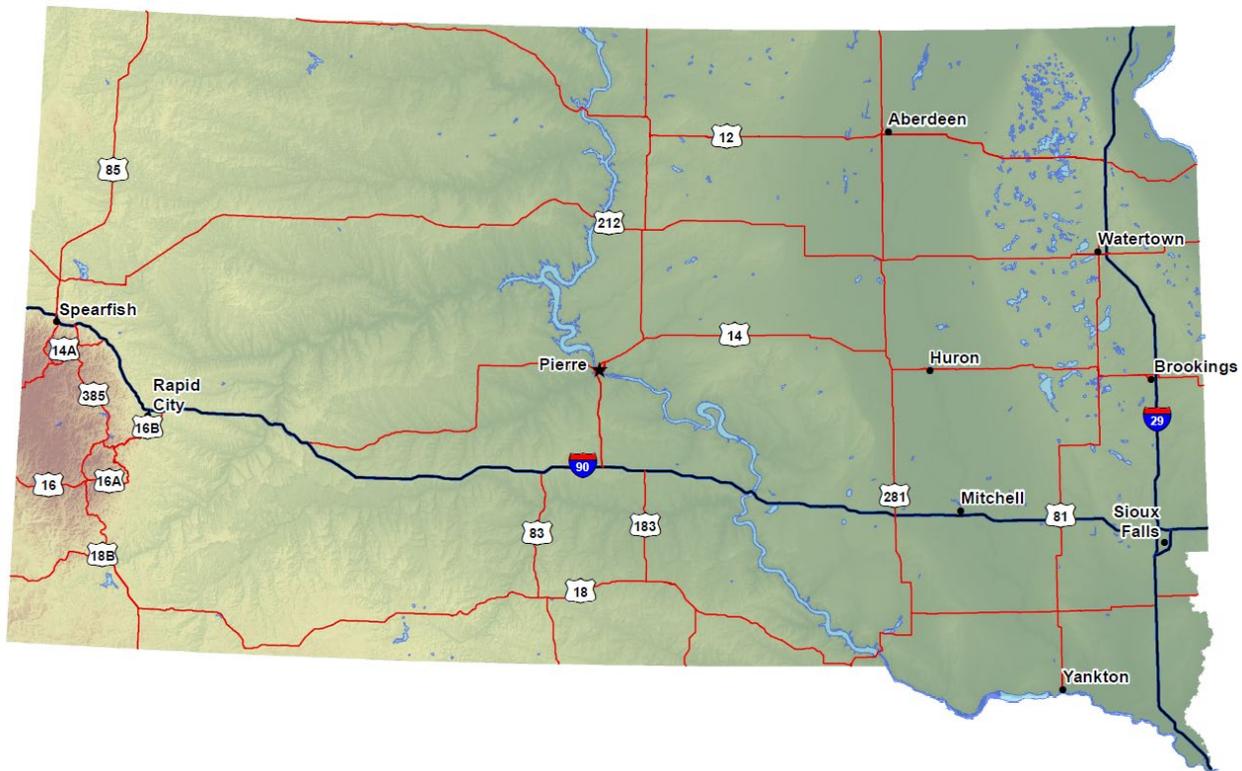
Annual Comprehensive Financial Report

South Dakota



for the fiscal year ended June 30, 2021

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021***



KRISTI NOEM, GOVERNOR

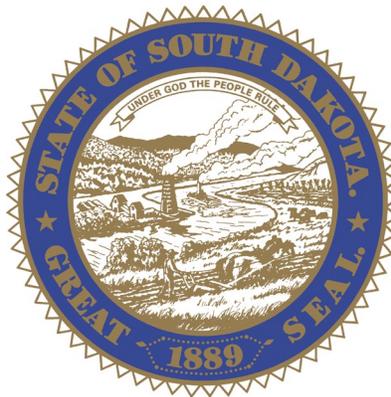
LARRY RHODEN, LT. GOVERNOR

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ACKNOWLEDGEMENTS

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All State Finance Officers and Accountants**

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STATE OF SOUTH DAKOTA

OFFICE OF THE GOVERNOR

KRISTI NOEM | GOVERNOR

December 22, 2021

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

As Governor of South Dakota, I am proud to present the State's 35th *Annual Comprehensive Financial Report* covering operations for the fiscal year ending June 30, 2021. This report is prepared in accordance with generally accepted accounting principles and includes all agencies of state government and reporting entities for which the state has oversight responsibilities. Like previous reports, this report presents to you, and the financial community, the sound financial condition of South Dakota.

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

This stability results in a growing economy in South Dakota with one of the lowest unemployment rates in the nation. In fiscal year 2021, South Dakota's employment grew 6.2%, or 26,500 jobs throughout the fiscal year, while the unemployment rate currently stands at 2.8%.

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

Sincerely,

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

Kristi Noem
Governor of South Dakota

South Dakota



GREAT FACES. GREAT PLACES. ©

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INTRODUCTORY SECTION



INTRODUCTORY SECTION



DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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December 22, 2021

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

It is a privilege to present the 35th *Annual Comprehensive Financial Report* (ACFR) for the State of South Dakota (the State) for the fiscal year ended June 30, 2021.

Report. This report is prepared by the Bureau of Finance and Management as required by South Dakota Codified Law 4-4-6. The financial statements and notes to the financial statements contained in the ACFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to 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.

Independent Auditors. The ACFR has been audited by the South Dakota Department of Legislative Audit (DLA), a division of the legislative branch of State government. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by DLA) includes expressions of opinions on the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, for the fiscal year.

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

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

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

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

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

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

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

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

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

- **Balanced Budget.** South Dakota can proudly say that fiscal year 2021 was the 131st consecutive year the State had a balanced budget. The State has made structurally balanced budgets the norm by using one-time dollars prudently for one-time uses and not to fund ongoing obligations.

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

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

Budget Reserves
(Expressed in Millions)

As of June 30	Budget Reserve	General Revenue Replacement Fund	Property Tax Reduction Fund	Total Reserves	General Fund Expenditures	Total Reserves As Percentage of General Fund Expenditures
2012	\$ 71.1	\$	\$ 67.9	\$ 139.0	\$ 1,225.2	11.3%
2013	95.3		67.8	163.1	1,278.8	12.8%
2014	105.2		48.2	153.4	1,413.9	10.8%
2015	126.7		44.6	171.3	1,440.0	11.9%
2016	113.4	44.0		157.4	1,514.0	10.4%
2017	121.3	44.0		165.3	1,598.2	10.3%
2018	132.4	44.0		176.4	1,644.4	10.7%
2019	145.1	44.0		189.1	1,678.8	11.3%
2020	169.6	46.3		215.9	1,655.9	13.0%
2021	169.6	137.5		307.1	1,635.8	18.8%

The combined accrual basis balance of these two reserve accounts for fiscal year 2021 was \$307.1 million, an increase of \$91.2 million. This increase from the prior year was a result of unspent General Fund appropriations as General Fund revenues were \$62.0 million higher than expected and expenditures were \$29.2 million lower than budgeted. Most of the General Fund savings are attributed to Coronavirus Relief Fund federal aid. The combined reserve balance of \$307.1 million is approximately 18.8% of the fiscal year 2021 General Fund total expenditures. More information on the State's reserve accounts and the COVID-19 Federal Fund can be found in the MD&A.

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

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

- **Annual Comprehensive Financial Report.** In 1987, the State issued its first ACFR. That report contained an unmodified opinion from the Department of Legislative Audit (the independent auditors). The Independent Auditor's Report included in this report represents the 35th consecutive year South Dakota has received an unmodified opinion on its ACFR.

Fair Value Funded Ratio		
As of	SDRS	Projected Average of Other State Retirement Systems **
June 30		
2012	92.6%	72%
2013	100.0%	72%
2014	107.3%	77%
2015	104.1%	73%
2016	96.9%	67%
2017	100.1%	70%
2018	100.0%	72%
2019	100.1%	73%
2020	100.0%	70%
2021	105.5%	85% (est.)

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

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

Lottery. The South Dakota Lottery Fund was created during the 1987 legislative session to market instant scratch games. Video lottery was authorized during the 1989 legislative session, and approval for multi-state lotto games was given during the 1990 legislative session. The purpose of the Lottery is to provide the State additional revenues to fund vital public programs and projects. During fiscal year 2021, the Lottery generated \$162.2 million of income (before transfers) and provided \$161.9 million in transfers to other funds that improve the quality of life in South Dakota. Since its inception in 1987, the Lottery has distributed \$3.2 billion to those funds.

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

Annual SDRS funding is determined based on actuarial assumptions that are more conservative than most public pension plans, including an annual investment return assumption of 6.50% and assumed inflation of 2.25%. The actuarial value of assets is equal to the fair value of assets. The fixed statutory employer and employee contributions support benefits that vary automatically from year-to-year based on investment returns and the assets available to pay future benefits. Additionally, SDRS COLA increases are tied to inflation and limited to the percentage that if paid in future years, results in a SDRS fair value funded ratio of at least 100%. If after recognizing the automatic benefit adjustments the funded ratio of the system is below 100% or the fixed contributions are not sufficient to support the current benefits, the SDRS Board of Trustees is required by state statute to take immediate corrective action including recommending corrective actions to the Legislature. Therefore, unfunded actuarial accrued liabilities are anticipated only in significant economic downturns and are expected to be temporary.

As previously stated, as of June 30, 2021, SDRS is fully funded with an actuarial value funded ratio and a fair value funded ratio of 105.5%. SDRS currently has no unfunded actuarial accrued liability. During the fiscal year, SDRS experienced a 22.0% (time-weighted) market return, or 15.5% greater than the assumed rate of return of 6.50%. Plan investments at fair value in fiscal year 2021 were \$14.6 billion compared to \$7.8 billion in fiscal year 2012.

South Dakota Retirement System is one of the few state government retirement systems in the nation to boast a net pension asset in fiscal years 2014, 2015, 2017, 2018, 2019, 2020, and 2021 with a relatively small net pension liability in 2016.

South Dakota Retirement System

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

* Unaudited

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

Health and Life Insurance Benefits. The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance. However, an insurance carrier provides claims administration services for health insurance. The Group Insurance Program within the Bureau of Human Resources was established to administer and improve group health, life, and flexible benefit plans for state employees and their dependents. The program provides for 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 other insurance benefits can be found in *Note 10. Self-Insurance* in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

For fiscal year 2021, economic activity in South Dakota remained strong. The State did not institute any state-wide lockdowns or closures due to the COVID-19 pandemic, which contributed to better economic performance compared to other states. Total General Fund revenues grew by historic amounts in fiscal year 2021.

Income growth is an important indicator of the State's economic health. Personal income growth was slow coming out of the Great Recession but had increased substantially in South Dakota before the COVID-19 pandemic. From 2010-2019, the average growth of nonfarm personal income was 4.5%. Due to the unique approach taken by South Dakota in response to the pandemic and the unprecedented actions taken by Congress to inject stimulus into the economy, nonfarm personal income increased by 5.3% in 2020. Nonfarm personal income is forecast to grow another 5.3% in 2021 before slowing in 2022 as the federal government reduces the amount of stimulus in the economy.

Headline unemployment and changes in overall employment levels are also important for understanding the underlying economic conditions in the State. Despite the challenges presented by the pandemic, the unemployment rate in South Dakota remained among the lowest in the nation in fiscal year 2021, with a state unemployment rate of 2.9% in June 2021, compared to a national unemployment rate of 5.9% in the same month. In October 2021, South Dakota's unemployment rate was 2.8%, which is 1.8% lower than the U.S. unemployment rate of 4.6% for the same month.

Tracking employment growth gives us a view of what is happening in terms of the number of jobs in the State. Total employment in South Dakota remained much higher than the United States compared to pre-pandemic levels. Through September 2021, total state employment measured 1.1% below February 2020 levels compared to a 4.0% deficit nationally.

Tourism is South Dakota's second largest industry, contributing to about 5% of the State's economy. Tourism activity was significantly impacted by the pandemic, but efforts by the State to attract individuals looking for outdoor recreational activities mitigated this impact. As a result of these efforts, tourism activity rebounded, and visitor spending is estimated to be up 31% year over year through October 2021. The number of booked hotel rooms and airport arrivals are also estimated to be up 33% and 73% over the previous year, respectively.

Looking ahead, South Dakota remains positioned for continued economic growth. However, there are concerns over continued inflation and how the economy will respond once the support of federal stimulus is no longer impacting economic activity. Positive developments include continued tourism, population growth, and infrastructure investments.

MAJOR INITIATIVES

Like all other states, COVID-19 presented a historical challenge; however, in true South Dakota fashion, it was a challenge we overcame. Governor Noem remains committed to fiscal responsibility, conservative management principles, and respect for freedom. Because of these commitments, South Dakota's financial house is in order. With the support of the legislature, Governor Noem worked to develop funding packages to improve South Dakota for today and the next generation. Listed below are some of the major initiatives Governor Noem implemented during her third year of office.

Investing in Our Future. Governor Noem has been committed to ensuring that South Dakota is prepared for tomorrow. With the support of the Governor and the legislature, \$50.0 million of the General Fund was endowed to the Healthcare Trust Fund to provide ongoing funding in the future. In addition, funding was appropriated to pay off \$21.7 million in technical college debt. South Dakota is also saving for the future by increasing the budget reserves.

Strengthening Infrastructure. To help ensure that South Dakota's infrastructure is prepared for the economy of tomorrow, the Governor recommended, and the legislature approved, \$75.0 million for broadband internet. Funding was also appropriated to update the state radio system to support first responders, invest in the State's railroad network, construct a new livestock complex on the state fairgrounds, and provide for the maintenance and repair of state-owned buildings and dams.

Keeping South Dakota Healthy. South Dakota is committed to taking care of those in need today, while building sustainable healthcare models for the future. The adopted budget for state fiscal year 2022 provided a 2.4% increase for medical provider rates, as well as other targeted rate increases. Additionally, funding was appropriated for regional intermediate care facilities to provide services for individuals with intellectual or developmental disabilities.

Supporting Education. To ensure that local school districts have the resources necessary to educate and prepare the next generation of South Dakotans, the Governor recommended a 2.4% increase for state aid to education, as well a 2.4% increase to the per student allocation for technical colleges. In addition, the South Dakota Freedom Scholarship was created during the 2021 legislative session with \$50.0 million in general funds allocated to the endowment. This needs-based scholarship will help ensure that South Dakota is securing some of its most talented students in our universities and colleges.

Investing in Our Workforce. The Governor strives to attract and retain the best and brightest to work for state government. With her support, during the 2021 legislative session, the legislature adopted a 2.4% market adjustment for state employee salaries.

AWARDS AND ACKNOWLEDGMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Dakota for its ACFR for the fiscal year ended June 30, 2020. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this ACFR required the collective efforts of many financial personnel throughout the State from various agencies and departments. I sincerely appreciate the dedicated efforts of all these individuals. I would like to recognize and commend the efforts of the accounting staff of each state agency and the staff of the Department of Legislative Audit. I would also like to acknowledge the Bureau of Finance and Management staff, Keith Senger, Amanda Werre, Amy Macy, Mark Edwardson, Dominique Ruppelt, Brian Englund, Jacob Harris, Randi Olson, Tiffany Ripperda, Torin Peterson, Victor Ko, Felicia Miller, Amanda Jandt, Robert Norwick, and Adam Hansen 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,



Liza Clark, Chief Financial Officer
Bureau of Finance and Management



Government Finance Officers Association

Certificate of
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for Excellence
in Financial
Reporting

Presented to

State of South Dakota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

***SOUTH DAKOTA
FY2021 PRINCIPAL STATE OFFICIALS***

EXECUTIVE BRANCH

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

CONSTITUTIONAL OFFICERS

The Honorable Jason R. Ravensborg, Attorney General
The Honorable Steve Barnett, Secretary of State
The Honorable Josh Haeder, Treasurer
The Honorable Rich Sattgast, Auditor
The Honorable Ryan Brunner, Commissioner, School and Public Lands

PUBLIC UTILITIES COMMISSION

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

LEGISLATIVE BRANCH

The Honorable Lee Schoenbeck
Senate President Pro Tempore

The Honorable Spencer Gosch
Speaker of the House

The Honorable Gary Cammack
Senate Majority Leader

The Honorable Troy Heinert
Senate Minority Leader

The Honorable Kent Peterson
House Majority Leader

The Honorable Jamie Smith
House Minority Leader

JUDICIAL BRANCH

The Honorable Steven R. Jensen
Chief Justice

The Honorable Janine M. Kern
Associate Justice

The Honorable Mark E. Salter
Associate Justice

The Honorable Patricia J. DeVaney
Associate Justice

The Honorable Scott P. Myren
Associate Justice

SOUTH DAKOTA FY2021 FUNCTIONS OF STATE GOVERNMENT

GENERAL GOVERNMENT

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

HEALTH, HUMAN, AND SOCIAL SERVICES

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

LAW, JUSTICE, PUBLIC PROTECTION, AND REGULATION

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

AGRICULTURE AND NATURAL RESOURCES

Agriculture
Game, Fish and Parks
Environment and Natural Resources

TRANSPORTATION

Transportation

EDUCATION

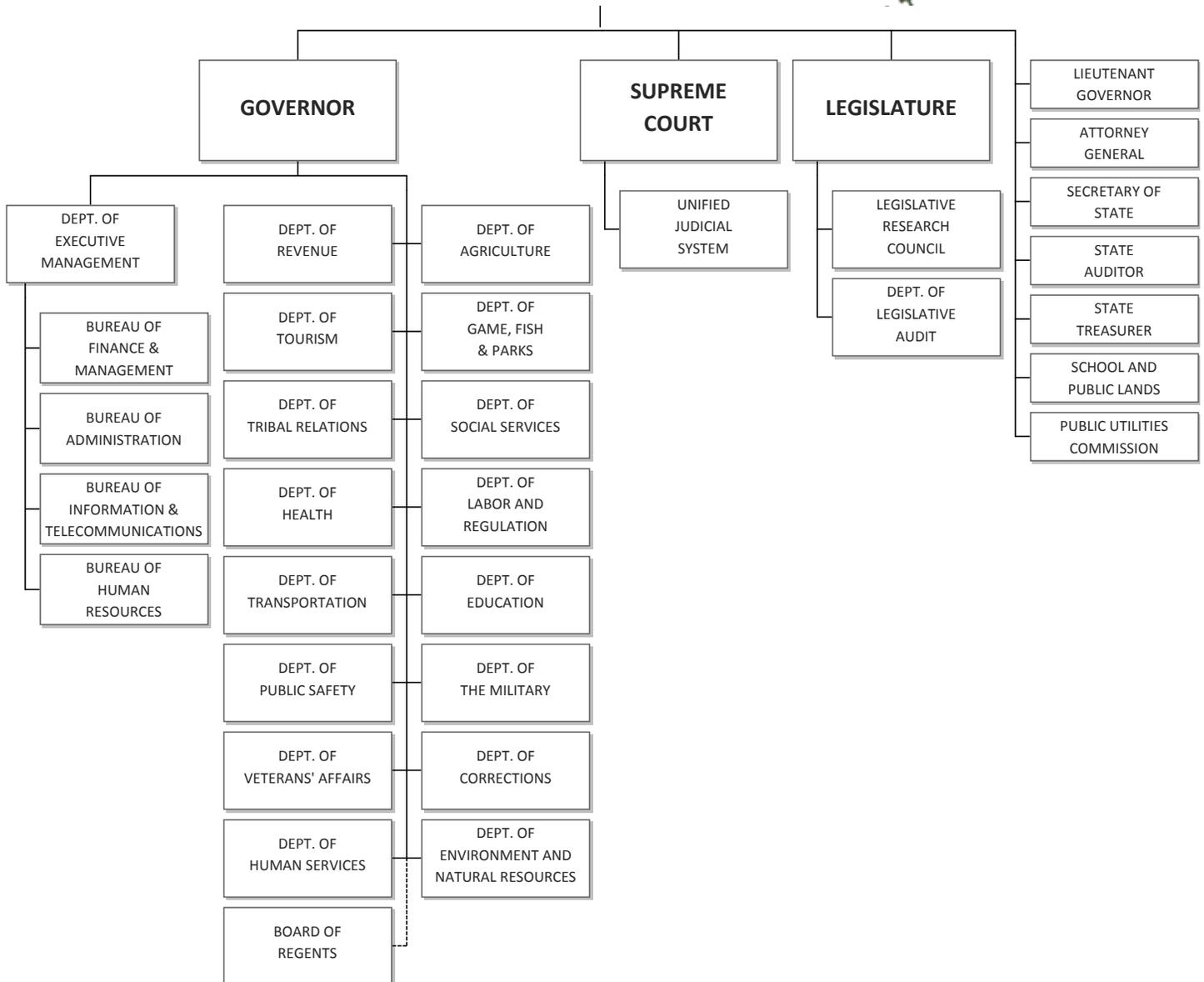
Education
Elementary, Secondary, and Vocational
Schools
Higher Education
State Aid to Universities

ECONOMIC RESOURCES

Tourism
Economic Development
Tribal Relations

PANDEMIC RESPONSE

COVID-19 Federal







FINANCIAL SECTION



FINANCIAL SECTION



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

RUSSELL A. OLSON
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Kristi Noem
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

Report on the Financial Statements

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 (State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Development Authority, the South Dakota Ellsworth Development Authority and foundations of Higher Education. Those financial statements reflect total assets and deferred outflows of resources and revenues and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information as follows:

	<u>Percent of Total Assets*</u>	<u>Percent of Total Revenues/Additions</u>
Government-wide financial statements:		
Business-type activities:		
Unemployment Insurance Fund	13.8%	38.1%
Fund financial statements:		
Aggregate discretely presented component units:		
South Dakota Housing Development Authority	42.1%	8.4%

South Dakota Ellsworth Development Authority	.8%	.3%
Foundations of Higher Education	17.8%	19.4%
Major enterprise fund:		
Unemployment Insurance Fund	100.0%	100.0%
Aggregate remaining fund information:		
South Dakota Retirement System	89.5%	55.3%

* including deferred outflows of resources

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of 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 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 32, the budgetary comparison schedules on pages 120 through 135, and the Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions on pages 136 through 137 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information, such as the combining and individual fund financial statements on pages 140 through 174 and the other information, such as the introductory and statistical sections on pages 1 through 11 and 175 through 195, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

December 22, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. This document begins with a one-page summary of financial highlights, followed by a more detailed overview of the financial statements and financial analysis. Please read it in conjunction with the transmittal letter found on page 1 in the *Introductory Section* of this report and with the State's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- Total assets and deferred outflows of resources of the State exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$8.1 billion (reported as net position). Of this amount, \$6.3 billion is restricted for specific uses or invested in capital assets. The remaining \$1.8 billion is unrestricted and may be used to meet the government's ongoing obligations. However, certain resources within this unrestricted net position have internally imposed limitations that are discussed within the *Government-wide Financial Analysis* section of this document.
- The State's total net position increased by \$746.6 million, or 10.1% from the prior fiscal year. Net position of Governmental Activities increased by \$698.4 million, or 10.6%, while net position of Business-type Activities increased by \$48.3 million, or 6.0% over the prior fiscal year.
- Discretely presented component units reported total net position of \$2.7 billion, an increase of \$153.7 million, or 6.0% from the prior fiscal year.

Fund Financial Statements

- The State's governmental funds combined ending fund balances of \$2.9 billion, an increase of \$620.2 million, or 27.3% from the prior fiscal year. Of the \$2.9 billion in combined ending fund balance, \$660.1 million is non-spendable and \$1.3 billion is restricted by outside sources or enabling legislation. Another \$59.2 million is committed by state law and \$401.4 million has been assigned for various specific purposes. The remaining \$442.4 million is unassigned. Please refer to *Note 8. Fund Balance and Net Position* in the Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the \$442.4 million of the unassigned fund balance have internally imposed limitations that are discussed throughout the *Financial Analysis of the State's Funds* section of this document.
- At the end of the fiscal year, the General Fund had a fund balance of \$844.9 million. This includes total budget reserves of \$307.1 million, comprised of the Budget Reserve and the General Revenue Replacement Fund of \$169.6 million and \$137.5 million, respectively.
- The State's three trust funds (Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust) and the State's Permanent Fund all increased in value during the fiscal year because investment earnings and transfers into these funds exceeded statutory disbursements. After transferring a combined amount of \$43.1 million to the General Fund, these funds closed the fiscal year with a combined ending fund balance of \$1.4 billion, an increase of \$219.4 million.
- Proprietary funds reported net position at fiscal year-end of \$929.2 million, an increase of \$76.9 million, or 9.0% from the prior fiscal year.

Long-Term Debt

- The primary government's total long-term debt (revenue bonds and capital leases) as of June 30, 2021, totaled \$665.1 million, an increase of \$33.7 million from the last fiscal year-end. The increase represents the net difference between new issuances, payments, and the refunding and defeasance of outstanding debts.
- The South Dakota Building Authority issued \$9.5 million of revenue bonds for the primary government and \$107.3 million of revenue bonds for Higher Education, a discretely presented component unit of the State. These bonds were used predominately for refunding of prior issued bonds and to fund maintenance and repair projects.
- The South Dakota Conservancy District, a blended component unit of the State, issued \$76.3 million in tax-exempt revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

- **Governmental Activities.** Most of the State's services provided to the citizens of the State are reported with the Governmental Activities. The Governmental Activities of the State include the following:
 - 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
 - Pandemic Response
 - Intergovernmental – payments to school districts
 - Intergovernmental – revenue sharing
 - Unallocated interest expense
 - Unallocated depreciation

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

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

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

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

Fund Financial Statements

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

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

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

The State maintains many individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Transportation Fund, Social Services Federal Fund, COVID-19 Federal Fund, Dakota Cement Trust Fund, and Education Enhancement Trust Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for some nonmajor governmental funds is provided in the 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 accrual basis of accounting.
 - Enterprise funds are used to account for activities that largely involve customers outside of state government and are reported as Business-type Activities in the Government-wide Financial Statements.

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

The Budgetary Comparison Schedules are for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The only special revenue funds that fit this criterion are the Transportation Fund and the Social Services Federal Fund. These schedules present the original and final appropriated expenditure budgets and estimated receipts (General Fund only) for the fiscal year. The Budgetary Comparison Schedule also lists the actual inflows and outflows, and balances stated on a budgetary basis. A variance column is included to compare the final appropriated budget with the actual budget results.

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

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

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As presented in the following table, total assets and deferred outflows of resources of the State on June 30, 2021 were \$9.7 billion, while total liabilities and deferred inflows of resources were \$1.6 billion, resulting in combined net position (Governmental and Business-type Activities) of \$8.1 billion, a 10.1% increase from the previous year. As discussed later in this document, a significant portion of this increase is directly attributed to increases in capital assets and strong returns on investment in the State's three trust funds and the Permanent Fund.

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

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	
Current and Other Assets, as restated	\$ 3,748,216	\$ 4,065,555	\$ 1,290,984	\$ 1,176,990	\$ 5,039,200	\$ 5,242,545	(3.9)%
Capital Assets	4,510,988	4,467,766	6,652	6,555	4,517,640	4,474,321	1.0%
Total Assets, as restated	8,259,204	8,533,321	1,297,636	1,183,545	9,556,840	9,716,866	(1.6)%
Deferred Outflows of Resources	146,412	116,960	9,854	10,010	156,266	126,970	23.1%
Current and Other Liabilities, as restated	614,170	1,603,637	22,200	34,391	636,370	1,638,028	(61.2)%
Noncurrent Liabilities	405,442	429,717	430,528	354,389	835,970	784,106	6.6%
Total Liabilities, as restated	1,019,612	2,033,354	452,728	388,780	1,472,340	2,422,134	(39.2)%
Deferred Inflows of Resources	114,426	43,715	2,772	1,041	117,198	44,756	161.9%
Net Position:							
Net Investment in Capital Assets	4,334,442	4,259,851	6,649	6,552	4,341,091	4,266,403	1.8%
Restricted, as restated	1,982,162	1,726,403	13,681	14,758	1,995,843	1,741,161	14.6%
Unrestricted	954,974	586,958	831,660	782,424	1,786,634	1,369,382	30.5%
Total Net Position, as restated	\$ 7,271,578	\$ 6,573,212	\$ 851,990	\$ 803,734	\$ 8,123,568	\$ 7,376,946	10.1%
Percent of Total Primary Government Net Position	89.5%	89.1%	10.5%	10.9%	100.0%	100.0%	

In fiscal year 2021, Governmental Activities accounted for 89.5% of the State's total net position, and Business-type activities accounted for 10.5%, a 0.4% change from the prior fiscal year.

Net Investment in Capital Assets

The largest component of the State's net position, \$4.3 billion or 53.4%, reflects investments in capital assets (land, land improvements, buildings, equipment, vehicles, infrastructure, intangible assets, and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. This represents a \$74.7 million, or 1.8% increase in the State's investment in capital assets from the prior fiscal year. This increase is primarily attributed to continued construction of infrastructure (highways and bridges) without the issuance of related debt. For more information please refer to the *Capital Assets and Debt Administration* section of this document and *Note 6. Capital Assets* in the Notes to the Financial Statements. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

Total restricted net position at year-end was \$2.0 billion, or 24.6% of total net position, an increase of \$254.7 million, or 14.6% from the prior fiscal year. The net position is subject to restrictions either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws/regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation on how they can be used.

A majority of the restricted net position is accounted for in the State's three trust funds and the State's Permanent Fund. Two of these trust funds (Education Enhancement Trust and Health Care Trust) and the Permanent Fund are held as

permanent investments, either as nonexpendable (\$628.2 million) or expendable (\$360.9 million), and the third trust fund (Dakota Cement Trust) is restricted for education (\$378.5 million).

The combined fund balance of these four funds totals \$1.4 billion. Aside from the constitutionally authorized annual distributions, these funds can only be accessed through a constitutional amendment (Dakota Cement Trust and Permanent Fund) or by a three-fourths vote of the Legislature (Health Care Trust Fund and Education Enhancement Trust).

The remaining \$628.2 million of restricted net position is restricted for highways (\$239.4 million), agriculture and natural resources (\$93.2 million), economic development (\$67.1 million), railroads (\$56.4 million), health and public assistance (\$30.7 million), pensions (\$29.6 million), and debt service (\$19.2 million), with the remaining amount for other purposes.

Unrestricted Net Position

The remaining net position balance, \$1.8 billion, or 22.0% is defined by accounting standards as “unrestricted” net position. However, some of the unrestricted net position balances cannot be used to meet the State’s general ongoing obligations to citizens and creditors as resources because of limitations imposed by federal regulations, bond covenants, constitutional provision, or state law. Limitations on unrestricted net position imposed by federal regulations and bond covenants include \$265.2 million within the Clean Water State Revolving Fund and \$217.1 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$178.0 million for Unemployment Insurance Fund, \$119.3 million within the Revolving Economic Development and Initiative Fund, and \$8.6 million for revolving loan programs.

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

- **Budget Reserve** (\$169.6 million). The 1991 South Dakota Legislature established a Budget Reserve whereas expenditures out of the Budget Reserve shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to S.D. Const., Art. III, § 1. Revenues deposited in the Budget Reserve include unobligated General Fund cash remaining at the end of a fiscal year up to an amount equal to 10% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year.

The balance in the Budget Reserve at June 30, 2021 was \$169.6 million, unchanged from the prior fiscal year as the Budget Reserve was at the statutory 10% threshold and all unobligated General Fund cash was transferred to the General Revenue Replacement Fund.

- **General Revenue Replacement Fund** (\$137.5 million). House Bill 1050, passed during the 2015 Legislative Session, created the “General Revenue Replacement Fund” (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year.

During fiscal year 2021, the GRRF increased by \$91.2 million to \$137.5 million. This increase is the result of the transfer, as required by law, of unspent General Fund appropriations as General Fund revenues were \$62.0 million higher than expected and expenditures were \$29.2 million lower than budgeted. Most of the General Fund savings are attributed to Coronavirus Relief Fund federal aid reported in the COVID-19 Federal Fund.

The unrestricted net position increased by \$417.3 million, or 30.5% during the fiscal year. A significant portion of this increase is attributed to: (1) \$137.5 million transfer to the GRRF (as discussed above), (2) \$245.8 million increases in assigned fund balance in the General Fund, (3) \$5.1 million increase in the Clean Water State Revolving Fund, (4) \$6.9 million increase in the Drinking Water State Revolving fund, and (5) \$30.9 million increase in the Unemployment Insurance Fund. For analysis on these four funds, please see the *Financial Analysis of the State’s Funds* section in this document. Most of the remainder is attributed to small changes in unassigned fund balance in various funds.

Changes in Net Position

The following table summarizes financial information derived from the Government-wide Statement of Activities and reflects how the State's net position changed during fiscal year 2021:

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

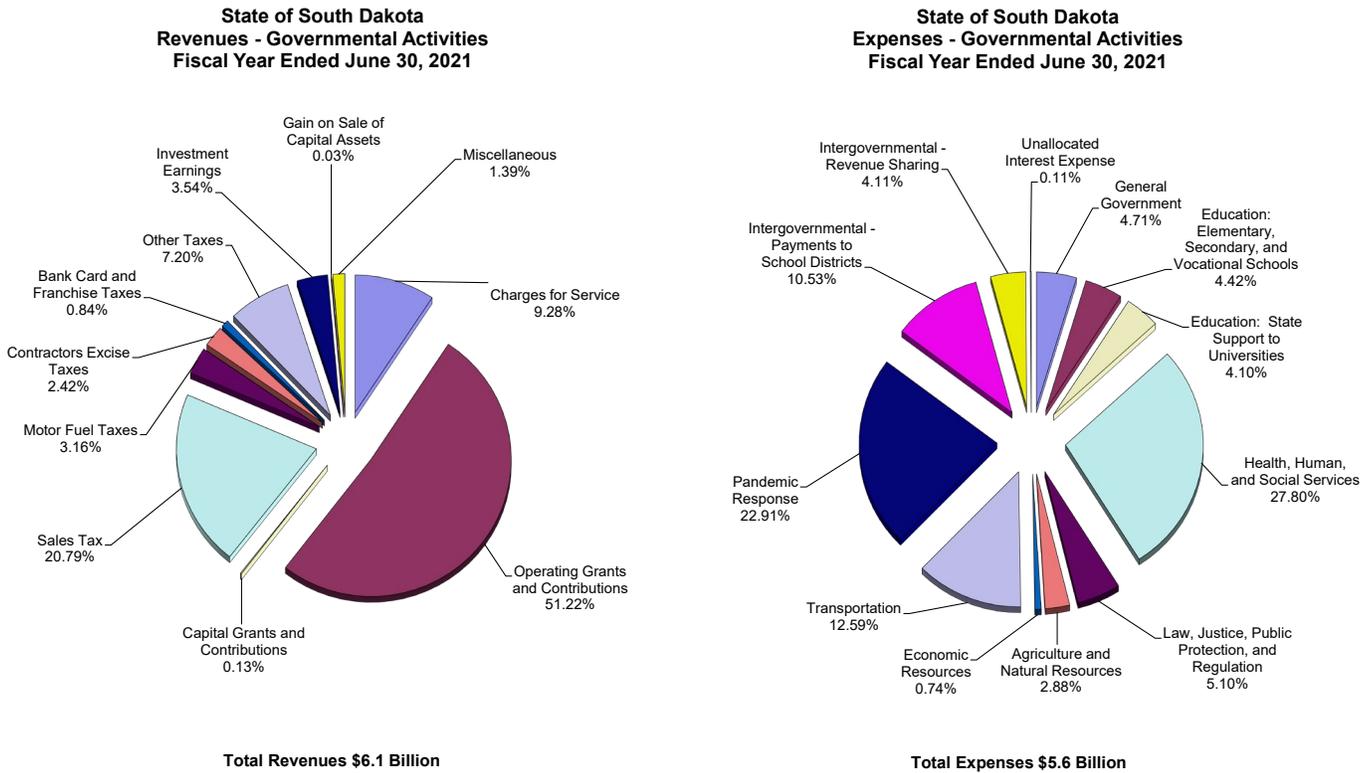
	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	
Revenues:							
Program Revenues:							
Charges for Service, as restated	\$ 565,818	\$ 508,167	\$ 307,687	\$ 249,124	\$ 873,505	\$ 757,291	15.3%
Operating Grants and Contributions, as restated	3,123,083	1,919,270	175,004	261,674	3,298,087	2,180,944	51.2%
Capital Grants and Contributions	7,965	16,761		19	7,965	16,780	(52.5)%
General Revenues:							
Sales Taxes	1,267,583	1,149,732			1,267,583	1,149,732	10.3%
Motor Fuel Taxes	193,053	184,949			193,053	184,949	4.4%
Contractors Excise Taxes	147,507	132,043			147,507	132,043	11.7%
Bank Card and Franchise Taxes	51,515	44,727			51,515	44,727	15.2%
Other Taxes	438,941	385,180			438,941	385,180	14.0%
Investment Earnings	215,767	91,816			215,767	91,816	135.0%
Gain on Sale of Capital Assets	1,590	1,515			1,590	1,515	5.0%
Miscellaneous	84,720	61,664			84,720	61,664	37.4%
Total Revenues, as restated	6,097,542	4,495,824	482,691	510,817	6,580,233	5,006,641	31.4%
Program Expenses:							
General Government	261,786	209,723			261,786	209,723	24.8%
Education – Elementary, Secondary, and Vocational Schools	245,784	223,524			245,784	223,524	10.0%
Education – State Support to Higher Education	228,207	229,545			228,207	229,545	(0.6)%
Health, Human, and Social Services, as restated	1,546,179	1,545,539			1,546,179	1,545,539	0.0%
Law, Justice, Public Protection, and Regulation, as restated	283,780	312,486			283,780	312,486	(9.2)%
Agriculture and Natural Resources, as restated	159,956	159,821			159,956	159,821	0.1%
Economic Resources	41,343	45,920			41,343	45,920	(10.0)%
Transportation	700,366	676,547			700,366	676,547	3.5%
Pandemic Response	1,274,185	116,299			1,274,185	116,299	
Intergovernmental – Payments to School Districts	585,672	563,878			585,672	563,878	3.9%
Intergovernmental – Revenue Sharing	228,243	196,425			228,243	196,425	16.2%
Unallocated Interest Expense	6,233	6,861			6,233	6,861	(9.2)%
Unallocated Depreciation	53	53			53	53	0.0%
Lottery			63,044	50,484	63,044	50,484	24.9%
Clean Water State Revolving			18,077	13,516	18,077	13,516	33.7%
Drinking Water State Revolving			10,652	9,349	10,652	9,349	13.9%
Unemployment Insurance			152,331	241,343	152,331	241,343	(36.9)%
Other			27,720	30,696	27,720	30,696	(9.7)%
Total Expenses, as restated	5,561,787	4,286,621	271,824	345,388	5,833,611	4,632,009	25.9%
Excess (Deficiency) Before Transfers, as restated	535,755	209,203	210,867	165,429	746,622	374,632	
Special Items - Impairment of Capital Asset	-	(3,636)				(3,636)	
Transfers	162,611	121,805	(162,611)	(121,805)			
Change in Net Position, as restated	698,366	327,372	48,256	43,624	746,622	370,996	
Net Position – Beginning, as restated	6,573,212	6,245,840	803,734	760,110	7,376,946	7,005,950	
Net Position – Ending, as restated	\$ 7,271,578	\$ 6,573,212	\$ 851,990	\$ 803,734	\$ 8,123,568	\$ 7,376,946	
Percent Change in Total Net Position from prior year	10.6%		6.0%		10.1%		

Governmental Activities:

The State's net position for Governmental Activities at the end of fiscal year 2021 was \$7.3 billion. This represents an increase of 10.6% or \$698.4 million from the prior fiscal year.

The \$698.4 million increase in the State's net position for Governmental Activities was the result of the net effect of the following: (1) \$6.1 billion revenues (an increase from the prior fiscal year of \$1.6 billion); less (2) \$5.6 billion expenses (an increase from the prior fiscal year of \$1.3 billion); plus (3) net transfers of \$162.6 million (primarily from the South Dakota Lottery Fund).

The following two charts illustrate the above program revenues and expenses for Governmental Activities for fiscal year ending June 30, 2021:



This fiscal year, the State received 34.4% of its revenues from taxes (sales, motor fuel, contractors excise, bank card, bank franchise, and other taxes), and 51.4% from federal grants and contributions. Charges for services accounted for 9.3%.

In fiscal year 2021, health, human, and social services (taking care of people) accounted for 27.8% of the State's expenses, followed by 22.9% for pandemic response, 19.1% to education (K-12 and post-secondary), and 12.6% to transportation (constructing and maintaining roads and bridges).

Significant changes in revenues include a \$1.2 billion, or 51.2% increase, in federal grants relating to pandemic response, mostly Coronavirus Relief Fund. Additionally the state saw a \$133.3 million, or 10.4% increase in sales, use, and contractors excise tax due to a steadily growing South Dakota economy and increasing construction activity. These increases are further discussed in General Fund, and COVID-19 Federal fund analysis of the *Financial Analysis of the State's Funds* section in this document.

Most of the increase in expenses is attributed to a \$1.2 billion increase in the pandemic response function of government. That increase consists of Coronavirus Relief Fund and other federal pandemic funding. These increases are further explained in the COVID-19 Federal fund analysis of the *Financial Analysis of the State's Funds* section in this document.

Business-type Activities:

Net position of the Business-type Activities at the end of fiscal year 2021 was \$852.0 million, an increase of \$48.3 million due to total revenues exceeding total expenses and transfers out. Although net position for Business-type Activities only accounts for roughly 10.5% of the total net position, Business-type Activities provided \$162.6 million in net transfers to Governmental Activities to help fund current operations, most of which came from the South Dakota Lottery Fund.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

Governmental Funds

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

As shown in the table below, at the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.9 billion, an increase of \$620.2 million during the fiscal year. Of this amount, approximately 22.8%, or \$660.1 million of the combined ending fund balance is non-spendable; either due to its form or legal constraints. The non-spendable portion is predominately made up of the Education Enhancement Trust, the Health Care Trust, and the Permanent funds to be held as permanent investments. Approximately 46.0%, or \$1.3 billion of the combined ending fund balance is restricted by outside sources or enabling legislation. Another 2.0%, or \$59.2 million of the combined balance is committed by state law and 13.9%, or \$401.4 million, has been assigned internally for specific purposes. The remaining \$442.4 million, or 15.3% is reported as unassigned. Certain resources within the \$442.4 million of the unassigned fund balance have other internally imposed limitations as discussed below. For additional explanation and breakdown of these balances, see *Note 8. Fund Balance and Net Position* in the Notes to the Financial Statements.

State of South Dakota
Governmental Fund Balance as of June 30, 2021
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total	% of Total Fund Balance
Nonspendable	\$ 6,353	\$ 20,324	\$ 1,368	\$ 1,444	\$	\$ 420,764	\$ 209,867	\$ 660,120	22.8%
Restricted	5,333	231,426		148	378,520	281,262	435,862	1,332,551	46.0%
Committed							59,244	59,244	2.0%
Assigned	382,166		1,626				17,562	401,354	13.9%
Unassigned	451,026						(8,606)	442,420	15.3%
Total Fund Balances	\$ 844,878	\$ 251,750	\$ 2,994	\$ 1,592	\$ 378,520	\$ 702,026	\$ 713,929	\$ 2,895,689	
% Change from prior year	60.5%	7.2%	4.9%	29.0%	13.4%	15.4%	25.6%	27.3%	

The following governmental funds are major funds and had significant impact on the State's financial position during fiscal year 2021:

General Fund (\$844.9 million). The General Fund is the chief operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

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

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

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

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

Revenues and Transfers In				Expenditures and Transfers Out			
	General Fund		% of Change		General Fund		% of Change
	FY2021	FY2020			FY2021	FY2020	
Revenue:				Expenditures:			
Taxes:				Current:			
Sales and Use Tax	\$ 1,249,111	\$ 1,110,422	12.5%	General Government	\$ 62,716	\$ 59,980	4.6%
Contractor's Excise Tax	146,605	126,920	15.5%	Education (all)	844,518	824,380	2.4%
Insurance Company Tax	83,095	83,703	(0.7)%	Health, Human, and Social Services	491,687	520,353	(5.5)%
Cigarette Excise Tax	41,331	40,885	1.1%	Law, Justice, Public Protection, and Regulation	127,784	159,126	(19.7)%
Bank Tax	50,146	44,693	12.2%	Agriculture and Natural Resources	18,111	18,026	0.5%
Tourism Tax	39,483	24,985	58.0%	Economic Resources	31,349	23,466	33.6%
Alcohol Beverage Tax	21,387	19,231	11.2%	Transportation	22		
Mineral Tax	10,937	8,640	26.6%	State Shared Revenue Paid			
Other	15,496	13,044	18.8%	to Other Governments	59,598	50,607	17.8%
Licenses, Permits, and Fees	13,311	11,947	11.4%	Total Expenditures	\$ 1,635,785	\$ 1,655,938	(1.2)%
Fines, Forfeits, and Penalties	439	303	44.9%				
Use of Money and Property	7,725	42,616	(81.9)%	Transfers Out:			
Sales and Services	20,778	21,049	(1.3)%	Health Care Trust Fund	\$ 50,000	\$	
Administering Programs	48	1	4700.0%	Aeronautics Fund	23,773	2,318	925.6%
Unclaimed Property Remittance	53,003	31,301	69.3%	Building Authority	4,000		
Other Revenue	16,537	14,861	11.3%	Vocational Education Facilities Fund	3,249	3,195	1.7%
Total Revenue	\$ 1,769,432	\$ 1,594,601	11.0%	Labor Fund	1,685	1,758	(4.2)%
				All Other Transfers Out	5,673	18,435	(69.2)%
Transfers In:				Total Transfers Out	\$ 88,380	\$ 25,706	243.8%
South Dakota Lottery Fund	\$ 156,540	\$ 123,735	26.5%				
Securities and Insurance Fund	58,019	56,435	2.8%				
Education Enhancement Trust Fund	23,674	22,516	5.1%				
Dakota Cement Trust Fund	13,436	13,005	3.3%				
South Dakota Gaming Commission Fund	6,007	5,420	10.8%				
Health Care Trust Fund	5,839	5,677	2.9%				
All Other Transfers In	9,619	9,364	2.7%				
Total Transfers In	\$ 273,134	\$ 236,152	15.7%				

The General Fund experienced an increase in revenues of \$174.8 million or 11.0% from the prior fiscal year. A majority of this increase is attributed to a \$158.4 million increase in sales, use, and contractor's excise tax (12.8% increase). This increase is due to a steadily growing South Dakota economy and increasing construction activity. Additionally, federal pandemic stimulus injected into the South Dakota economy encouraged spending.

The General Fund total expenditures decreased 1.2% from the prior fiscal year. This \$20.2 million decrease was attributed to \$31.3 million decrease in Law, Justice, Public Protection, and Regulation, and \$28.7 million decrease in Health, Human, and Social Services functions of government because CARES Act funding covered some of the payroll expenditures in these areas. These decreases were offset by a 2.4% or \$20.1 million increase in continuing support to K-12 school districts and Higher Education.

At the end of the fiscal year, the total fund balance of the General Fund was \$844.9 million, an increase of \$318.5 million, or 60.5% from the prior fiscal year.

Significant changes in the General Fund balance include the following:

- Assigned ending fund balance of \$382.2 million increased by \$245.8 million, or 180.3% from the prior fiscal year. A significant portion of this increase is attributed to increases in assigned fund balance for Higher Education (\$41.6 million), economic development (\$78.1 million), and railroads (\$20.0 million). This increase is the result of increases in encumbrances and legislatively approve budget carryovers.
- Unassigned ending fund balance of \$451.0 million increased by \$69.7 million, or 18.3% from the prior fiscal year. Most of the General Fund unassigned fund balance are reserves in the Budget Reserve and the GRRF as previously discussed.

It is important to note that some of this unassigned fund balance has other restricting factors that may limit or decrease its availability for general appropriations because it either has another purpose as intended by state law or has internally imposed limitations. Those limitations on the unassigned fund balance include: \$169.6 million in the Budget Reserve and \$137.5 million in the General Revenue Replacement Fund, which by state law is to be used only to address emergency situations without having to raise taxes or cut spending.

Additionally, \$114.2 million of the unassigned fund balance is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities. Of those receivables, \$153.9 million was tax revenue recognized as revenue in the General Fund in fiscal year 2021 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2022. This revenue was budgeted for and will be used in fiscal year 2022 cash basis operations.

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

As a measure of the General Fund's liquidity, it may be useful to compare both the assigned and unassigned fund balances to total fund expenditures. The assigned fund balance represents 23.4% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve and GRRF) represents 27.6% of that same amount or 60.0% in total.

Transportation (\$251.8 million). The Transportation Fund is a major special revenue fund that accounts for the construction and maintenance of the State's highways and bridges, and funds public transportation. Its revenue is comprised of federal grants, state motor fuel taxes, and state motor vehicle excise taxes. All revenues of the Transportation Fund are used and expended under the direction of the State's Department of Transportation. The total fund balance at the end of the current fiscal year for this fund was \$251.8 million, an increase of \$17.0 million, or 7.2% from the prior fiscal year.

Total revenues for the Transportation Fund remained relatively unchanged from the prior fiscal year while total expenditures decreased by \$13.2 million, or 1.6%. This decrease is primarily the result of shifting public transit federal funding from the Transportation Fund to the COVID-19 Federal Fund, due to new CARES Act pandemic funding for public transit.

Social Services Federal (\$3.0 million). The Social Services Federal fund is a major special revenue fund that consists of over sixty federal grants and entitlement programs administered to provide social, financial, and medical services to eligible South Dakotans with the goal of fostering independence and personal responsibility. This fund is administered by the State's Department of Social Services. Some of the major grants included in this fund are Medicaid, Low Income Heating and Energy Assistance Payments, Temporary Assistance to Needy Families, State Children's Health Insurance Program, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Child Care and Development Fund, Child Care and Development Block Grant, Foster Care - Title IV-E, and Child Support Enforcement.

Revenue in the fund consists of federal grants from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the U.S. Department of Energy, the U.S. Department of Justice, and federal pass-through grants from various State entities. The majority of the funding is expended on entitlement programs, service contracts to providers, and the administration of these programs. A majority of the state match to these federal grants is accounted for and expended out of the General Fund. The total fund balance at the end of the current fiscal year for the Social Services Federal Fund was \$3.0 million, relatively unchanged from the prior fiscal year.

Total program revenue of \$692.9 million increased by \$63.2 million, or 10.0% and expenditures of \$692.5 million increased by \$63.2 million, or 10.0% from the prior fiscal year. These increases are predominantly attributed to an increase in the utilization of the Medicaid program as the State recovers from the COVID-19 pandemic and small changes in the Federal Medical Assistance Percentage (FMAP) rate.

COVID-19 Federal (\$1.6 million). The COVID-19 Federal fund is a major special revenue fund created in fiscal year 2020 to account for all federal grants received for the COVID-19 pandemic. A large majority of the activity in this fund is South Dakota's allocation of the Coronavirus Relief Fund (CRF) as created by the CARES Act. Other COVID-19 related activity in this fund includes the enhanced FMAP and enhanced Supplemental Nutrition Assistance program (SNAP) from the Families First Coronavirus Response Act, Elementary and Secondary School Emergency Relief (ESSER) funds, and other federal funding sources for pandemic related programs.

In April of 2020, the State received two cash payments totaling \$1.25 billion of CRF from the U.S. Department of Treasury in accordance with the CARES Act. At the time of cash receipt, limited federal guidance was available and CRF related expenditures to the fund were slow to materialize. As fiscal year 2021 began, the U.S. Department of Treasury began to issue federal guidance for CRF and the State began spending the CRF grant.

As of June 30, 2021, the COVID-19 Federal fund reported total expenditures of \$1.3 billion. Of that, \$1.0 billion, or 78.6% were CRF expenditures. Other major expenditures included \$66.9 million of enhanced SNAP expenditures, \$60.3 million of enhanced FMAP expenditures, and \$38.1 million of ESSER expenditures. The remaining \$107.6 million of COVID-19 Federal Fund expenditures included over 50 different federal funding sources.

The State provided nearly \$800 million of CRF grants to outside entities including \$309.9 million to small businesses, \$207.5 million to cities and counties, \$154.4 million to health care facilities, \$77.4 million to education institutions, \$30.8 million to non-profit organizations, and \$10.0 million for rental and mortgage assistance. Additionally, the state spent \$184.6 million internally. Major expenditure classes included personal services (\$92.4 million), contractual services, (\$68.8 million), supplies and materials (\$22.7 million), and other allowable costs.

At the close of the fiscal year, the COVID-19 Federal fund had a fund balance of \$1.6 million and unearned revenue of \$109.0 million. Most of the unearned revenue is for CRF receipts not yet spent.

During the fiscal year, The US Congress passed the American Rescue Plan Act (ARPA) which provides \$350 billion in additional funding for states and local governments. As a result the State was awarded \$974.4 million in Coronavirus State Fiscal Recovery Fund (CSFRF) and an additional \$65.2 million in Coronavirus Local Fiscal Recovery Fund (CLFRF), which is to be distributed to cities within South Dakota. In August of 2021, the State received \$487.2 million of CSFRF that was deposited into the COVID-19 Federal Fund and \$32.6 million of CLFRF. The remaining amounts will be received in fiscal year 2023. The State Legislature will consider budgeting and spending of the CSFRF during the 2022 Legislative Session. The state is currently distributing the CLFRF to cities.

Dakota Cement Trust Fund (\$378.5 million). As created in Article XIII, Sections 20 and 21 of the Constitution of the State of South Dakota, this fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings. *“Four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December thirty-first of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year”* shall be transferred to the General Fund in support of education. The Dakota Cement Trust Fund transferred \$13.4 million to the General Fund in fiscal year 2021 and \$13.0 million in fiscal year 2020.

The fund balance in the Dakota Cement Trust Fund at June 30, 2021, was \$378.5 million and is restricted for education. This is an increase of \$44.7 million from the previous fiscal year. The increase resulted primarily from strong net investment income of \$59.3 million which exceeded the statutory required transfer to the General Fund of \$13.4 million.

Education Enhancement Trust Fund (\$702.0 million). This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and General Fund appropriations for scholarship purposes. The fund is authorized by state law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, Section 6 of the Constitution of the State of South Dakota also states that, *“the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature.”* The Education Enhancement Trust Fund transferred \$23.7 million to the General Fund in fiscal year 2021 and \$22.5 million in fiscal year 2020.

The fund balance in the Education Enhancement Trust Fund at June 30, 2021 was \$702.0 million, an increase of \$93.8 million from the prior fiscal year. The increase resulted from strong net investment income of \$111.0 million and a \$8.7 million transfer in from the Tobacco Securitization Fund, which exceeded the statutory required transfer out to the General Fund of \$23.7 million.

Proprietary Funds

The State's proprietary funds are presented on the accrual basis of accounting and include the State's enterprise and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2021:

Lottery Fund (\$5.4 million). The Lottery Fund accounts for the operations of the South Dakota State Lottery, which markets instant tickets and lotto games and regulates video lottery to raise revenue for state programs and projects. At the end of the current fiscal year, the Lottery Fund reported total net position of \$5.4 million, an increase of \$0.3 million in comparison with the prior fiscal year. Pursuant to state law, the State Lottery Fund distributed approximately \$156.5 million to the General Fund, \$5.2 million to the State Capital Construction Fund, and \$0.2 million to the Department of Social Services. For financial reporting purposes the \$5.2 million transfer to the State Capital Construction Fund is reported as a \$3.1 million transfer to the Water and Environment Fund, a \$1.6 million transfer to the Transportation Fund, and \$0.5 million transfer to the Ethanol Fuel Fund.

The State Lottery produced income (before transfers) in the amount of \$162.2 million on total operating revenue of \$225.3 million, compared to the previous fiscal year's income (before transfers) of \$127.4 million on operating total revenue of \$177.0 million. The State Lottery realized an increase in state share of video lottery net-machine income of \$32.4 million in fiscal year 2021. The continued growth is attributed to the continued investment into the line game terminals. The State Lottery also experienced an increase in instant ticket sales of \$10.4 million resulting from providing

an array of 34 new scratch ticket games. On-line tickets sales realized an increase of \$5.1 million bolstered by a Powerball jackpot of \$731.1 million and two Mega Million jackpots of \$1.1 billion and \$516 million.

Clean Water State Revolving Fund (\$265.2 million). The Clean Water State Revolving Fund program was federally authorized by the 1987 Clean Water Act amendments. The United States Environmental Protection Agency awards capitalization grants to the State. These grants along with 5:1 matching state funds provide low interest loans to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net position of \$265.2 million, an increase of \$5.1 million, or 2.0% in comparison to the prior fiscal year. This increase resulted primarily from investment income and federal capitalization grants issued to the fund by the United States Environmental Protection Agency exceeding operating losses.

Drinking Water State Revolving Fund (\$217.1 million). The Drinking Water State Revolving Fund program was federally authorized by the Safe Drinking Water Act amendments of 1996. The United States Environmental Protection Agency awards capitalization grants to the State. These grants along with 5:1 matching state funds are used to provide low interest loans to finance drinking water projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net position of \$217.1 million, an increase of \$6.9 million, or 3.3% in comparison with the prior fiscal year. This increase resulted primarily from investment income and federal capitalization grants issued to the fund by the United States Environmental Protection Agency exceeding operating losses.

Unemployment Insurance Fund (\$178.0 million). The Unemployment Insurance Fund accounts for the reemployment assistance tax receipts from employers within the State of South Dakota and federal unemployment programs and benefits paid to unemployed persons. The Reemployment Assistance division provides temporary financial assistance for people who have lost their job through no fault of their own, until they find other employment. South Dakota's program is financed by employers through payroll taxes.

Unemployment benefit payments to individuals decreased from \$241.3 million in the prior fiscal year to \$152.3 million, a 36.9% decrease. Additionally, the receipts from employers and the Federal Government decreased from \$201.9 million in fiscal year 2020 to \$137.0 million in the current fiscal year, a 32.2% decrease. These changes are the result of significant decreases in unemployment as South Dakota recovers from the Coronavirus Pandemic.

Budgetary Highlights - General Fund

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

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

General Fund The difference between the original and the final budget was a \$104.2 million net increase in appropriations comprised of two separate appropriation types: emergency special appropriations and net general bill adjustment appropriations (both increases and decreases). The net increase was due to (1) actual sales and use tax, contractors excise tax, and lottery revenues exceeding previous estimates, and (2) gains from the refinancing of bonds being transferred to the General Fund.

Increases to the General Fund Budget

Emergency Specials. During the 2021 Legislative Session, the Legislature approved emergency special appropriations to the General Fund of \$271.3 million in fiscal year 2021. They consisted of the following:

- \$75.0 million was appropriated from the General Fund to the Governor's Office of Economic Development to expand rural access to broadband services.
- \$50.0 million was appropriated from the General Fund to the Bureau of Finance and Management for the South Dakota Freedom Scholarship.

- \$21.7 million was appropriated from the General Fund to the Bureau of Finance and Management to be transferred to the South Dakota Health and Educational Facilities Authority for the payment of lease rental obligations.
- \$20.0 million was appropriated from the General Fund to the Department of Transportation to rehabilitate the rail line from west of the city of Fort Pierre to the city of Rapid City.
- \$20.0 million was appropriated from the General Fund to the Board of Regents for a new bioproducts facility at the research park in Brookings.
- \$19.0 million was appropriated from the General Fund to the Board of Regents to contract for the construction of a Mineral Industry Building and the demolition of the old Mineral Industry Building on the campus of South Dakota School of Mines and Technology.
- \$12.0 million was appropriated from the General Fund to the Department of Agriculture to contract for the construction of a livestock and equestrian complex at the State Fair.
- \$53.6 million total increase in appropriations to various state agencies for other increases.

General Bill Increases. The 2021 Legislature approved general bill adjustments that increased the General Fund original budget by \$19.6 million during fiscal year 2021. This increase consisted of the following:

- \$5.3 million increase in appropriations related to postsecondary vocational education and education resources.
- \$5.0 million increase in appropriations related to programs in the Department of Transportation.
- \$4.3 million increase in appropriations related to employee compensation and state radio engineering.
- \$5.0 million total increases in appropriations to various state agencies for other increases.

Decreases to the General Fund Budget

General Bill Decreases. The 2021 Legislature approved general bill adjustments that decreased the General Fund original budget by \$186.7 million during fiscal year 2021. These decreases consisted of the following:

- \$93.6 million decrease in appropriations to the Department of Social Services for programs in medical services and behavioral health.
- \$51.0 million decrease in appropriations to the Department of Corrections for programs in inmate services, women's prison, state penitentiary, and the state prison.
- \$31.5 million decrease in appropriations to the Department of Human Services for programs in developmental disabilities, the South Dakota development center, long-term services and support, and rehabilitation services.
- \$10.6 million decrease in appropriations to various state agencies for other decreases.

The net effect of the emergency special appropriations and general bill adjustments resulted in a \$104.2 million increase in appropriations. Overall, there were no over-expenditures by any State departments in the General Fund. The difference between the final amended budget and actual spending was \$315.3 million below final budgeted estimates.

CAPITAL ASSETS

Investment in capital assets as of June 30, 2021 is \$4.5 billion (net of accumulated depreciation). This includes: land, land improvements, buildings, equipment, intangible assets, vehicles, infrastructure, and construction in progress.

State of South Dakota						
Capital Assets - Primary Government						
(Expressed in Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Land	\$ 125,026	\$ 123,053	\$ 295	\$ 295	\$ 125,321	\$ 123,348
Land Improvements	83,391	68,774	1,096	1,096	84,487	69,870
Land Improvements - Roads	639,139	637,242			639,139	637,242
Buildings	787,820	750,938	7,818	8,591	795,638	759,529
Equipment	275,832	258,441	3,576	4,190	279,408	262,631
Intangible Assets - Software	138,168	132,167	752	2,620	138,920	134,787
Vehicles	191,137	182,651			191,137	182,651
Infrastructure	4,475,432	4,386,511			4,475,432	4,386,511
Construction in Progress	296,532	345,063	290	267	296,822	345,330
Total Capital Assets	7,012,477	6,884,840	13,827	17,059	7,026,304	6,901,899
Accumulated Depreciation	(2,501,489)	(2,417,074)	(7,175)	(10,504)	(2,508,664)	(2,427,578)
Total Capital Assets, Net	\$ 4,510,988	\$ 4,467,766	\$ 6,652	\$ 6,555	\$ 4,517,640	\$ 4,474,321

The most significant capital asset the State reported in fiscal year 2021 is infrastructure. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of

years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure assets account for \$2.7 billion (net of accumulated depreciation), which is 59.0% of total net capital assets.

The State's Net Investment in Capital Assets (net of accumulated depreciation) increased \$74.7 million or 1.8% during the fiscal year. This change was primarily due to an increase in infrastructure from continued highway construction projects funded by federal grants and state motor fuel taxes in the Transportation Fund.

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

Debt Administration

Issuer Credit Rating of the State. On May 4, 2015, Standard & Poor's upgraded the issuer credit rating (ICR) for the State to AAA with a stable outlook. Likewise, on June 17, 2016, and July 11, 2016, Fitch Rating Service and Moody's Investors Service also upgraded the ICR for the State to AAA and Aaa both with a stable outlook. As of June 30, 2021, all three rating agencies have reaffirmed South Dakota's AAA (Aaa) ratings with a stable outlook.

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

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

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

On June 30, 2021, the uninsured rating for SDBA from both Standard & Poor's and Fitch Rating was AA+ with a stable outlook and Moody's Investor Service was Aa1 with a stable outlook, all rating obligation lower than the State's ICR.

SDBA issued \$9.5 million of revenue bonds for the primary government in fiscal year 2021. Proceeds from these bonds were used to refund and defease previously issued bonds. SDBA also issued \$107.3 million of revenue bonds for Higher Education. The proceeds of these bonds were used to fund maintenance and repair projects, and refund and defease previously issued bonds. The completed refunding produced \$6.7 million cash savings to the General Fund.

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

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

EEFC did not issue any bonds in fiscal year 2021.

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

SDCD issues revenue bonds for the Clean Water State Revolving Fund (CWSRF) and 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. The bonds are paid solely from CWSRF and DWSRF loan repayments. The SDCD bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State. The revenue bonds and related financial transactions for the CWSRF and DWSRF are reported as part of the Business-type Activities in the State’s Basic Financial Statements.

At June 30, 2021, the SDCD had maintained its long-term rating of AAA with a positive outlook by Standard & Poor’s and Aaa by Moody’s Investor Service.

In fiscal year 2021, SDCD issued \$76.3 million in tax-exempt revenue bonds for CWSRF and did not issue any new bonds for DWSRF.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Revenue Bonds:						
South Dakota Building Authority	\$ 69,255	\$ 76,215	\$	\$	\$ 69,255	\$ 76,215
Educational Enhancement Funding Corporation	59,614	70,549			59,614	70,549
South Dakota Conservancy District			427,311	351,302	427,311	351,302
Capital Leases:	108,922	133,352			108,922	133,352
Total	\$ 237,791	\$ 280,116	\$ 427,311	\$ 351,302	\$ 665,102	\$ 631,418

Additional information on the State’s long-term debt obligations can be found in *Note 12. Long-Term Liabilities* in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

South Dakota’s economy weathered the impacts of COVID-19 arguably better than the rest of the nation, and the economic recovery has continued through calendar year 2021. Total employment in South Dakota remained much higher than the national average when compared to pre-pandemic levels. Through September 2021, total employment measured only 1.1% below February 2020 levels whereas the national level saw a 4.0% deficit during the same time. Similarly, the unemployment rate in South Dakota remained among the lowest in the nation in fiscal year 2021. South Dakota’s unemployment rate was 2.9% in June 2021, while the U.S. unemployment rate was 5.9% during the same month. Nonfarm personal income in South Dakota is forecast to grow 5.3% in 2021.

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

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

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

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

STATE OF SOUTH DAKOTA
STATEMENT OF NET POSITION
June 30, 2021
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,586,344	\$ 468,691	\$ 2,055,035
Receivables, net	688,813	576,268	1,265,081
Due From Component Units	814	28	842
Due From Primary Government			0
Internal Balances	9,072	(9,072)	0
Investments	1,402,034	238,741	1,640,775
Securities Held as Escheat Property	1,851		1,851
Inventory	27,350	1,585	28,935
Advances to Component Units		13,169	13,169
Other Assets	11,868	258	12,126
Assets Held for Resale		321	321
Restricted Assets:			
Cash and Cash Equivalents	1	25	26
Investments	19,194	236	19,430
Net Pension Asset	875	23	898
Other		711	711
Capital Assets:			
Land and Other Non-depreciable Assets	775,885	295	776,180
Infrastructure, net	2,662,970		2,662,970
Property, Plant, and Equipment, net	775,601	6,067	781,668
Construction in Progress	296,532	290	296,822
Total Assets	8,259,204	1,297,636	9,556,840
Deferred Outflows of Resources			
Deferred Outflow Related to Pensions	142,424	3,445	145,869
Deferred Swap Outflow			0
Deferred Forward Contract Outflow			0
Deferred Outflow on Debt Refunding	3,988	6,409	10,397
Total Deferred Outflows of Resources	146,412	9,854	156,266
Liabilities			
Accounts Payable and Other Liabilities	446,203	12,817	459,020
Due To Primary Government			0
Due To Component Units	2,016		2,016
Accrued Interest Payable	482	7,227	7,709
Unearned Revenue	165,469	2,156	167,625
Noncurrent Liabilities:			
Due Within One Year	98,074	27,255	125,329
Due In More Than One Year	307,368	403,273	710,641
Total Liabilities	1,019,612	452,728	1,472,340
Deferred Inflows of Resources			
Deferred Inflow Related to Pensions	114,426	2,772	117,198
Deferred Forward Contract Inflow			0
Deferred Inflow on Gain on Debt Refunding			0
Deferred Inflow on Swaps			0
Total Deferred Inflows of Resources	114,426	2,772	117,198
Net Position			
Net Investment in Capital Assets	4,334,442	6,649	4,341,091
Restricted for:			
Education	396,277		396,277
Highways	239,394		239,394
Railroads	56,444		56,444
Law, Justice, Public Protection, and Regulation	22,947		22,947
Agriculture and Natural Resources	93,231		93,231
Game and Fish	9,358		9,358
Parks and Recreation	4,821		4,821
Health and Public Assistance	30,747		30,747
Economic Development	67,113		67,113
Debt Service	19,240		19,240
Pandemic Response	982		982
Capital Projects	321		321
HOME and NSP Program			0
Energy Conservation Programs	12,420		12,420
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds Held as Permanent Investments:			
Expendable	360,898		360,898
Nonexpendable	628,219		628,219
Pensions	28,873	696	29,569
Disaster Relief Fund		10,512	10,512
Maintenance Support Facility			0
Experiments			0
Mine Closure			0
Sanford Center for Science Education			0
Other Purposes	10,877	2,473	13,350
Unrestricted	954,974	831,660	1,786,634
Net Position	\$ 7,271,578	\$ 851,990	\$ 8,123,568

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

Component Units			
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 369,176	\$ 16,947	\$ 322,971	\$ 31,620
362,318	2,752	114,407	11,194
		1,250	766
1,419,766		565,360	1,380
3,517	3,282	7,621	
35	9,526	44,816	127
			548
		42,241	5,151
		145,003	692
7	25	616	
		23,037	
220	19,821	47,206	
4,740	64,406	1,244,012	18,251
		116,690	1,725
2,159,779	116,759	2,675,230	71,454
1,183	4,111	99,615	
4,763			
76			
2,682		15,097	
8,704	4,111	114,712	0
2,854	1,941	52,229	1,400
72		770	
5,905		3,350	204
261,917		22,859	2,223
50,785	812	72,493	15,411
1,230,753	6,813	590,632	26,873
1,552,286	9,566	742,333	46,111
963	3,468	80,542	
35			
5,818		977	
2,537			
9,353	3,468	81,519	0
(985)	84,227	917,210	86
509,384		3,460	5,000
84,151			
		287,805	
		555,882	
227	668	19,690	
	127		
	881		
	1,540		
	416		
14,067	7,500		
	12,477		
		182,043	20,257
\$ 606,844	\$ 107,836	\$ 1,966,090	\$ 25,343

STATE OF SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 261,786	\$ 296,527	\$ 17,406	\$
Education - Elementary, Secondary, and Vocational Schools	245,784	9,215	202,621	
Education - State Support to Higher Education	228,207			
Health, Human, and Social Services	1,546,179	38,034	1,026,498	4,001
Law, Justice, Public Protection, and Regulation	283,780	103,712	104,293	206
Agriculture and Natural Resources	159,956	100,123	42,001	
Economic Resources	41,343	96	6,985	
Transportation	700,366	17,854	448,362	3,758
Pandemic Response	1,274,185	257	1,274,917	
Intergovernmental - Payments to School Districts	585,672			
Intergovernmental - Revenue Sharing	228,243			
Unallocated Interest Expense	6,233			
Unallocated Depreciation	53			
Total Governmental Activities	5,561,787	565,818	3,123,083	7,965
Business-type Activities:				
Lottery	63,044	225,300	(66)	
Clean Water State Revolving	18,077	7,673	15,500	
Drinking Water State Revolving	10,652	4,855	12,755	
Unemployment Insurance	152,331	36,605	147,476	
Revolving Economic Development and Initiative	534	677	(724)	
Second Injury	1,297	1	(52)	
State Fair	3,046	4,905	17	
Federal Surplus Property	2,492	2,139	5	
Rural Rehabilitation	227	382	111	
Prison Industries	3,939	4,400	(6)	
S.D. Trust Company Captive Insurance Co.	27	(53)	69	
Professional and Licensing	8,848	11,447	(61)	
Banking and Insurance	4,199	6,186	(55)	
Other	3,111	3,170	35	
Total Business-type Activities	271,824	307,687	175,004	0
Total Primary Government	\$ 5,833,611	\$ 873,505	\$ 3,298,087	\$ 7,965
Component Units:				
Housing Authority	\$ 95,707	\$ 45,582	\$ 46,896	\$
Science and Technology Authority	36,298	853	34,197	1,330
Higher Education	803,630	446,174	185,688	4,417
Nonmajor	7,009	4,594	200	2,331
Total Component Units	\$ 942,644	\$ 497,203	\$ 266,981	\$ 8,078

General Revenues:

Taxes:

Sales Taxes

Motor Fuel Taxes

Contractors Excise Taxes

Bank Card and Franchise Taxes

Other Taxes

Unrestricted Investment and Interest Earnings

State Support to Higher Education

Gain on Sale of Capital Assets

Miscellaneous

Additions to Endowments

Transfers

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

Changes in Net Position

Net Position at Beginning of Year, as restated

Net Position at End of Year

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

Net (Expenses) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 52,147	\$	\$ 52,147				
(33,948)		(33,948)				
(228,207)		(228,207)				
(477,646)		(477,646)				
(75,569)		(75,569)				
(17,832)		(17,832)				
(34,262)		(34,262)				
(230,392)		(230,392)				
989		989				
(585,672)		(585,672)				
(228,243)		(228,243)				
(6,233)		(6,233)				
(53)		(53)				
(1,864,921)	0	(1,864,921)				
	162,190	162,190				
	5,096	5,096				
	6,958	6,958				
	31,750	31,750				
	(581)	(581)				
	(1,348)	(1,348)				
	1,876	1,876				
	(348)	(348)				
	266	266				
	455	455				
	(11)	(11)				
	2,538	2,538				
	1,932	1,932				
	94	94				
0	210,867	210,867				
(1,864,921)	210,867	(1,654,054)				
			\$ (3,229)	\$ 82	\$ (167,351)	\$ 116
			(3,229)	82	(167,351)	116
1,267,583		1,267,583				
193,053		193,053				
147,507		147,507				
51,515		51,515				
438,941		438,941				
215,767		215,767		(275)	67,317	412
		0			228,207	
1,590		1,590				415
84,720		84,720				
		0			28,035	
162,611	(162,611)	0				
2,563,287	(162,611)	2,400,676	0	(275)	323,559	827
698,366	48,256	746,622	(3,229)	(193)	156,208	943
6,573,212	803,734	7,376,946	610,073	108,029	1,809,882	24,400
\$ 7,271,578	\$ 851,990	\$ 8,123,568	\$ 606,844	\$ 107,836	\$ 1,966,090	\$ 25,343

STATE OF SOUTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Assets								
Cash and Cash Equivalents	\$ 800,617	\$ 193,932	\$ 1,346	\$ 109,751	\$ 182	\$ 775	\$ 373,493	\$ 1,480,096
Restricted Cash							1	1
Investments					377,737	723,508	300,789	1,402,034
Restricted Investments							19,194	19,194
Securities Held as Escheat Property	1,851							1,851
Receivables from:								
Taxes, net	234,413	19,218					3,334	256,965
Interest and Dividends	14,308	423	2	15	442	1,165	1,025	17,380
Other Funds	74,010	2,667	3	2,659			10,160	89,499
Component Units	77	1					8	86
Other Governments	1,902	103,091	28,533	36,334			111,390	281,250
Loans and Notes, net		6,413					72,137	78,550
Other, net	11,286	151	12,038	2,839	159	252	19,803	46,528
Inventory	2,790	20,166	22	1,343			2,231	26,552
Other Assets	3,563	158	1,346	100			1,221	6,388
Total Assets	\$ 1,144,817	\$ 346,220	\$ 43,290	\$ 153,041	\$ 378,520	\$ 725,700	\$ 914,786	\$ 3,706,374
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts Payable and Other Liabilities Payable to:	\$ 155,678	\$ 80,448	\$ 38,533	\$ 19,255	\$	\$	\$ 53,948	\$ 347,862
Other Funds	2,918	2,048	1,187	6,073		23,674	51,925	87,825
Component Units	904	105	116	115			733	1,973
Other Governments	32,811	8,958	89	17,030			64,657	123,545
Claims, Judgments, and Compensated Absences	123	40	26	1			63	253
Unearned Revenue	35,714	2,871	345	108,975			14,931	162,836
Total Liabilities	228,148	94,470	40,296	151,449	0	23,674	186,257	724,294
Deferred Inflows of Resources:								
Unavailable Revenue	71,791						14,600	86,391
Total Deferred Inflows of Resources	71,791	0	0	0	0	0	14,600	86,391
Fund Balances:								
Nonspendable	6,353	20,324	1,368	1,444		420,764	209,867	660,120
Restricted	5,333	231,426		148	378,520	281,262	435,862	1,332,551
Committed							59,244	59,244
Assigned	382,166		1,626				17,562	401,354
Unassigned	451,026						(8,606)	442,420
Total Fund Balances	844,878	251,750	2,994	1,592	378,520	702,026	713,929	2,895,689
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,144,817	\$ 346,220	\$ 43,290	\$ 153,041	\$ 378,520	\$ 725,700	\$ 914,786	\$ 3,706,374

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

**STATE OF SOUTH DAKOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021
(Expressed in Thousands)**

Total Fund Balances - Governmental Funds		\$ 2,895,689
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. These assets consist of:		
Land and Construction in Progress	\$ 1,071,782	
Infrastructure	4,475,431	
Other Capital Assets	1,354,825	
Accumulated Depreciation	<u>(2,425,400)</u>	
Total Capital Assets		4,476,638
Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds.		
		813
Deferred outflows of resources are not reported in the governmental funds:		
Related to Pension	132,215	
Related to Debt Refunding	<u>3,988</u>	
Total Deferred Outflows of Resources		136,203
Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		77,160
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	(128,869)	
Accrued Interest on Bonds	(482)	
Capital Leases	(91,870)	
Compensated Absences	(61,671)	
Pollution Remediation	<u>(12,160)</u>	
Total Long-Term Liabilities		(295,052)
Deferred inflows of resources are not reported in the governmental funds:		
Revenues not available soon enough after year-end to pay for the current period's expenditures	86,391	
Related to Pensions	<u>(106,264)</u>	
Total Deferred Inflows of Resources		<u>(19,873)</u>
Net Position of Governmental Activities		<u><u>\$ 7,271,578</u></u>

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

**STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	General Fund	Transport- ation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Revenue:								
Taxes	\$ 1,657,591	\$ 341,358	\$	\$	\$	\$	\$ 102,244	\$ 2,101,193
Licenses, Permits, and Fees	13,311	12,589					318,190	344,090
Fines, Forfeits, and Penalties	439						25,436	25,875
Use of Money and Property	7,725	(448)	15	157	59,277	110,957	45,061	222,744
Sales and Services	20,778	521					25,744	47,043
Administering Programs	48	446,981	686,275	1,274,856			699,103	3,107,263
Tobacco Settlement							21,973	21,973
Other Revenue	69,540	949	6,569	266			21,280	98,604
Total Revenue	1,769,432	801,950	692,859	1,275,279	59,277	110,957	1,259,031	5,968,785
Expenditures:								
Current:								
General Government	62,716				1,130	2,169	40,793	106,808
Education	30,639						234,857	265,496
Education - Payments to School Districts	585,672							585,672
Education - State Support to Higher Education	228,207							228,207
Health, Human, and Social Services	491,687		692,529				366,747	1,550,963
Law, Justice, Public Protection, and Regulation	127,784	10,918					152,025	290,727
Agriculture and Natural Resources	18,111						142,948	161,059
Economic Resources	31,349						9,823	41,172
Transportation	22	775,214					3,445	778,681
Pandemic Response				1,274,185				1,274,185
State Shared Revenue Paid to Other Governments	59,598						168,645	228,243
Debt Service:								
Principal							17,931	17,931
Interest							5,830	5,830
Bond Issuance Costs							80	80
Total Expenditures	1,635,785	786,132	692,529	1,274,185	1,130	2,169	1,143,124	5,535,054
Excess of Revenues Over (Under) Expenditures	133,647	15,818	330	1,094	58,147	108,788	115,907	433,731
Other Financing Sources (Uses):								
Proceeds from Sale of Capital Assets	106	448					24,513	25,067
Insurance Proceeds		35					1	36
Issuance of Refunding Bonds							9,495	9,495
Payments on Advance Refundings							(8,970)	(8,970)
Transfers In	273,134	5,840		51		8,715	104,079	391,819
Transfers Out	(88,380)	(5,184)	(191)	(787)	(13,436)	(23,674)	(99,310)	(230,962)
Net Other Financing Sources (Uses)	184,860	1,139	(191)	(736)	(13,436)	(14,959)	29,808	186,485
Net Change in Fund Balances	318,507	16,957	139	358	44,711	93,829	145,715	620,216
Fund Balances at Beginning of Year, as restated	526,371	234,793	2,855	1,234	333,809	608,197	568,214	2,275,473
Fund Balances at End of Year	\$ 844,878	\$ 251,750	\$ 2,994	\$ 1,592	\$ 378,520	\$ 702,026	\$ 713,929	\$ 2,895,689

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

**STATE OF SOUTH DAKOTA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

Net Change in Fund Balances - Governmental Funds **\$ 620,216**

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	\$ 247,971	
Depreciation Expense	(124,903)	
Excess of Capital Outlay Over Depreciation Expense		123,068

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (80,546)

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

Bond Principal Retirement	26,901	
Capital Lease Payments	23,805	
Total Long-Term Debt Repayment		50,706

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. 28,597

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. 7,362

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

Bonds Issued	(9,495)	
Bond Refunding Costs	(159)	
Bond Premium	699	
Total Amounts Related to Bond Issuance		(8,955)

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	84	
(Increase) Decrease in Compensated Absences	(3,084)	
(Increase) Decrease in Net Pension Costs	(39,568)	
(Increase) Decrease in Pollution Remediation	486	
Total Additional Expenditures		(42,082)

Change in Net Position of Governmental Activities **\$ 698,366**

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

STATE OF SOUTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021
(Expressed in Thousands)

Assets	Business-type Activities - Enterprise Funds						Governmental Activities
	Major					Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemployment Insurance	Nonmajor		
Current Assets:							
Cash and Cash Equivalents	\$ 12,673	\$ 109,938	\$ 38,286	\$ 160,779	\$ 147,015	\$ 468,691	\$ 106,248
Receivables:							
Interest and Dividends	38	3,533	1,990		332	5,893	206
Other Funds				24	562	586	8,763
Component Units					28	28	728
Other Governments		1,118	605	3,255	84	5,062	205
Loans and Notes, net		21,072	12,246		6,457	39,775	
Other, net	6,588			15,807	140	22,535	7,456
Investments		73,822	18,862			92,684	
Inventory					1,585	1,585	798
Advances to Component Units		848				848	
Other Assets					258	258	5,480
Total Current Assets	19,299	210,331	71,989	179,865	156,461	637,945	129,884
Assets Held for Resale					321	321	
Restricted Assets:							
Restricted Cash	25					25	
Restricted Investments	236					236	
Net Pension Asset	3	1	1		18	23	62
Other	711					711	
Investments		88,288	57,769			146,057	
Capital Assets:							
Land and Other Non-depreciable Assets					295	295	
Property, Plant, and Equipment	1,642				11,601	13,243	109,804
Accumulated Depreciation	(1,470)				(5,706)	(7,176)	(76,089)
Construction in Progress					290	290	635
Total Capital Assets	172	0	0	0	6,480	6,652	34,350
Advances to Component Units		12,321				12,321	
Other Noncurrent Assets		290,757	181,360		30,843	502,960	
Total Assets	20,446	601,698	311,119	179,865	194,123	1,307,251	164,296
Deferred Outflows of Resources							
Deferred Outflow Related to Pensions	466	80	128		2,771	3,445	10,209
Deferred Amount from Refunding of Bonds		5,062	1,347			6,409	
Total Deferred Outflows of Resources	466	5,142	1,475	0	2,771	9,854	10,209
Liabilities							
Current Liabilities:							
Accounts Payable and Other Liabilities	6,102	710	215	480	5,099	12,606	6,437
Payable to:							
Other Funds	8,297	2	2	1,083	251	9,635	1,186
Component Units						0	43
Escrow Payable	191					191	
Bonds, Notes, and Leases Payable		17,956	8,366			26,322	5,134
Claims, Judgments, and Compensated Absences	159	8	8		758	933	26,491
Accrued Interest Payable		5,651	1,576			7,227	
Unearned Revenue	209			259	1,688	2,156	2,633
Total Current Liabilities	14,958	24,327	10,167	1,822	7,796	59,070	41,924
Noncurrent Liabilities:							
Bonds, Notes, and Leases Payable		317,257	83,731			400,988	11,916
Claims, Judgments, and Compensated Absences	141	7	7		666	821	35,286
Other Noncurrent Liabilities			1,464			1,464	57
Total Noncurrent Liabilities	141	317,264	85,202	0	666	403,273	47,259
Total Liabilities	15,099	341,591	95,369	1,822	8,462	462,343	89,183
Deferred Inflows of Resources							
Deferred Inflow Related to Pensions	373	65	102		2,232	2,772	8,162
Total Deferred Inflows of Resources	373	65	102	0	2,232	2,772	8,162
Net Position							
Net Investment in Capital Assets	172				6,477	6,649	17,277
Restricted for:							
Disaster Relief Fund					10,512	10,512	
Pensions	96	16	27		557	696	2,109
Other	711				1,762	2,473	
Unrestricted	4,461	265,168	217,096	178,043	166,892	831,660	57,774
Total Net Position	\$ 5,440	\$ 265,184	\$ 217,123	\$ 178,043	\$ 186,200	\$ 851,990	\$ 77,160

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

**STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental	
	Major					Internal	
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemploy- ment Insurance	Nonmajor	Total	Service Funds
Operating Revenue:							
Licenses, Permits, and Fees	\$ 1,562	\$	\$	\$	\$ 19,534	\$ 21,096	\$
Use of Money and Property		5,848	3,879		1,207	10,934	9
Sales and Services	223,732	1,825	976		8,445	234,978	296,288
Administering Programs				100,372	80	100,452	
Assessments				36,605	1	36,606	
Other Revenue	6				1,162	1,168	7,720
Total Operating Revenue	225,300	7,673	4,855	136,977	30,429	405,234	304,017
Operating Expenses:							
Personal Services and Benefits	2,211	329	490		13,492	16,522	48,649
Travel	146	5	6		691	848	495
Contractual Services	12,537	728	625		7,295	21,185	61,451
Supplies and Materials	1,317	1	1		4,215	5,534	13,149
Grant and Other	188	6,102	5,875		413	12,578	4
Interest		10,946	3,460			14,406	550
Provision for Loan Loss (Recovery)					(299)	(299)	
Depreciation/Amortization	38				442	480	6,382
Lottery Prizes	46,605					46,605	
Insurance Claims				152,331	1,282	153,613	147,524
Total Operating Expenses	63,042	18,111	10,457	152,331	27,531	271,472	278,204
Operating Income (Loss)	162,258	(10,438)	(5,602)	(15,354)	2,898	133,762	25,813
Nonoperating Revenue (Expenses):							
Gain on Disposal of Assets					2,905	2,905	888
Loss on Disposal of Assets					(11)	(11)	(309)
Investment Income	(66)	4,132	2,853	4,060	(874)	10,105	463
Other Expense	(2)	34	(195)		(178)	(341)	(57)
Grant and Other Income		11,368	9,902	43,044	133	64,447	45
Total Nonoperating Revenue (Expenses)	(68)	15,534	12,560	47,104	1,975	77,105	1,030
Income (Loss) Before Transfers	162,190	5,096	6,958	31,750	4,873	210,867	26,843
Transfers:							
Transfers In					950	950	1,820
Transfers Out	(161,878)	(36)	(55)	(838)	(754)	(163,561)	(66)
Net Transfers	(161,878)	(36)	(55)	(838)	196	(162,611)	1,754
Change in Net Position	312	5,060	6,903	30,912	5,069	48,256	28,597
Net Position at Beginning of Year	5,128	260,124	210,220	147,131	181,131	803,734	48,563
Net Position at End of Year	\$ 5,440	\$ 265,184	\$ 217,123	\$ 178,043	\$ 186,200	\$ 851,990	\$ 77,160

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, 2021
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Major					Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemployment Insurance	Nonmajor		
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ 224,447	\$ 1,658	\$ 961	\$ 32,516	\$ 25,520	\$ 285,102	\$ 89,712
Receipts from Interfund Services Provided					3,216	3,216	196,999
Receipts from Federal Agencies				120,579	111	120,690	
Receipts from Loan Payments		41,944	28,347		14,970	85,261	
Payments to Suppliers and for Benefits and Claims	(13,273)	(1,694)	(885)	(167,696)	(10,556)	(194,104)	(215,390)
Payments for Employee Services	(2,051)	(360)	(553)		(12,678)	(15,642)	(45,172)
Payments for Interfund Services Used	(780)				(1,605)	(2,385)	(9,985)
Payments for Lottery Prizes	(44,746)					(44,746)	
Payments for Principal Forgiveness		(4,316)	(5,545)			(9,861)	
Payments for Loans Originated		(62,899)	(28,787)		(1,979)	(93,665)	
Other Receipts (Payments)	(184)	(1)	(1)		(490)	(676)	11,208
Net Cash Provided (Used) by Operating Activities	163,413	(25,668)	(6,463)	(14,601)	16,509	133,190	27,372
Cash Flows from Capital and Related Financing Activities:							
Purchases of Capital Assets					(83)	(83)	(3,204)
Construction in Progress					(290)	(290)	(635)
Sale or Disposition of Capital Assets					2,917	2,917	1,710
Payments on Capital Lease Obligations							(5,768)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0	2,544	2,544	(7,897)
Cash Flows from Noncapital Financing Activities:							
Transfers In					958	958	1,819
Transfers Out	(160,491)	(36)	(55)	(820)	(759)	(162,161)	(66)
Issuance of Bonds		100,000				100,000	
Principal Payments on Bonds and Notes		(13,115)	(7,515)			(20,630)	
Bond Issuance Costs		4				4	
Interest Payments on Bonds and Notes		(12,205)	(3,900)			(16,105)	
Receipts for Administering Program		10,975	9,717	971		21,663	
Services Provided to Others					(163)	(163)	
Grants and Other Noncapital Financing Activities		215	105	43,044	(41)	43,323	
Net Cash Provided (Used) by Noncapital Financing Activities	(160,491)	85,838	(1,648)	43,195	(5)	(33,111)	1,753
Cash Flows from Investing Activities:							
Investment Income	(41)	4,721	3,008	4,060	(653)	11,095	483
Investment Expense	(2)				(20)	(22)	(12)
Purchase of Investment Securities		(191,267)	(35,774)		(11)	(227,052)	
Proceeds from the Sale and Maturity of Investments		130,690	24,437			155,127	
Net Cash Provided (Used) by Investing Activities	(43)	(55,856)	(8,329)	4,060	(684)	(60,852)	471
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	2,879	4,314	(16,440)	32,654	18,364	41,771	21,699
Cash and Cash Equivalents at Beginning of Year	9,819	105,624	54,726	128,125	128,651	426,945	84,549
Cash and Cash Equivalents at End of Year	\$ 12,698	\$ 109,938	\$ 38,286	\$ 160,779	\$ 147,015	\$ 468,716	\$ 106,248

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Total	Governmental	
	Major						Internal	Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemployment Insurance	Nonmajor			Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ 162,258	\$ (10,438)	\$ (5,602)	\$ (15,354)	\$ 2,898	\$ 133,762	\$ 25,813	
Adjustments to Reconcile Operating Income (Loss):								
Depreciation/Amortization Expense	38				229	267	6,382	
Interest Expense		10,946	3,460		(12)	14,394	545	
Bond Issuance Costs		279				279		
Miscellaneous Nonoperating Items	1				12	13	19	
Decrease/(Increase) in Assets:								
Accounts Receivable	(852)			(4,048)	2	(4,898)	(520)	
Interest, Dividends, and Penalties Receivable		(304)	(74)		100	(278)		
Loans and Notes Receivable		(26,498)	(4,244)		11,765	(18,977)		
Due From Other Funds				227	1,314	1,541	960	
Due From Component Units					23	23	(148)	
Due From Other Governments		(167)	(15)	20,208	(191)	19,835	(13)	
Inventory					717	717	217	
Other Assets					(101)	(101)	(976)	
Other Restricted Assets	102					102		
Restricted Net Pension Asset	4	1	1		25	31	92	
Decrease/(Increase) in Deferred Outflows of Resources:								
Deferred Outflows Related to Pensions	(107)	(14)	(20)		(603)	(744)	(2,097)	
Increase/(Decrease) in Liabilities:								
Accounts Payable	1,806	543	70	(15,365)	245	(12,701)	1,576	
Accrued Liabilities	8	(11)	(24)		(4)	(31)	98	
Compensated Absences Payable	20	(42)	(75)		61	(36)	325	
Due To Other Funds	19				(1,243)	(1,224)	(225)	
Due To Component Units							(21)	
Due To Other Governments	(19)				(9)	(28)	81	
Unearned Revenue	(29)			(269)	212	(86)	(10,405)	
Escrow Payable	70					70		
Policy Claim Liabilities							651	
Other Liabilities	(139)				(329)	(468)		
Net Pension Liability					2	2		
Increase/(Decrease) in Deferred Inflows of Resources:								
Deferred Inflows Related to Pensions	233	37	60		1,396	1,726	5,018	
Net Cash Provided (Used) by Operating Activities	\$ 163,413	\$ (25,668)	\$ (6,463)	\$ (14,601)	\$ 16,509	\$ 133,190	\$ 27,372	
Noncash Investing, Capital, and Financing Activities:								
Gain (Loss) on Disposal of Capital Assets	\$	\$	\$	\$	\$	\$	\$ 583	
Capital Lease Obligations Entered Into							4,597	

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

STATE OF SOUTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021
(Expressed in Thousands)

Assets	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds	Custodial Funds
Cash and Cash Equivalents	\$ 8,003	\$ 1,012	\$ 46,187
Receivables:			
Employer	2,824		
Employee	3,015		
Benefits	177		
Unsettled Investment Sales	5,810		
Taxes Receivable, net			56,430
Due From Other Funds			114
Investment Income	29,348	358	5
Other		202	1,045
Total Receivables	41,174	560	57,594
Investments, at Fair Value:			
Fixed Income	4,623,440		
Equities	6,916,819		
Real Estate	1,460,213		
Private Equity	1,587,252		
Pooled Investment Funds		305,747	
Total Investments	14,587,724	305,747	0
Properties, at Cost	2,066	14,224	
Accumulated Depreciation	(1,122)		
Other Assets	22	12	
Total Assets	14,637,867	321,555	103,781
Liabilities			
Payables:			
Accounts Payable and Other Liabilities	1,624	16	5,224
Due To Other Funds	88	29	199
Due To Other Governments			84,664
Compensated Absences Payable	383		
Unsettled Investment Purchases	3,574		
Total Liabilities	5,669	45	90,087
Net Position			
Restricted for Pension Benefits	14,632,198		
Restricted for Others		321,510	13,694
Total Net Position	\$ 14,632,198	\$ 321,510	\$ 13,694

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

STATE OF SOUTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Additions	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds	Custodial Funds
Contributions:			
Employee	\$ 136,159	\$	\$
Employer	136,159		
From Clients and Inmates		735	
Other	56,628	7,566	
Total Contributions	328,946	8,301	0
Investment Income:			
<i>From Investing Activities</i>			
Net Increase (Decrease) in Fair Value of Investments	2,484,042	41,994	
Interest	72,951		
Dividends	131,370		
Real Estate	31,581	496	
Pooled Interest and Dividends		3,268	
Total Investment Activity Income	2,719,944	45,758	0
Less Investment Activity Expenses	(48,348)		
Net Investment Income (Loss)	2,671,596	45,758	0
<i>From Security Lending Activities</i>			
Securities Lending Income	614	7	
Securities Lending Expenses	(184)		
Tax and Fee Collections for Other Governments			475,159
Child Support Collections			113,610
Collections from Defendants and Inmates			25,401
Collections for Other Governments			1,062
Collections from Participants			2,664
Assessments			13,353
Escheated Property		74	
Miscellaneous Income		27	
Total Additions	3,000,972	54,167	631,249
Deductions			
Benefits	635,766		
Refunds of Contributions	25,442		
Distribution to School Districts		12,823	
Tax and Fee Distributions to Other Governments			475,159
Child Support Distributions			113,610
Payments Made for Custodial or Trust Purposes		737	13,040
Payments Made to Other Governments			7,949
Forfeiture Returns			7,884
Required Distributions			9,412
Administrative Expenses	4,905	9	
Total Deductions	666,113	13,569	627,054
Change in Net Position	2,334,859	40,598	4,195
Net Position at Beginning of Year, as restated	12,297,339	280,912	9,499
Net Position at End of Year	\$ 14,632,198	\$ 321,510	\$ 13,694

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



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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

Blended Component Units

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

The State's blended component units are:

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

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

The Educational Enhancement Funding Corporation (EEFC) is a special purpose corporation, organized under Chapter 5-12 of the South Dakota Codified Law. EEFC was established to purchase all of the State of South Dakota's future right, title, and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title, and interest in the TSRs has been financed by the issuance of the bonds and the residual certificate. The residual certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of EEFC as set forth in the Trust Indenture. Obligations issued by EEFC shall not be deemed to constitute a debt, liability, or obligation of the State. Because there is a financial benefit/burden relationship between EEFC and the State and the services provided by the EEFC are entirely provided to the State, EEFC is considered a blended component unit. This financial presentation does not change the legal liability of the indebtedness.

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

Discretely Presented Component Units

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

The State's major discretely presented component units are:

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

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

Higher Education (Higher Ed) consists of six state public universities (Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and University of South Dakota), two special schools (South Dakota School for the Deaf and South Dakota School for the Blind and Visually Impaired), and the governing board, South Dakota Board of Regents (BOR). BOR was created under Article XIV of the Constitution of the State of South Dakota. Chapter 13-49 of the South Dakota Codified Law establishes the authority for BOR to govern the system of public higher education in the State. The system's primary goal is to provide high quality, diverse educational opportunities, and services

to the people of South Dakota through the effective use of the resources entrusted to it. Because the State is able to impose its will over the Higher Ed system and BOR and a financial benefit/burden relationship exists but does not meet the GASB's criteria for blending, Higher Ed is considered a discretely presented component unit of the State.

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

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

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

The State's nonmajor discretely presented component units are:

The South Dakota Economic Development Finance Authority (EDFA) was created by the Legislature under Chapter 01-16B of the South Dakota Codified Law for the purpose of making loans to businesses to spawn economic growth. Obligations issued by EDFA shall not be deemed to constitute a debt, liability, or obligation of the State. Because the State appoints a voting majority of the board and is able to impose its will over EDFA but does not meet the GASB's criteria for blending, EDFA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness. During the fiscal year, the South Dakota Value Added Finance Authority (VAFA), which was previously reported as a discretely presented component unit, was dissolved, and the activities and responsibilities under VAFA were assumed by EDFA. More information about this change may be found in *Note 2. Accounting Changes, Restatements, and Reclassifications* in the Notes to the Financial Statements.

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

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

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

Fiduciary Component Unit

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

The State's one fiduciary component unit is:

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

Related Organizations

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

Separately Issued Financial Statements

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

www.legislativeaudit.sd.gov/reports/reports.aspx:

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

Higher Education does not have separately issued financial statements.

C. Government-wide and Fund Financial Statements

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

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

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

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

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

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, income, or activity being taxed occurred. At June 30, 2021, there was \$28.9 million of bank tax receipts that were not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

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

Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, expenditures related to debt service, compensated absences, 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.

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

The Unemployment Insurance Fund is used to account for tax receipts from employers within the State of South Dakota and Federal Unemployment Programs and accounts for benefits paid to unemployed persons.

In addition, the State reports the following fund types:

Governmental Funds:

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

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

The Capital Projects 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 and fiduciary funds, or component units.

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

Proprietary Funds:

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

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

Fiduciary Funds:

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

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

Custodial Funds account for those fiduciary activities that are not reported in Pension (and Other Employee Benefit) Trust Funds, Investment Trust Funds, or Private Purpose Trust Funds. Examples of funds in this category include local government tax collections by the Department of Revenue and child support payments collected by the Department of Social Services.

E. Budgetary Accounting

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

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

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

The State’s annual budget is prepared on the cash basis of accounting. Encumbrance accounting is utilized to reserve a portion of the budget to future periods for payment of purchase orders, contracts, and other commitments. Encumbrances at June 30, 2021, totaled \$41.9 million. The encumbrance amount is broken down by major fund and nonmajor fund below (Expressed in Thousands):

<u>Fund</u>	<u>Amount Encumbered</u>
Major Funds:	
General Fund	\$ 14,840
Transportation	8,842
COVID-19 Federal	1,774
Non-Major Funds:	
Non-Major Funds Total	16,401
Total	\$ 41,857

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

Cash and Cash Equivalents and Investments

Cash includes cash on hand, demand deposits, and foreign currency balances. Foreign currency cash balances are translated into United States Dollars (USD) using year-end spot foreign currency exchange rates. Cash equivalents include non-negotiable certificates of deposit, which are reported at cost. The State Investment Officer is responsible for the investment of state public funds. State public funds in the Cash Flow Fund are invested using the pooled deposit and investment concept which preserves the integrity of the fund cash balances of each state fund while simultaneously allowing the deposit and investment of aggregate idle fund monies. Investment income is allocated to participating funds per South Dakota law. Participating funds are determined by the Bureau of Finance and Management and approved by the Joint Interim Appropriations Committee of the Legislature. Investment income from the state trust funds is deposited into their respective funds.

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

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

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect the reported amounts of net position as of June 30, 2021. Actual results could differ from those estimates.

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

Receivables

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

Inventories

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

Federal commodities on hand are reported as inventories, offset by unearned revenue. Commodities are reported at fair value established by the federal government at the date received. At June 30, 2021, the commodities inventory was reported in the amount of \$0.6 million.

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. Property, plant, and equipment acquired through capital leases are capitalized at fair market value at the inception of the lease. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are capitalized at acquisition value at the acquisition date.

All land is capitalized regardless of cost. Land improvements are capitalized when the cost of the improvement is \$50,000 or more. Buildings and building improvements are capitalized when the cost is \$100,000 or more. Equipment is capitalized when the cost of individual items is \$5,000 or more. Infrastructure assets are capitalized when the cost of the asset is \$1,000,000 or more for governmental funds and fiduciary funds, and \$50,000 or more for proprietary funds and component units. Intangible assets such as easements, patents, trademarks, internally generated computer

software, etc. (as defined by GASB Statement 51) are capitalized when the cost is \$250,000 or more, except for purchased software licenses which are capitalized when the cost is \$5,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

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

The State owns works of art and historical treasures that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Works of art and historical treasures include items such as statues, monuments, historical documents, paintings, artifacts, etc. Higher Education, a business-type activity discretely presented component unit, adopted the State’s policy on capitalizing historical treasures and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair market value at the time of donation. The reported capitalized value of these collections was \$10.1 million, as of June 30, 2021. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

Deferred Outflows of Resources

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

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

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

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

G. Compensated Absences

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

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

H. Lottery Security Deposits

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2021, the amount of certificate of deposits and deposits in cash being held by the Lottery was \$0.3 million and is included in restricted cash and investments on the balance sheet. The amount of \$6.5 million was in the form of surety bonds or irrevocable letters of credit and is not reported on the Statement of Net Position.

I. Interfund Activity and Balances

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

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

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

J. Pensions

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

2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS

Implementation of Recent GASB Pronouncements

For the fiscal year ended June 30, 2021, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes the criteria for identifying fiduciary activities.

This Statement had the following effects on the State:

Beginning net position for the Nonmajor Governmental Funds, decreased by \$0.3 million.

Beginning net position for Private Purpose Trust Funds, reported as a fiduciary activity, decreased by \$1.4 million.

Beginning net position for Custodial Funds, reported as a fiduciary activity, increased by \$9.4 million.

GASB Statement 90, *Majority Equity Interests*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

This Statement has no effect on the State.

GASB Statement 93, Replacement of Interbank Offered Rates. This Statement address financial reporting implications that result from the replacement of an IBOR.

The State implemented this Statement except for paragraphs 11b, 13, and 14 which are effective for fiscal year 2022. The implemented paragraphs of this Statement has no effect on the State.

GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The effective date of GASB No. 97 for these provisions is for periods beginning after June 15, 2021. However, the South Dakota Retirement System, reported as a fiduciary component unit of the State, and the primary government have chosen to implement the provisions early because it will enhance relevancy.

This Statement has no effect on the State.

GASB Statement 98, The Annual Comprehensive Financial Report. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace *comprehensive annual financial report* and its acronym in generally accepted accounting principles. The effective date of GASB No. 98 is for periods beginning after December 15, 2021. However, the State has chosen to implement early.

This Statement renamed this report and had no other effect on the State.

For the fiscal years ended June 30, 2019, 2020, and 2021, The South Dakota Housing Development Authority, reported as a discretely presented component unit, early implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 91, Conduit Debt Obligations. The primary objective of this Statement establishes a single method of reporting conduit debt obligations by issuers and improves the required note disclosure of those conduit debt obligations.

The State as well as the remaining component units have not implemented GASB 91 for this reporting period.

Restatements – Component Units

Beginning net position for the South Dakota Economic Development Finance Authority, reported as a non-major component unit, increased by \$0.9 million for the merger of South Dakota Value Added Finance Authority to South Dakota Economic Development Finance Authority.

The beginning net position balance reported for Higher Education, reported as a major discretely component unit, increased by \$1.5 million for errors in the reporting of liabilities, capital assets, and other miscellaneous reporting errors in prior years. This restatement will have the same effect on the government-wide financial statements.

Higher Education's Cash Flow beginning cash and liability balances were each reduced by \$0.9 million. This adjustment represents the cash and liability balances of fiduciary funds that are no longer part of the Higher Education's financial statement, due to the implementation of GASB 84. There was no change in net position for this adjustment.

Higher Education's Statement of Changes in Fiduciary net position increased by \$0.9 million for the implementation of GASB 84.

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 \$29.7 million for deficit cash balances that existed in various state funds at June 30, 2021, and is reported as an interfund receivable.

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

Securities that are unclaimed at financial institutions are transferred to the State. The securities or proceeds can be claimed by the owners under established procedures. The Office of the State Treasurer administers any unclaimed securities per SDCL §43-41B, Uniform Unclaimed Property Act. Effective July 1, 2018, any stocks, bonds, and other negotiable instruments will be sold within one hundred eighty days of confirmed receipt, unless involved in an open claim. As of June 30, 2021, the securities, for which cost at the time of acquisition is not readily available, have a fair value of \$1.9 million and are shown as securities held as escheat property in the General Fund.

A. Primary Government

Investments of the Primary Government are grouped into four categories based upon investment objectives and risk. The first category is the Cash Flow Portfolio. This category represents the pooled public funds of the Primary Government (comprising 85% of the Cash Flow Portfolio) and discretely presented component units (comprising 15% of the Cash Flow Portfolio). Higher Education, the Science and Technology Authority, the Housing Development Authority, the Property and Casualty Captive Insurance Company, and the Authority Captive Insurance Company are discretely presented component units and have deposits and investments in the Cash Flow Portfolio. Because of the pooled deposit and investment concept of the Cash Flow Portfolio, the discretely presented component units' share of the portfolio cannot be broken out separately for risk disclosure purposes. For risk disclosure purposes, their share of the Cash Flow Portfolio is included in the Primary Government. The second category is the Retirement Portfolio. This category represents the investments of the South Dakota Retirement System. The third category is the Trust Portfolios. This category includes the portfolios of School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund, and Health Care Trust Fund. The fourth category is Other Funds. This category represents funds that are not managed by the South Dakota Investment Council (SDIC) and includes Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, Drinking Water State Revolving Fund, and the Vocational Education Program.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution, but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of June 30, 2021, pledged collateral for two depository did not equal at least 100% of the total public deposits in excess of depository insurance. As a result, \$25.9 thousand of the Cash Flow portfolio's certificates of deposit was exposed to custodial credit risk.

The Retirement Portfolio has a formal deposit policy specific to custodial credit risk and foreign currencies. The policy states that the United States Dollar (USD) equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +5 calendar days basis. All portfolios as of June 30, 2021 meet policy guidelines. These deposits

are not collateralized or covered by depository insurance. As a result, the Retirement Portfolio was exposed to custodial credit risk of \$8.2 million.

The Trust Portfolios have a formal deposit policy specific to custodial credit risk for the global equity portfolios of School and Public Lands, Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust. The policy states that the USD equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +5 calendar day basis. At June 30, 2021, the Trust Portfolios had bank balances in various foreign currencies. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of \$0.7 million.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2021, 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 \$3.4 million.

Investments

Securities Lending. State statutes and SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. All securities loans can be terminated on demand by either the SDIC or the borrower. As of June 30, 2021, the fair value of securities on loan was \$179.6 million, and the collateral held on the same date was \$184.0 million. At year-end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC.

The SDIC's securities custodian is an agent in lending securities and shall accept only U.S. Government securities or its agencies as collateral for any loan or loaned securities. The collateral required must equal 102% of fair value plus accrued interest for corporate debt securities, 102% of fair value for U.S. equity securities, and 105% of fair value for foreign securities except in the case of loans of foreign securities which are denominated and payable in USD, in which event the collateral required is 102% of fair value. The earnings generated from the collateral investments results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

The contract with the lending agent requires the agent to indemnify the SDIC if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent. The SDIC does not have the ability to pledge or sell collateral securities unless the borrower defaults, therefore no asset and corresponding liability for the collateral value of securities received has been established on the Statement of Net Position. Regarding restrictions on loans, the securities lending agreement does limit the total value of securities that can be out on loan on any given day.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. SDIC securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2021, the SDIC does not have custodial credit risk with regards to security lending collateral. The Other Funds do not have a policy for custodial credit risk. The Other Funds had custodial credit risk totaling \$263.9 million in guaranteed investment contracts, Federal agency bonds, U.S. Treasury bonds, and U.S. Treasury notes not held in their name at June 30, 2021.

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 short term portfolio policy limits average portfolio duration to 2.88 years, and no holding's maturity can exceed 5.25 years. The Retirement Portfolio fixed income portfolio duration must fall between 70% and 130% of the duration of the FTSE US Broad Investment Grade (BIG) Index. The Cash Flow Portfolio intermediate term portfolio and the Trust Portfolios investment-grade fixed income portfolios are benchmarked to the duration of the FTSE BIG Index. No formal interest rate risk policy exists for the fixed income portfolios of the Other Funds.

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

Investment Type	Cash Flow Portfolio		Retirement Portfolio		Trust Portfolios		Other Funds	
	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	\$ 14,679	2.50	\$		\$		\$ 70,719	0.34
U.S. Treasury Bills			710,899	0.33	2,087	0.14		
U.S. Treasury STRIPS	119,663	8.58	407,863	8.58	68,412	8.58		
U.S. Treasury Inflation Protected Securities								
U.S. Agencies	387,925	2.31	35,106	5.76	5,879	5.76	27,079	0.46
Investment Grade Corporates	624,907	2.85	433,150	4.93	67,548	5.05		
Total Bond Market Mutual Fund					8,315	6.80		
High-yield Corporates	10,220	0.92	447,762	2.85	1,732	0.28		
High-yield Bond Mutual Fund					64,457	3.60		
Agency Mortgage-backed Securities	87,891	4.16	308,133	4.53	52,776	4.51		
Non-agency Mortgage-backed Securities			824,056	0.59	86,577	0.63		
Municipal Bonds					42,186	4.28		
Term Loans			7,143	2.19				
Investment Agreements							146,057	4.66
Total	\$ 1,245,285		\$ 3,174,112		\$ 399,969		\$ 243,855	
Portfolio Modified Duration		3.31		2.91		4.17		2.94

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 short term portfolio can invest 4% of the portfolio into each corporate security rated Aaa or Aa, 3% in A-rated, 1% in Baa1 or Baa2, and 0.5% in Baa3 rated individual holdings of corporate securities. Credit rating limits are 15% of the total short-term portfolio or up to 20% with the Investment Officer's permission for Baa-rated and 5% of the total portfolio or up to 10% with the Investment Officer's permission on downgraded securities below Baa. The SDIC sets the investment policy annually for the Cash Flow Portfolio intermediate term portfolio, Trust Portfolios, and the Retirement Portfolio. This policy establishes the benchmark percentage invested in each asset category and the minimum and maximum range of each asset category.

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

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

The Education Enhancement Funding Corporation does not have a formal policy on investment credit risk.

As of June 30, 2021, 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	\$ 1,263,149	\$ 1,528,274	\$ 648,887	\$ 35,631
Aa	115,132	136,392	38,215	
A	390,381	151,290	37,839	
Baa	104,841	168,856	23,295	146,057
Ba	10,220	235,001	4,252	
B		261,063	8,277	
Caa		179,896	16,449	
Ca		190,848	17,520	
C		19,845	2,061	
Unrated		346,793	116,876	
Total	\$ 1,883,723	\$ 3,218,258	\$ 913,671	\$ 181,688

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 USD (to match the unhedged benchmark) but do allow hedging under certain circumstances when deemed appropriate by the State Investment Officer and portfolio manager.

The Retirement and Trust Portfolios' exposure to foreign currency risk at June 30, 2021, are as follows (Expressed in Thousands):

Currency	Retirement Portfolio			Trust Portfolios		
	Equities	Cash		Equities	Cash	
	U.S. Dollar	U.S. Dollar	Total	U.S. Dollar	U.S. Dollar	Total
	Fair Value	Fair Value		Fair Value	Fair Value	
Australian Dollar	\$ 17,394	\$ 879	\$ 18,273	\$ 1,025	\$ 153	\$ 1,178
British Pound	265,099	896	265,995	15,133	40	15,173
Canadian Dollar	109,893	336	110,229	5,998	286	6,284
Danish Kroner	6,777	47	6,824	394		394
Euro	512,747	4,354	517,101	28,379	14	28,393
Hong Kong Dollar	10,931	232	11,163	542	152	694
Japanese Yen	212,552	1,411	213,963	11,984	97	12,081
Norwegian Krone	1,505	17	1,522	110	2	112
Singapore Dollar	1,637		1,637			0
South Korean Won	134,381		134,381	7,076		7,076
Swedish Krona	2,179	3	2,182	68		68
Swiss Franc	206,468		206,468	11,401		11,401
Thai Baht	1,459		1,459			0
Total Fair Value	\$1,483,022	\$ 8,175	\$ 1,491,197	\$ 82,110	\$ 744	\$ 82,854

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, 2021, was \$298.5 million. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2021, was \$3.0 billion. The total fair value of global equity investments, hedge funds, and high-yield fixed income investments managed by outside managers was \$86.9 million, \$92.7 million, and \$0.1 million, respectively.

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 Portfolio 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, 2021.

Derivative Financial Instruments in Primary Government

Retirement Portfolio and Trust Portfolios. Derivatives are generally defined as a contract whose values depend on, or derive from, the value of an underlying asset, reference rate or index. The Retirement Portfolio is exposed to a variety of derivative products through the investment management of the SDIC and their outside managers. The Trust Portfolios utilized no derivative instruments in SDIC's internally managed portfolios, but may be exposed to a variety of derivative products through their outside managers. The following notes detail the derivative instruments used in the SDIC's internally managed portfolios. All of 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 futures contracts as a means of adjusting the Retirement Portfolio's mix at a lower transaction cost than the transactions, which would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2021, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, SDIC pledges to the broker cash or

U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the portfolio receives or pays a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The change in fair value of the futures contracts is presented in the Statement of Changes in Net Position as “Net appreciation in fair value of investments.” The net change in fair value from futures contracts for fiscal year ended June 30, 2021, was \$(962.0) million.

At June 30, 2021, futures contracts outstanding were as follows:

	<u>Open Position</u>	<u>Contracts</u>	<u>Notional Contract size</u>	<u>Fair Value (Exposure)</u>
U.S. Treasury Note Future Due September 2021	Long	4,800	\$100,000 par value 6% 10-year U.S. Treasury note	\$ 636,000,000
S&P 500 Index Future Due September 2021	Short	15,840	\$50 x S&P 500 index	\$ (3,396,571,200)

Foreign Currency Forward Contracts. The SDIC enters into foreign exchange forward contracts to manage foreign currency exposure, as permitted by portfolio policies. The fair values of the contracts are presented in the Statement of Net Position as “Investments at fair value – Equities.” The change in fair value of the forward contracts is presented in the Statement of Changes in Net Position as “Net appreciation in fair value of investments.” For fiscal year ended June 30, 2021, the net change in fair value from foreign currency forward contracts was \$(59.6) thousand. At June 30, 2021, the foreign currency forward contracts outstanding were as follows:

<u>Description</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Fair Value (U.S. Dollars)</u>
Forward Sale	\$ (4,597,043) CHF	08/05/2021	\$ 63,823

Credit Risk. SDRS is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2021, the net fair value of foreign currency forward contracts was \$0.1 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

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

Foreign Currency Risk. SDRS is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is \$0.

Fair Value Measurement

Investments are reported at fair value as of June 30, 2021 to the extent available. GASB Statement No. 72- *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included within Level 1 that are observable; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the hierarchy below.

The following tables summarize the Cash Flow Portfolio, Retirement Portfolio, Trust Portfolios, and Other Funds investments within the fair value hierarchy as of June 30, 2021, (Expressed in Thousands):

Cash Flow Portfolio:

	Cash Flow Fund Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 14,679	\$	\$ 14,679	\$
U.S. Treasury STRIPS	119,663		119,663	
U.S. Agencies	387,924		387,924	
Investment Grade Corporates	624,907		624,907	
High Yield Corporates	10,220		10,220	
Agency Mortgage-backed Securities	87,891		87,891	
Total Fixed Income Securities	1,245,284	0	1,245,284	0
Total Investments by Fair Value Level	1,245,284	\$ 0	\$ 1,245,284	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	860,671			
Total Investments Measured at the NAV	860,671			
Total Investments Measured at the Fair Value	\$ 2,105,955			

Retirement Portfolio:

	Retirement Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasury Bills	\$ 710,899	\$	\$ 710,899	\$
U.S. Treasury STRIPS	407,863		407,863	
U.S. Agencies	35,106		35,106	
Investment Grade Corporates	433,150		433,150	
Term Loans	7,143			7,143
High Yield Corporates	447,762		447,762	
Agency Mortgage-backed Securities	308,133		308,133	
Non-Agency Mortgage-backed Securities	824,056		824,056	
Total Fixed Income Securities	3,174,112	0	3,166,969	7,143
Equity Securities				
Domestic Stock	4,524,038	4,524,038		
Depository Receipts	98,361	98,361		
ETF - Exchange Traded Funds	828,686	828,686		
International Stock	1,483,022	1,483,022		
Stock Rights	356		356	
Stock Warrants	1,480	1,480		
Total Equity Securities	6,935,943	6,935,587	356	0
Total Investments by Fair Value Level	10,110,055	\$ 6,935,587	\$ 3,167,325	\$ 7,143
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	1,241,457			
Emerging Markets Small Cap Equity Mutual Funds	86,923			
Multi Strategy Hedge Funds	92,738			
Alternative Investments				
Real Estate Funds	1,460,213			
Private Equity Funds	1,587,251			
Other Funds	112			
Total Alternative Investments	3,047,576			
Total Investments Measured at the NAV	4,468,694			
Total Investments Measured at the Fair Value	14,578,749			
Plus: Cash Held by Fund Managers	8,444			
Less: G/L on FX Transactions	64			
Plus: Accrued Interest Purchased	501			
Less: Accrued Monthly Interest	(33)			
Total	\$ 14,587,725			
Investment Derivative Instruments				
Foreign Exchange Forward Contracts	64		64	
Total Investment Derivative Instruments	\$ 64	\$ 0	\$ 64	

Trust Portfolios:

	Trust Portfolios			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasury Bills	\$ 2,087	\$	\$ 2,087	\$
U.S. Treasury STRIPS	68,412		68,412	
U.S. Agencies	5,879		5,879	
Investment Grade Corporates	67,548		67,548	
High Yield Corporates	1,732		1,732	
Agency Mortgage-backed Securities	52,777		52,777	
Non-Agency Mortgage-backed Securities	86,578		86,578	
Municipal Bonds	42,186		42,186	
Total Fixed Income Securities	<u>327,199</u>	<u>0</u>	<u>327,199</u>	<u>0</u>
Equity Securities				
Domestic Stock	246,994	246,994		
Depository Receipts	4,739	4,739		
ETF - Exchange Traded Funds	67,257	67,257		
International Stock	82,110	82,110		
Stock Rights	92	92		
Total Equity Securities	<u>401,192</u>	<u>401,192</u>	<u>0</u>	<u>0</u>
Total Investments by Fair Value Level	<u>728,391</u>	<u>\$ 401,192</u>	<u>\$ 327,199</u>	<u>\$ 0</u>
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	597,163			
High Yield Bond Mutual Funds	77,784			
Alternative Investments				
Real Estate Funds	151,990			
Private Equity Funds	146,524			
Other Funds	7			
Total Alternative Investments	<u>298,521</u>			
Total Investments Measured at the NAV	<u>973,468</u>			
Total Investments Measured at the Fair Value	<u>\$ 1,701,859</u>			

Other Funds:

	Other Funds			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 90,718	\$	\$ 90,718	\$
U.S. Agencies	27,079		27,079	
Total Fixed Income Securities	<u>117,797</u>	<u>0</u>	<u>117,797</u>	<u>0</u>
Total Investments by Fair Value Level	<u>\$ 117,797</u>	<u>\$ 0</u>	<u>\$ 117,797</u>	<u>\$ 0</u>
Investments Measured at the Net Asset Value (NAV)				
Short-term investment funds	3,282			
Total Investments Measured at the NAV	<u>3,282</u>			
Total Investments Measured at the Fair Value	<u>\$ 121,079</u>			

Equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for identical securities as of the measurement date as issued by pricing vendors.

Equity securities classified in Level 2 of the fair value hierarchy are valued using a quoted price for a similar security in an active market, and valuations from various pricing vendors/brokers using observable inputs other than quoted prices for identical securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. The prices are determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

In the Retirement Portfolio, derivative instruments classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. The foreign currency forward contract valuations are determined by interpolating FX rates for various settlement dates as of June 30, 2021.

In the Retirement Portfolio, real estate funds classified in Level 3 of the fair value hierarchy are real estate alternative investments that invest primarily in overseas commercial real estate. These are investments which quoted prices are not readily available and are valued at estimated values as determined by the General Partner (GP). Investments are valued by the GP using one or more valuation methodologies with reference to the International Private Equity and Venture Capital Valuation Guidelines. The estimated fair values are subjective and based on judgment.

In the Trust Portfolios, the Other Fund classified in Level 3 of the fair value hierarchy is valued at zero. It is an investment in an alternative investment fund that invested in distressed and defaulted debt securities and equities of financially troubled companies. All positions in the fund have been liquidated and only cash remains. The fund holds contingent liabilities that offset cash. Due to the highly questionable outcome of the contingent liabilities it has been determined that a value of zero best reflects the fair value considering the information available as of June 30, 2021.

The portfolios may hold shares or interests in investments where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment as a practical expedient. The NAV valuations are based on valuations of the underlying companies as determined and reported by the fund manager or general partner.

Continued on next page

The following table summarizes the fair value, unfunded commitments, and redemption rules of those investments as of June 30, 2021, (Expressed in Thousands):

Investments Measured at the NAV

	<u>Fair Value</u>	Cash Flow Fund Portfolio		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 860,671	\$	Daily	0 days
Investments Measured at the Net Asset Value (NAV)	\$ 860,671			

Investments Measured at the NAV

	<u>Fair Value</u>	Trust Portfolios		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 597,164	\$	Daily	0 days
High Yield Bond Mutual Funds (b)	77,784		Daily	1 day
Alternative Investments				
Real Estate Funds (c)	151,990	105,571		
Private Equity Funds (d)	146,524	58,099		
Other Funds (e)	7			
Total Alternative Investments	<u>298,521</u>			
Investments Measured at the Net Asset Value (NAV)	\$ 973,469			

Investments Measured at the NAV

	<u>Fair Value</u>	Retirement Portfolio		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 1,241,457	\$	Daily	0 days
Mutual Funds (f)	86,923		Daily	1 day
Multi Strategy Hedge Funds (g)	92,738		Monthly	5-30 days
Alternative Investments				
Real Estate Funds (c)	1,460,213	1,069,685		
Private Equity Funds (d)	1,587,251	689,584		
Other Funds (e)	112			
Total Alternative Investments	<u>3,047,576</u>			
Investments Measured at the Net Asset Value (NAV)	\$ 4,468,694			

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

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

c. Real Estate Funds. This type includes 18 (Trust Portfolios) and 27 (Retirement Portfolio) real estate funds that invest primarily in commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 20 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

d. Private Equity Funds. This type includes 13 (Trust Portfolios) and 35 (Retirement Portfolio) private equity funds that invest primarily in leveraged buyouts. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 20 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

e. Other Funds. This type includes one other alternative investments that invest primarily in a broad range of debt, debt-related, and real estate-related investments. The fair values of the investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next year. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

f. Emerging Markets Small Cap Equity Mutual Funds. This type included one investment in an open-end mutual fund that emphasizes broad diversification and consistent exposure to emerging market small company stocks. The fair value of the investment in this type has been determined using the NAV per share of the investment.

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

B. Component Units

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the component unit's deposits may not be returned to it. The Housing Development Authority deposit policy requires deposits in excess of the depository insurance maximums be collateralized 100%. Collateral must be deposited for safekeeping in a financial institution that is not owned or controlled either directly or indirectly by the pledging financial institution. The financial institution where the collateral is held must be a member of the Federal Reserve. The additional component units do not have deposit policies for custodial credit risk. As of June 30, 2021, the component units had no deposits that were not collateralized or covered by depository insurance.

Investments

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The component units do not have investment policies for custodial credit risk. At June 30, 2021, investments in the amount of \$7.0 million were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

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

The Economic Development Finance Authority limits the maturities of investments for its restricted accounts (all accounts other than the General Account) to terms of two years or less from the date of the investment.

The Ellsworth Development Authority and the Science and Technology Authority do not have policies for interest rate risk.

As of June 30, 2021, the Housing Development Authority and the Economic Development Finance Authority had investments maturing as follows (Expressed in Thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	Greater than 10
U.S. Government Obligations	\$ 337,261	\$ 205,056	\$ 103,649	\$ 28,556	\$
U.S. Treasury Notes	31		31		
U.S. Agencies	1,071,471	11,856	36,503	14,993	1,008,119
Investment Grade Corporates	1,331		17	1,116	198
Certificates of Deposit	4,471	2,478	1,993		
Mutual Funds	341,002	341,002			
Municipal Bonds	375	112	263		
State Obligations	6,897		4,756	2,141	
Total	\$ 1,762,839	\$ 560,504	\$ 147,212	\$ 46,806	\$ 1,008,317

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

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

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

As of June 30, 2021, the Economic Development Finance Authority investments had the following ratings:

Moody's Rating	Fair Value
Aa+	\$ 101,899
Aaa	271,210
Total Fair Value	\$ 373,109

As of June 30, 2021, the Housing Development Authority investments had the following ratings (Dollars Expressed in Thousands):

Type/Provider	Moody's Credit Rating	Amount	% of Total
Money Market Funds	NR	\$ 341,002	19.4%
Certificates of Deposit	NR	2,805	0.1%
Corporate-Backed Obligations	NR	1,331	0.1%
U.S. Agencies	Aaa	11,569	0.7%
U.S. Treasuries	Aaa	337,261	19.2%
State and Municipal Securities	A1 to Aaa	5,891	0.3%
Mortgage-backed Securities:			
GNMA	NR	698,548	39.6%
FNMA	NR	339,493	19.3%
FHLMC	NR	22,868	1.3%
		\$1,760,768	100.0%

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

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

As of June 30, 2021, the Economic Development Finance Authority permits the maximum portfolio exposure to permitted investments:

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

Hedging Derivative Financial Instruments in Component Units

South Dakota Housing Development Authority

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

Swap Terms. The terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2021, are contained in the table below. The initial notional amounts of the swaps match the principal amounts of the associated debt. The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally 10 years after the date of issuance of the related bonds (Dollars Expressed in Thousands).

<u>Bond Series</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Payable Rate</u>	<u>Variable Rate Received</u>	<u>Termination Date</u>	<u>Counterparty Credit Rating*</u>	<u>Fair Value</u>
Wells Fargo Bank							
2015 E-1	\$ 25,000	12/17/2015	2.11%	66.4% of LIBOR plus 0.22%	11/01/2037	Aa1	\$ (1,126)
2015 E-2	25,000	12/17/2015	66.4% of 1M LIBOR plus 0.22%	22yr MMD plus 0.87%	11/01/2037	Aa1	
2016 E-1	50,000	11/01/2016	2.21%	66.4% of LIBOR plus 0.23%	05/01/2037	Aa1	(2,708)
2016 E-2	50,000	11/01/2016	66.4% of 1M LIBOR plus 0.23%	21yr MMD plus 0.95%	05/01/2037	Aa1	196
2020 D	33,000	05/01/2029	0.928%	100% SIFMA	05/01/2043	Aa1	1,999
MPB 2020A	14,800	09/29/2020	1.31%	100% SIFMA	11/01/2062	Aa1	343
Bank of New York Mellon							
2020 B		02/12/2020	1.6525%	100% SIFMA	11/01/2041	Aa1	(929)

* Moody's Investors Service

The fair values presented on the above table were estimated by the Housing Development Authority's counterparty to the swaps. The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations, along with consideration for non-performance risk, determine the current fair value of the Authority's swap contracts. The fair values in the previous table represent the termination payments that would have been due had the swaps been terminated as of June 30, 2021. A positive fair value represents money due to the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

Swap Risks

Credit Risk. The terms of the swaps expose the Housing Development Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure to its counterparties when the swap positions have a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral thresholds are based on the prevailing ratings, as determined by Moody's and Standard & Poor's, of each counterparty, in the case of the counterparties, or hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2021, neither the Authority nor any counterparty had been required to post collateral.

Basis Risk. The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds, but under the terms of its swaps receives a variable rate based upon the one-month, taxable LIBOR rate or SIFMA rate. Basis risk will vary over time due to inter-market conditions. For the year ended June 30, 2021, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.12% per annum, while the weighted average interest rate on the swaps was 1.21% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the applicable swap index.

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

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

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

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

Swap Payments and Associated Debt. Variable-rate bond interest payments and net swap payments will vary during their term. Future debt service requirements of the variable-rate debt and net swap payments as of June 30, 2021 were as follows, (Expressed in Thousands):

Year-end June 30	Variable-rate Bond		Interest Rate	Total
	Principal	Interest	Swap – Net	
2022	\$ 175	\$ 1,192	\$ 1,418	\$ 2,785
2023	270	1,191	1,416	2,877
2024	320	1,192	1,412	2,924
2025	325	1,191	1,408	2,924
2026	340	1,191	1,404	2,935
2027-2031	22,455	5,745	6,656	34,856
2032-2036	73,760	2,881	4,814	81,455
2037-2041	44,880	148	1,954	46,982
2042-2046	8,270	11	442	8,723
2047-2051	1,765	6	245	2,016
2052-2056	1,300	4	160	1,464
2057-2060	1,855	1	68	1,924
Total	\$ 155,715	\$ 14,753	\$ 21,397	\$ 191,865

Rollover Risk. Rollover risk is the risk that a swap associated with a bond issue does not extend to the maturity of that debt. When the swap terminates, the associated debt will no longer have the benefit of the swap. The Authority did not have any rollover risk as of June 30, 2021.

Mortgage-Backed Security (MBS) Forwards Contracts

The South Dakota Housing Development Authority has entered into forward contracts to hedge the interest rate risk of delivering MBS securities guaranteed by Ginnie Mae and Fannie Mae in the future, before the securities are ready for delivery (referred to as “to-be-announced” or TBA Mortgage-Backed Securities). These securities represent pools of qualified mortgage loans originated by Authority approved lenders. The forward contracts offset the financial impact to the Authority of changes in interest rates between the time of loan reservations made to originating mortgage lenders and the securitization and sale of such loans as Ginnie Mae or Fannie Mae securities. The forward contracts are considered hedging derivative instruments and the fair values were obtained from an external pricing specialist using current trade pricing for similar financial instruments in active markets that the Authority has the ability to access. A positive fair value represents money due to the Authority by the counterparty, while a negative fair value represents money payable by the Authority.

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Outstanding forward sales contracts as of June 30, 2021, are as follows:

Forward Contracts to sell TBA Mortgage- Backed Securities	Notional Amount June 30	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30	Moody's Credit Rating
Bank of America Merrill Lynch						
GNMA II	\$ 1,000,000	04/23/2021	07/21/2021	2.00%	\$ (2,656)	A2
GNMA II	1,000,000	04/29/2021	07/21/2021	2.50%	(3,906)	A2
GNMA II	1,200,000	06/16/2021	07/21/2021	2.50%	(750)	A2
FNMA	1,200,000	05/12/2021	08/12/2021	2.50%	(6,188)	A2
FNMA	1,000,000	05/18/2021	08/12/2021	2.50%	(3,438)	A2
GNMA II	1,000,000	05/26/2021	08/19/2021	3.00%	313	A2
GNMA II	1,000,000	06/16/2021	08/19/2021	3.00%	1,250	A2
FNMA	1,000,000	06/18/2021	09/14/2021	3.00%	(2,656)	A2
GNMA II	1,400,000	06/18/2021	09/21/2021	3.00%	(5,906)	A2
Bank of Montreal						
GNMA II	1,000,000	04/20/2021	07/21/2021	2.50%	(1,367)	Aa2
GNMA II	(3,400,000)	06/24/2021	07/21/2021	2.50%	7,438	Aa2
GNMA II	1,400,000	05/20/2021	08/19/2021	3.00%	219	Aa2
GNMA II	1,400,000	06/04/2021	08/19/2021	3.00%	930	Aa2
GNMA II	500,000	06/10/2021	08/19/2021	2.50%	547	Aa2
Bank of New York Mellon						
FNMA	1,000,000	04/22/2021	07/14/2021	2.50%	(2,891)	A1
FNMA	200,000	06/09/2021	07/14/2021	3.00%	281	A1
GNMA II	1,000,000	04/22/2021	07/21/2021	2.50%	(625)	A1
GNMA II	1,000,000	04/26/2021	07/21/2021	2.50%	(273)	A1
GNMA II	600,000	05/05/2021	07/21/2021	2.00%	(1,195)	A1
GNMA II	1,200,000	05/05/2021	07/21/2021	2.50%	797	A1
GNMA II	700,000	05/12/2021	07/21/2021	2.00%	(5,551)	A1
GNMA II	1,400,000	05/12/2021	07/21/2021	2.50%	(4,977)	A1
GNMA II	2,100,000	06/16/2021	07/21/2021	2.50%	(1,641)	A1
FNMA	1,000,000	05/19/2021	08/12/2021	3.00%	(508)	A1
FNMA	1,000,000	06/01/2021	08/12/2021	3.00%	352	A1
GNMA II	1,000,000	06/10/2021	08/19/2021	3.00%	1,758	A1
GNMA II	1,800,000	06/17/2021	08/19/2021	3.00%	(2,461)	A1
Bank of Oklahoma						
FNMA	600,000	04/29/2021	07/14/2021	2.50%	(3,445)	A3
GNMA II	2,000,000	05/07/2021	07/21/2021	2.50%	3,750	A3
GNMA II	500,000	05/18/2021	07/21/2021	3.00%	(469)	A3
GNMA II	(1,500,000)	06/24/2021	07/21/2021	2.50%	2,813	A3
FNMA	1,200,000	06/07/2021	08/12/2021	3.00%	797	A3
GNMA II	1,200,000	05/24/2021	08/19/2021	3.00%	94	A3
GNMA II	1,000,000	06/01/2021	08/19/2021	3.00%	(1,406)	A3
FNMA	1,800,000	06/14/2021	09/14/2021	3.00%	1,195	A3
GNMA II	1,200,000	06/28/2021	09/21/2021	3.00%	(2,625)	A3

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Forward Contracts to sell TBA Mortgage- Backed Securities	Notional Amount June 30	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30	Moody's Credit Rating
Brean Capital						
GNMA II	\$ (600,000)	06/24/2021	07/21/2021	3.00%	\$ 656	Not rated
Citigroup Global Markets						
GNMA II	(600,000)	06/24/2021	07/21/2021	3.00%	938	A3
Daiwa Capital Markets						
FNMA	700,000	04/19/2021	07/14/2021	2.50%	(3,828)	Not rated
FNMA	(700,000)	06/24/2021	07/14/2021	2.50%	984	Not rated
FNMA	700,000	06/24/2021	07/14/2021	3.00%	(547)	Not rated
GNMA II	1,400,000	06/11/2021	08/19/2021	3.00%	2,844	Not rated
FNMA	1,000,000	06/24/2021	09/14/2021	3.00%	(313)	Not rated
GNMA II	1,200,000	06/29/2021	09/21/2021	2.50%	(5,250)	Not rated
GNMA II	1,400,000	06/29/2021	09/21/2021	3.00%	(2,844)	Not rated
Jefferies						
FNMA	600,000	04/21/2021	07/14/2021	3.00%	2,531	Baa3
FNMA	2,400,000	05/05/2021	07/14/2021	2.50%	(3,750)	Baa3
GNMA II	500,000	06/16/2021	07/21/2021	2.50%	(234)	Baa3
GNMA II	300,000	06/16/2021	07/21/2021	3.00%	375	Baa3
GNMA II	1,200,000	06/21/2021	09/21/2021	3.00%	(4,500)	Baa3
Piper Sandler						
FNMA	600,000	04/14/2021	07/14/2021	3.00%	1,594	Not rated
GNMA II	400,000	06/16/2021	07/21/2021	3.00%	563	Not rated
FNMA	1,000,000	05/24/2021	08/12/2021	3.00%	1,875	Not rated
FNMA	500,000	06/29/2021	09/14/2021	2.50%	(81)	Not rated
	\$ 44,700,000				\$ (41,387)	

Fair Value Measurement

Investments are reported at fair value as of June 30, 2021, to the extent available. GASB Statement No. 72- *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included within Level 1 that are observable; Level 3 inputs are significant unobservable inputs.

The following table summarizes the Housing Development Authority and Economic Development Finance Authority investments within the fair value hierarchy as of June 30, 2021, (Expressed in Thousands):

	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 337,291	\$	\$ 337,291	\$
U.S. Agencies	1,071,471		1,071,471	
Corporate-Backed Obligations	1,331		1,331	
Money Market Mutual Funds	341,002	341,002		
Municipal Bonds	376		376	
Certificates of Deposit	4,471		4,471	
State Obligations	6,897		6,897	
Total Investments by Fair Value Level	\$ 1,762,839	\$ 341,002	\$ 1,421,837	\$ 0
Hedging Derivative Instruments				
Interest Rate Swaps	\$ (2,226)	\$	\$ (2,226)	\$
Forward MBS Contracts	(41)		(41)	
Total Hedging Derivative Instruments	\$ (2,267)	\$ 0	\$ (2,267)	\$ 0

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

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

The Housing Development Authority obtains its fair value pricing on interest rate swaps and forward MBS contracts from a third party vendor. For interest rate swaps, the valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by current market implied volatility. Together these calculations, along with considerations from non-performance risks, determine the current fair value of the Housing Development Authority's swap contracts. The forward MBS contracts fair values were obtained from an external pricing specialist using current trade pricing for similar financial instruments in active markets that the Authority has the ability to access.

Continued on next page

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

A. Receivables - Net

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

	Governmental Activities							Total	
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Dakota Cement Trust Fund	Education Enhancement Trust Fund	Non-major Governmental Funds		Internal Service Funds
Taxes Receivable	\$ 248,687	\$ 19,249	\$	\$	\$	\$	\$ 3,335	\$	\$ 271,271
Allowance	(14,274)	(31)					(1)		(14,306)
Accounts Receivable	16,767	775	12,038	2,839	159	252	19,911	7,456	60,197
Allowance	(5,481)	(624)					(108)		(6,213)
Due From Other Governments	1,902	103,091	28,533	36,334			111,390	205	281,455
Interest Receivable	14,308	423	2	15	442	1,165	1,025	206	17,586
Current Loans and Notes		408					6,676		7,084
Allowance							(54)		(54)
Non-current Loans and Notes		6,005					66,086		72,091
Allowance							(571)		(571)
Due From Fiduciary Funds	188							85	273
Receivables, net	\$ 262,097	\$ 129,296	\$ 40,573	\$ 39,188	\$ 601	\$ 1,417	\$ 207,689	\$ 7,952	\$ 688,813

	Business-type Activities					Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Unemployment Insurance Fund	Non-major Enterprise Funds	
Accounts Receivable	\$ 6,599	\$	\$	\$ 35,245	\$ 140	\$ 41,984
Allowance	(11)			(19,438)		(19,449)
Due From Other Governments		1,118	605	3,255	84	5,062
Interest Receivable	38	3,533	1,990		332	5,893
Current Loans Receivable		21,072	12,246		6,780	40,098
Allowance					(323)	(323)
Noncurrent Loans Receivable		290,757	181,360		32,747	504,864
Allowance					(1,904)	(1,904)
Due From Fiduciary Funds					43	43
Receivables, net	\$ 6,626	\$ 316,480	\$ 196,201	\$ 19,062	\$ 37,899	\$ 576,268

B. Accounts Payable and Other Current Liabilities

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

	Governmental Activities						Total
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Non-major Governmental Funds	Internal Service Funds	
Payroll and Withholdings	\$ 10,101	\$ 5,025	\$ 2,255	\$ 6,185	\$ 10,911	\$ 2,769	\$ 37,246
Accounts Payable	58,814	75,423	7,538	8,938	23,298	3,401	177,412
Medicaid and CHIP Claims	22,716		28,740	4,132	19,739		75,327
Due to Other Governments	1,441	8,958	89	17,030	29,284	210	57,012
Bank Tax Refund	15,317						15,317
Shared Revenue Distribution	31,370				35,373		66,743
Claims Payable						17,052	17,052
Due to Fiduciary Funds	94						94
Total	\$ 139,853	\$ 89,406	\$ 38,622	\$ 36,285	\$ 118,605	\$ 23,432	\$ 446,203

	Business-type Activities					Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Unemployment Insurance Fund	Non-major Enterprise Funds	
Payroll and Withholdings	\$ 125	\$ 7	\$ 8	\$	\$ 765	\$ 905
Accounts Payable	5,717	703	207		4,159	10,786
Due to Fiduciary Funds					20	20
Escrow Payable	191					191
Other Liabilities	260			480	175	915
Total	\$ 6,293	\$ 710	\$ 215	\$ 480	\$ 5,119	\$ 12,817

5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2021, is as follows (Expressed in Thousands):

A. Interfund Receivables and Payables

Due From	Due To									Total
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Non-major Governmental Funds	Unemployment Insurance Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$	\$ 1	\$	\$	\$ 244	\$	\$ 46	\$ 2,533	\$ 94	\$ 2,918
Transportation Fund	541				209		50	1,248		2,048
Social Services Federal Fund					283		4	900		1,187
COVID-19 Federal	5,443				412			218		6,073
Education Enhancement Trust Fund	23,674									23,674
Non-major Governmental Funds	37,182	1,990	3	2,659	6,858		414	2,819		51,925
Lottery Fund	6,938	371			910			78		8,297
Clean Water State Revolving								2		2
Drinking Water State Revolving								2		2
Unemployment Insurance					1,083					1,083
Non-major Enterprise Funds	24				67		5	135	20	251
Internal Service Funds	20	305			94	24		743		1,186
Fiduciary Funds	188							85		316
Total	\$ 74,010	\$ 2,667	\$ 3	\$ 2,659	\$ 10,160	\$ 24	\$ 562	\$ 8,763	\$ 114	\$ 98,962

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in *Note 3 Cash, Deposits, and Investments* in the Notes to the Financial Statements; 3) other payables existing between funds; 4) a move of balances from a Non-Major Governmental Fund to the COVID-19 Federal Fund; and 5) expenditures paid by the General Fund related to the pandemic and moved to the COVID-19 Federal Fund. Advances between funds are included in the table above. These are interfund borrowing between funds that are not due within one year. Advances between funds include \$3.4 million between non-major governmental funds for energy conservation projects and maintenance and repair.

B. Interfund Transfers

Transferred From	Transferred To							Total
	General Fund	Transportation Fund	COVID-19 Federal Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Services Funds	
General Fund	\$	\$ 1	\$	\$	\$ 85,803	\$ 756	\$ 1,820	\$ 88,380
Transportation Fund	4,031				1,059	94		5,184
Social Services Federal Fund					191			191
COVID-19 Federal					781	6		787
Dakota Cement Trust Fund	13,436							13,436
Education Enhancement Trust Fund	23,674							23,674
Non-major Governmental Funds	74,981	4,282	51	8,715	11,187	94		99,310
Lottery Fund	156,540	1,557			3,781			161,878
Clean Water State Revolving Fund					36			36
Drinking Water State Revolving Fund					55			55
Unemployment Insurance					838			838
Non-major Enterprise Funds	472				282			754
Internal Service Funds					66			66
Total	\$ 273,134	\$ 5,840	\$ 51	\$ 8,715	\$ 104,079	\$ 950	\$ 1,820	\$ 394,589

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

6. CAPITAL ASSETS

A. Primary Government

Capital Assets consisted of the following for fiscal year 2021 (Expressed in Thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 123,053	\$ 2,139	\$ 166	\$ 125,026
Land Improvements	10,618	1,102		11,720
Land & Improvements - Roads	637,242	1,897		639,139
Construction in Progress	345,063	233,045	281,576	296,532
Total Capital Assets Not Being Depreciated	1,115,976	238,183	281,742	1,072,417
Capital Assets Being Depreciated:				
Land Improvements	58,156	13,524	9	71,671
Buildings	750,938	37,050	168	787,820
Equipment	258,441	23,885	6,494	275,832
Intangible Assets - Software	132,167	7,154	1,153	138,168
Vehicles	182,651	17,157	8,671	191,137
Infrastructure	4,386,511	200,861	111,940	4,475,432
Total Capital Assets Being Depreciated	5,768,864	299,631	128,435	5,940,060
Less Accumulated Depreciation:				
Land Improvements	20,260	2,676	1	22,935
Buildings	280,340	18,784	17	299,107
Equipment	163,866	16,733	6,250	174,349
Intangible Assets - Software	79,081	8,357	1,232	86,206
Vehicles	101,853	12,142	7,565	106,430
Infrastructure	1,771,674	72,595	31,807	1,812,462
Total Accumulated Depreciation	2,417,074	131,287	46,872	2,501,489
Total Capital Assets Being Depreciated, Net	3,351,790	168,344	81,563	3,438,571
Total Governmental Activities, Net	\$ 4,467,766	\$ 406,527	\$ 363,305	\$ 4,510,988

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Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 295	\$	\$	\$ 295
Construction in Progress	267	503	480	290
Total Capital Assets Not Being Depreciated	562	503	480	585
Capital Assets Being Depreciated:				
Land Improvements	1,096			1,096
Buildings	8,591		773	7,818
Equipment	4,190	91	705	3,576
Intangible Assets - Software	2,620	473	2,341	752
Total Capital Assets Being Depreciated	16,497	564	3,819	13,242
Less Accumulated Depreciation:				
Land Improvements	694	17		711
Buildings	3,833	140	774	3,199
Equipment	3,558	131	3,008	681
Intangible Assets - Software	2,419	193	28	2,584
Total Accumulated Depreciation	10,504	481	3,810	7,175
Total Capital Assets Being Depreciated, Net	5,993	83	9	6,067
Total Business-type Activities, Net	\$ 6,555	\$ 586	\$ 489	\$ 6,652

Depreciation was charged to the function of government as follows:

Governmental Activities	Amount
Unallocated	\$ 53
General Government	10,751
Health, Human, and Social Services	7,834
Law, Justice, Public Protection, and Regulation	10,681
Agriculture and Natural Resources	7,682
Transportation	90,171
Education	4,113
Total Governmental Activities	\$131,285
Business-type Activities	
Enterprise Funds	\$ 480

B. Component Units

Capital Assets for component units consisted of the following for fiscal year 2021 (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Higher Education*:				
Capital Assets Not Being Depreciated:				
Land	\$ 31,557	\$ 272	\$	\$ 31,829
Construction in Progress, as restated	103,827	93,917	81,054	116,690
Works of Art and Historical Treasures	9,988	103		10,091
Total Capital Assets Not Being Depreciated, as restated	<u>145,372</u>	<u>94,292</u>	<u>81,054</u>	<u>158,610</u>
Capital Assets Being Depreciated:				
Land Improvements	65,797	898		66,695
Infrastructure	99,251	5,151		104,402
Buildings	1,537,799	75,728		1,613,527
Equipment and Other Assets, as restated	293,895	9,151	3,928	299,118
Total Capital Assets Being Depreciated, as restated	<u>1,996,742</u>	<u>90,928</u>	<u>3,928</u>	<u>2,083,742</u>
Less Accumulated Depreciation:				
Land Improvements	28,547	3,117		31,664
Infrastructure, as restated	36,343	3,413		39,756
Buildings	506,264	42,861		549,125
Equipment and Other Assets, as restated	236,357	12,907	3,626	245,638
Total Accumulated Depreciation, as restated	<u>807,511</u>	<u>62,298</u>	<u>3,626</u>	<u>866,183</u>
Total Capital Assets Being Depreciated, Net, as restated	<u>1,189,231</u>	<u>28,630</u>	<u>302</u>	<u>1,217,559</u>
Total Higher Education Capital Assets, Net	<u>1,334,603</u>	<u>122,922</u>	<u>81,356</u>	<u>1,376,169</u>
* Higher Education amounts do not include their foundations.				
Housing Development Authority:				
Capital Assets Not Being Depreciated:				
Land	220			220
Total Capital Assets Not Being Depreciated	<u>220</u>	<u>0</u>	<u>0</u>	<u>220</u>
Capital Assets Being Depreciated:				
Land Improvements	1,262			1,262
Buildings	4,999			4,999
Equipment	4,664	324	286	4,702
Total Capital Assets Being Depreciated	<u>10,925</u>	<u>324</u>	<u>286</u>	<u>10,963</u>
Less Accumulated Depreciation:				
Land Improvements	832	37		869
Buildings	1,472	128		1,600
Equipment and Other Assets	3,762	258	266	3,754
Total Accumulated Depreciation	<u>6,066</u>	<u>423</u>	<u>266</u>	<u>6,223</u>
Total Capital Assets Being Depreciated, Net	<u>4,859</u>	<u>(99)</u>	<u>20</u>	<u>4,740</u>
Total Housing Development Authority Capital Assets, Net	<u>5,079</u>	<u>(99)</u>	<u>20</u>	<u>4,960</u>

Continued on next page

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Science and Technology Authority:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,814	\$	\$	\$ 1,814
Underground Mine	17,937			17,937
Archive Materials	70			70
Construction in Progress	1,824	4,061	5,885 *	
Total Capital Assets Not Being Depreciated	<u>21,645</u>	<u>4,061</u>	<u>5,885</u>	<u>19,821</u>
Capital Assets Being Depreciated:				
Building Improvements	55,625			55,625
Buildings	7,704	5,885 *		13,589
Equipment	11,626	1,891	745	12,772
Vehicles	237	70		307
Infrastructure	2,003			2,003
Total Capital Assets Being Depreciated	<u>77,195</u>	<u>7,846</u>	<u>745</u>	<u>84,296</u>
Less Accumulated Depreciation:				
Building Improvements	9,078	1,333		10,411
Buildings	2,137	155		2,292
Equipment	6,394	795	603	6,586
Vehicles	77	24		101
Infrastructure	448	52		500
Total Accumulated Depreciation	<u>18,134</u>	<u>2,359</u>	<u>603</u>	<u>19,890</u>
Total Capital Assets Being Depreciated, Net	<u>59,061</u>	<u>5,487</u>	<u>142</u>	<u>64,406</u>
Total Science and Technology Authority Capital Assets, Net	<u>80,706</u>	<u>9,548</u>	<u>6,027</u>	<u>84,227</u>

* Reclassification of CIP. For more information please see Science and Technology Authority's separately issued financial statements.

Ellsworth Development Authority

Capital Assets Not Being Depreciated:

Land and Easements		240	240	
Construction in Progress		1,725		1,725
Total Capital Assets Not Being Depreciated	<u>0</u>	<u>1,965</u>	<u>240</u>	<u>1,725</u>

Capital Assets Being Depreciated:

Equipment	4	1		5
Buildings	17,199			17,199
Improvements	6,921			6,921
Total Capital Assets Being Depreciated	<u>24,124</u>	<u>1</u>	<u>0</u>	<u>24,125</u>

Less Accumulated Depreciation:

Equipment	3			3
Buildings	3,381	574		3,955
Improvements	1,639	277		1,916
Total Accumulated Depreciation	<u>5,023</u>	<u>851</u>	<u>0</u>	<u>5,874</u>
Total Capital Assets Being Depreciated, Net	<u>19,101</u>	<u>(850)</u>	<u>0</u>	<u>18,251</u>
Total Ellsworth Development Authority Capital Assets, Net	<u>19,101</u>	<u>1,115</u>	<u>240</u>	<u>19,976</u>

Total Discretely Presented Component Units, Net, as restated

<u>\$ 1,439,489</u>	<u>\$ 133,486</u>	<u>\$ 87,643</u>	<u>\$ 1,485,332</u>
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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, 2021, are as follows (Expressed in Thousands):

	<u>Amount</u>
Primary Government	
Governmental Activities	
Land Improvements	\$ 2,196
Buildings and Structures	37,155
Equipment	5,123
Vehicles	4,112
Intangibles - Computer Software	23,508
Infrastructure	<u>224,438</u>
Total Governmental Activities	<u>296,532</u>
Business - Type Activities	
Intangibles - Computer Software	<u>290</u>
Total Business - Type Activities	<u>290</u>
Total Primary Government	<u>\$ 296,822</u>
Discretely Presented Component Units	
Higher Education*	
Land Improvements	\$ 35,450
Buildings and Structures	72,019
Infrastructure	8,074
Equipment	1,147
Ellsworth Development Authority	
Buildings and Structures	<u>1,725</u>
Total Discretely Presented Component Units	<u>\$ 118,415</u>

* Higher Education amounts do not include their foundations.

7. RETIREMENT PLANS

South Dakota Retirement System

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

SDRS is considered a part of the State financial reporting entity and is included in the State's financial report as a pension trust fund. Authority for establishing, administering, and amending plan provisions is found in South Dakota Codified Law (SDCL) 3-12C. Copies of the audited SDRS financial statements are available at www.sdrs.sd.gov.

The South Dakota Retirement System Board of Trustees (the Board) is the governing authority of SDRS. The Board consists of 14 elected representatives from participating groups, two appointees of the governor, and an ex officio nonvoting representative of the South Dakota Investment Council. The elected representatives of the Board are two teacher members; two State employee members; a participating municipality member; a participating county member; a participating classified employee member; a current contributing Class B member other than a justice, judge, or magistrate judge; a county commissioner of a participating county; a school district board member; a justice, judge, or

magistrate judge; an elected municipal official of a participating municipality; a retiree; and a faculty or administrative member employed by the Board of Regents. The two Governor's appointees consist of one head of a principal department established pursuant to SDCL 1-32-2, or one head of a bureau under the office of executive management and one individual from the private or public sector.

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

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

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

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

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

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

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

SDRS is a qualified defined benefit retirement plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes. SDRS last received a favorable determination letter dated October 3, 2016, in which the Internal Revenue Service stated that the System, as then designated, was in compliance with the applicable requirements of the Internal Revenue Code. SDRS believes that the system currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, SDRS continues to be tax exempt as of June 30, 2021. Therefore, no provision for income taxes has been included in SDRS's financial statements.

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

the retirement of a member, and the first of each month thereafter. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

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

The arithmetically calculated money-weighted return net of fees was 22.01% in 2021. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investment by the proportion of time they are available to earn during that period. The rate of return equates the sum of weighted external cash flows into and out of pension plan investments to the ending fair value of the pension plan investment.

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

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

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

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

SDRS is funded by fixed member and employer contributions at a rate established by South Dakota law. On an annual basis, an actuarial valuation of SDRS is performed to determine the adequacy of the fixed contributions to pay the normal costs and expenses, if the System is fully funded or pay the normal costs, expenses and amortize the unfunded actuarial accrued liability (UAAL) if the System is not fully funded. The June 30, 2021, actuarial valuation of the plan determined that the System is fully funded and that the statutorily required employer contributions meet the requirements for the annual required contributions of the employers under GASB Statement No. 67, *Financial Reporting for Pension Plans*; and the statutorily required employer contributions are sufficient to pay the employer normal cost and expenses.

Contributions for the primary government during fiscal year 2021 were \$27.8 million, during fiscal year 2020 were \$27.2 million, and during fiscal year 2019 were \$26.4 million. Contributions for the State's component units during 2021 were \$19.4 million, during fiscal year 2020 were \$19.7 million, and during fiscal year 2019 were \$19.4 million.

State's Proportionate Share of SDRS. For fiscal year 2021, the State and its component units used a July 1, 2019, to June 30, 2020, measurement date for reporting purposes.

The State's proportionate share of SDRS's collective net pension asset is 20.7% or \$0.9 million using a June 30, 2020, measurement date. This percentage was measured based on all employer contributions from July 1, 2019, through June 30, 2020. Pension expenses for the State were \$71.4 million and contributions subsequent to the measurement date were \$27.8 million. The State's proportionate share remained unchanged from the prior fiscal year's proportionate share of 20.7%.

The State's component unit's proportionate share of SDRS's collective net pension asset is 14.9% or \$0.6 million using a June 30, 2020, measurement date. This percentage was measured based on all employer contributions from July 1, 2019, through June 30, 2020. Pension expense for component units were \$51.4 million and contributions subsequent to the measurement date were \$19.4 million. The State's component unit's proportionate share decreased by 0.3% over the prior fiscal year's proportionate share of 15.2%.

The components of the net pension asset of the System at June 30, 2020, were as follows (Dollars Expressed in Thousands):

	State of South Dakota Proportionate Allocation 20.7%	Discretely Presented Component Units Proportionate Allocation 14.9%
Total Pension Liability	\$ 2,538,309	\$ 1,834,469
Plan Fiduciary Net Position	(2,539,207)	(1,835,117)
Net Pension (Asset) Liability	<u>\$ (898)</u>	<u>\$ (648)</u>

Fiduciary Net Position as a Percentage of Net Pension Liability	100.04%	100.04%
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.25%
- Salary Increase: 6.50% at entry to 3.00% after 25 years of service
- Discount Rate: 6.50%, net of pension plan investment expenses
- Future COLAs: 1.41% FY21 and 2.25% FY22

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Discount rate - The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58%	5.1%
Fixed Income	30%	1.5%
Real Estate	10%	6.2%
Cash	2%	1.0%
Total	<u>100%</u>	

Sensitivity of (asset) liability to changes in the discount rate. The following presents the net pension (asset) liability of the State's proportionate share of SDRS's collective net pension asset of \$0.9 million using a June 30, 2020, measurement date, calculated using the discount rate of 6.5%, as well as what the System's net pension (asset) liability would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate (Expressed in Thousands):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State's Proportionate Share of SDRS's Net Pension (Asset) Liability	\$ 347,882	\$ (898)	\$ (286,191)
Discretely Presented Component units Proportionate Share of SDRS Net Pension (Asset) Liability	251,419	(648)	(206,834)

Deferred Outflows and Inflows of Resources Related to Pensions. The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2021, were as follows (Expressed in Thousands):

**State of South Dakota
Deferred Outflows and Inflows of Resources
Related to Pensions**

<u>Source</u>	<u>Primary Government</u>		<u>Discretely Presented Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 3,431	\$ 702	\$ 2,480	\$ 508
Changes in Assumptions	28,885	116,496	20,875	84,193
Net Differences between Projected and Actual Earnings on Pension Plan Investments	83,350		60,238	
Changes in Proportionate Share and Differences between Contributions and Proportionate Share of Contributions	2,369		1,892	272
Contributions Subsequent to the Measurement Date	27,834		19,424	
Total	<u>\$ 145,869</u>	<u>\$ 117,198</u>	<u>\$ 104,909</u>	<u>\$ 84,973</u>

The \$27.8 million and the \$19.4 million reported above as deferred outflows of resources by the primary government and the discretely presented component units are the result of employer contributions made subsequent to the measurement date of June 30, 2020. These contributions will be recognized as an increase of the net pension asset in the upcoming year.

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

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
2022	\$ (8,855)	\$ (6,549)
2023	(7,320)	(5,325)
2024	1,459	1,107
2025	15,553	11,279
Total	<u>\$ 837</u>	<u>\$ 512</u>

8. FUND BALANCES AND NET POSITION

Fund Balance Classifications – Governmental Funds

The following table provides additional detail regarding the fund balances reported on the Governmental Fund Balance Sheet at June 30, 2021, (Expressed in Thousands):

	General	Trans- portation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor Governmental Funds	Total
Nonspendable								
Inventory	\$ 2,790	\$ 20,166	\$ 22	\$ 1,344	\$	\$	\$ 1,586	\$ 25,908
Prepays	3,563	158	1,346	100			826	5,993
Permanent Fund Principal						420,764	207,455	628,219
Total Nonspendable Fund Balances	6,353	20,324	1,368	1,444	0	420,764	209,867	660,120
Restricted								
Education					378,520	281,262	17,869	677,651
Health and Public Assistance	5,333						106,576	111,909
Law , Justice, and Public Protection							23,284	23,284
Economic Development							67,006	67,006
Transportation		231,426						231,426
Agriculture and Natural Resources							102,981	102,981
Energy Conservation or Development							12,422	12,422
Game and Fish							11,711	11,711
Parks and Recreation							6,078	6,078
Public Buildings							1,227	1,227
Public Broadcasting							443	443
Railroads							56,444	56,444
Pandemic Response				148				148
Debt Service							20,199	20,199
Capital Projects							321	321
Other							9,301	9,301
Total Restricted Fund Balances	5,333	231,426	0	148	378,520	281,262	435,862	1,332,551
Committed								
Education							281	281
Health and Public Assistance							3,471	3,471
Law , Justice, and Public Protection							23,676	23,676
Agriculture and Natural Resources							5,594	5,594
Environmental Cleanup							6,690	6,690
Energy Conservation or Development							977	977
Public Buildings							2,229	2,229
Railroads							518	518
Other							15,808	15,808
Total Committed Fund Balances	0	0	0	0	0	0	59,244	59,244
Assigned								
Education	12,548						694	13,242
Higher Education	51,751							51,751
Health and Public Assistance	52,981		1,626				6,511	61,118
Law , Justice, and Public Protection	10,385						3,125	13,510
Agriculture and Natural Resources	15,404						623	16,027
Game and Fish	898							898
Tourism Promotion	5,668							5,668
Public Buildings	27,323						3,245	30,568
Railroads	20,000							20,000
Economic Development	89,567							89,567
Transportation	4,900							4,900
Other	90,741						3,364	94,105
Total Assigned Fund Balances	382,166	0	1,626	0	0	0	17,562	401,354
Unassigned Fund Balances *	451,026						(8,606)	442,420
Total Fund Balances	\$ 844,878	\$ 251,750	\$ 2,994	\$ 1,592	\$ 378,520	\$ 702,026	\$ 713,929	\$ 2,895,689

* This amount includes \$169.6 million of equity from the Budget Reserve established by the 1991 South Dakota Legislature and \$137.5 million of equity from the General Revenue Replacement Fund established by the 2015 South Dakota Legislature, as discussed further in the following paragraphs.

Budget Reserve

The 1991 South Dakota Legislature established the Budget Reserve that is funded from any unobligated cash in the General Fund. The maximum balance of the Budget Reserve is 10% of the prior year's General Fund appropriation. Expenditures out of the Budget Reserve shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to South Dakota Constitution, Article III, Section 1. The balance in the Budget Reserve at June 30, 2021, was \$169.6 million and is reported as unassigned fund balance within the General Fund.

General Revenue Replacement Fund

House Bill 1050, passed during the 2015 Legislative Session, created the General Revenue Replacement Fund (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. The balance in the GRRF at June 30, 2021, was \$137.5 million and is reported as unassigned fund balance within the General Fund.

General Fund

GASB 54

Since the implementation of GASB 54 in fiscal year 2011, 13 statutorily created funds no longer qualify as Special Revenue Funds and are required to be combined with the State's General Fund. As of June 30, 2021, the following equity balances are included within the State's General Fund in accordance with GASB 54 (Expressed in Thousands):

Fund Balance - June 30, 2021 as reported	\$ 844,878
Less Statutorily Created Funds Combined with the General Fund:	
Tourism Promotion - assigned for Tourism Promotion	6,826
Investment Council Operating - assigned for Other	2,691
Private Activity Bond - assigned for Other	329
Teen Court - assigned for Other	22
Proof of Concept - assigned for Economic Development	23
Fine Arts - assigned for Other	624
Economic Development - assigned for Economic Development	289
Local Infrastructure Improvement - assigned for Economic Development	5,706
Workforce Education - assigned for Education	2,485
Extraordinary Litigation Expense - assigned for Other	(330)
IT Modernization Fund	9,633
Legislative Contingency Fund - unassigned	1,545
Unclaimed Property - unassigned	11
Fund Balance - June 30, 2021 excluding GASB 54 combinations	<u>\$ 815,024</u>

Net Position Restricted by Enabling Legislation

The Government-wide Statement of Net Position reports \$2.0 billion of restricted net position for the primary government of which \$230.6 million was restricted by enabling legislation. Restrictions imposed by enabling legislation could be changed by future legislative action.

Funds Held as Permanent Investments

Funds held as permanent investments represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. Funds held in special revenue funds for this purpose have their principal balance classified as nonspendable in the governmental fund financial statements since these amounts are not available for appropriation. In the Government-wide Statement of Net Position, the principal balance is shown as nonexpendable and the investment earnings remaining in these funds at June 30, 2021, is shown as expendable.

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

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

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

These balances at June 30, 2021, are summarized as follows (Expressed in Thousands):

Fund	Expendable	Nonexpendable	Total Restriction
Education Enhancement Trust	\$ 281,262	\$ 420,764	\$ 702,026
Health Care Trust	81,455	135,631	217,086
Permanent	(1,819)	71,824	70,005
Total	\$ 360,898	\$ 628,219	\$ 989,117

Individual Fund Deficits

The following individual funds had deficit fund equity at June 30, 2021, (Expressed in Thousands):

Fund Type/Fund	Deficit
Internal Service:	
State Worker's Compensation	\$ 30,082
Special Revenue:	
State Fire Suppression	4,501
Law Enforcement Revolving	1,015
Animal Damage Control	198
Public Utilities Commission Federal	82

9. COMMITMENTS

At June 30, 2021, the Primary Government had operating commitments of \$1.5 billion and the State's discretely presented component units had operating commitments of \$150.1 million. The Primary Government also had uncalled capital commitments of \$1.9 billion. These commitments are broken down as follows:

Primary Government

Major Governmental Funds

General Fund: The total amount committed for the General Fund is \$169.6 million broken down by departments as follows:

- Department of Corrections has commitments totaling \$2.2 million for heating, ventilation, and air conditioning upgrades and security fencing.
- Bureau of Administration has commitments totaling \$10.6 million for multiple statewide maintenance and repair projects.
- Department of Education has commitments totaling \$16.9 million for grants, computer systems maintenance, and various K-12 programs.
- Bureau of Information and Telecommunications has commitments totaling \$12.7 million for various service contracts and encumbered purchase orders.
- Department of Social Services has commitments totaling \$83.8 million for alcohol and drug services, community mental health services, food services, janitorial services, and various other contractual commitments.
- Department of Military has commitments totaling \$0.6 million for numerous building renovation projects.
- Department of Health has commitments totaling \$1.2 million for telephone equipment.
- Governor's Office of Economic Development has commitments totaling \$31.2 million for Connect SD projects and reinvestment payment program projects.
- Legislative Research Council has commitments totaling \$0.6 million for lean training, computer consultant fees, computer hardware, and computer services.
- Department of Tourism has commitments totaling \$9.8 million for marketing contracts.

Transportation Fund: The total amount committed for the Transportation Fund is \$465.3 million broken down as follows:

- Department of Transportation has commitments totaling \$463.6 million for construction commitments, various highway projects, work in progress, maintenance projects, bridge repairs, pavement markings, drainage repairs, deer and debris pickup, snow plowing, and street sweeping.
- Department of Public Safety has commitments totaling \$1.7 million for yearly maintenance cost for the record management system and to preform maintenance services for existing access programs.

Social Services Federal Fund: Department of Social Services has commitments totaling \$135.3 million for various contractual commitments.

COVID-19 Federal Fund: The total amount committed for the COVID-19 Federal Fund is \$236.7 million broken down as follows:

- Bureau of Finance and Management has commitments totaling \$1.7 million for various COVID-19 related response.
- Department of Health has commitments totaling \$11.0 million for immunization programs, epidemiology lab capacity, and COVID Health disparities grant.
- Department of Social Services has commitments totaling \$10.2 million for community services block grants, Medicaid dental claims, food services, and community mental health services.

- Department of Education has commitments totaling \$184.8 million for programs, grants, and reimbursing costs incurred pursuant to Coronavirus Relief Fund.
- Governor's Office of Economic Development has commitments totaling \$29.0 million for Coronavirus Relief Fund projects.

Nonmajor Governmental Funds

Education Federal Fund: Department of Education has commitments totaling \$53.6 million for various grants, providing professional coaching for Birth to Three Bright Beginnings program and various K-12 programs and support.

Labor Fund: Department of Labor and Regulation has commitments totaling \$4.0 million for various grants and contractual commitments.

Health Federal Fund: Department of Health has commitments totaling \$7.2 million for clerical services, maintenance of several computer systems, medical case management services, human immunodeficiency virus prevention services, covered breast and cervical cancer screening services, Women, Infant, and Children program misuse investigations, and mass reach communication services for the South Dakota Tobacco Control Program.

Governor's Office and State Development Federal Fund: Governor's Office of Economic Development has commitments totaling \$7.6 million for SD Works Loan, Community Development Block Grant, and Energy Efficiency Community Block Grant Loan programs.

Public Safety Emergency Management Fund: Department of Public Safety has commitments totaling \$7.0 million for grant payments, software, and various other contracts.

Natural Resources Federal Fund: Department of Environment and Natural Resources has commitments totaling \$3.3 million in federal subgrant outstanding obligations.

Parks and Recreation Fund: Department of Game, Fish, and Parks has commitments totaling \$4.6 million for Bison Center design and construction and Pallasades campground.

Health Fund: Department of Health has commitments totaling \$3.2 million for supplying information technology services, medical case management, covered breast and cervical cancer screenings services, courier services for the rapid transportation of samples to the Public Health Laboratory, and Correctional Health.

Motor Vehicle Fund: Department of Public Safety has commitments totaling \$5.2 million for encumbrances and contracts for driver's licensing services.

Revenue Fund: Department of Revenue has commitments totaling \$12.6 million for the centralized production and distribution of license plates.

Future Fund: Governor's Office of Economic Development has commitments totaling \$8.4 million in SD community foundation grants.

Water and Environment Fund: Department of Environment and Natural Resources has commitments totaling \$37.7 million for consolidated water facilities construction program, solid waste management program, and state water resources management system grants and loans.

Military Federal Fund: Department of Military has commitments totaling \$6.3 million for numerous building renovations, Minnehaha County Base Security, waste management agreement, and Starbase sub-recipient.

Other Nonmajor Governmental Funds: The total amount committed for the Other Nonmajor Special Revenue Funds is \$87.6 million broken down by agency as follows:

- Governor's Office of Economic Development has commitments totaling \$2.0 million for local infrastructure improvement program grants.
- Unified Judicial System has commitments totaling \$0.6 million for rural attorney contracts and office equipment.

- Department of Public Safety has commitments totaling \$64.9 million for highway safety grant payments, public safety announcements, public education partnership program announcements, computer system installation and support, conducting surveys, provide support and monitoring of educational opportunities, and a new 911 system design and maintenance.
- Department of Health has commitments totaling \$3.5 million for covered breast and cervical cancer screening services, human immunodeficiency virus prevention services, and various activities aimed at tobacco prevention and control.
- Department of Education has commitments totaling \$5.3 million for various grants and contractual commitments.
- Department of Environment and Natural Resources has commitments totaling \$0.5 million for Volkswagen eligible vehicle rebates.
- Department of Agriculture has commitments totaling \$1.9 million for subgrants and subawards.
- South Dakota Soybean Research and Promotion Council has commitments totaling \$3.7 million for various contractual projects.
- Department of Social Services has commitments totaling \$1.4 million for medical transcription services, alcohol and drug services, and various other contractual commitments.
- South Dakota Corn Council has commitments totaling \$3.8 million for the operation and/or infrastructure of the bioprocessing center to be located within the State, corn research, promotion, and other various activities aimed at enhancing consumer and producer awareness of corn and corn related issues, and other projects.

Major Proprietary Funds

Clean Water State Revolving Fund: Department of Environment and Natural Resources has commitments totaling \$101.5 million for loan commitments with borrowers.

Drinking Water State Revolving Fund: Department of Environment and Natural Resources has commitments totaling \$63.7 million for loan commitments with borrowers.

Nonmajor Proprietary Funds

Revolving Economic Development and Initiative Fund: Governor's Office of Economic Development has commitments totaling \$28.7 million for loans.

Self-Insurance Fund: Bureau of Human Resources has commitments totaling \$23.4 million for claims administration, medical management, and wellness services.

Information Services Fund: The Bureau of Information and Telecommunications has commitments totaling \$4.2 million for encumbrances and services contracts.

Telecommunications Fund: The Bureau of Information and Telecommunications has commitments totaling \$6.8 million for encumbrances and services contracts.

Other Nonmajor Proprietary Funds: The total amount committed for the Other Nonmajor Proprietary Funds is \$0.7 million broken down by agency as follows:

- Department of Health has commitments totaling \$0.7 million to act as examiner, investigator, and inspector for various other boards and to provide administrator services.

Discretely Presented Component Units

Housing Authority: South Dakota Housing Development Authority has commitments totaling \$94.4 million to fund the Homeownership Mortgage Program.

Science and Technology Authority: South Dakota Science and Technology Authority has commitments totaling \$1.4 million for installation of industrial and potable water line.

Higher Education: Higher Education has \$52.6 million of construction, renovation, and coaching contract commitments.

South Dakota Ellsworth Development Authority: South Dakota Ellsworth Development Authority has commitments totaling \$1.7 million to operate and maintain the wastewater treatment plant.

Uncalled Capital Commitments

The Primary Government had uncalled capital commitments to private equity and real estate limited partnerships funds of approximately \$1.9 billion. The commitments may be called at the discretion of the general partner or may never be called. As capital is called, it is funded from capital and earnings returned by the limited partnerships or from other assets. Approximate uncalled capital commitments as of June 30, 2021 is broken down as follows (Expressed in Thousands):

	Special Revenue			Fiduciary	Permanent	
	Dakota Cement Trust	Education Enhancement Trust	Health Care Trust	South Dakota Retirement System Pension Trust Fund	Permanent Fund	TOTAL
Real Estate Funds	\$ 24,851	\$ 45,598	\$ 10,856	\$ 1,069,685	\$ 24,266	\$ 1,175,256
Private Equity Funds	13,673	25,191	5,980	689,584	13,254	747,682
Total	\$ 38,524	\$ 70,789	\$ 16,836	\$ 1,759,269	\$ 37,520	\$ 1,922,938

10. SELF-INSURANCE

A. Workers' Compensation Benefits and Unemployment Insurance

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

The State is self-insured for workers' compensation through the creation of reserves derived from a percentage of wages paid to state employees. This activity is accounted for in an internal service fund. Claims payable for workers' compensation is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses (those relating to a specific claim) are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. The claims liability is funded as claims are paid resulting in an actuarially determined unfunded liability of \$30.1 million at June 30, 2021.

The Workers' Compensation Fund liability at June 30, 2021 and the changes to the liability during fiscal years ended June 30, 2021 and 2020 were as follows (Expressed in Thousands):

	<u>FY2021</u>	<u>FY2020</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 32,194	\$ 31,512
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	6,793	6,279
Changes in provision for insured events of prior fiscal years	483	(341)
Total incurred claims and claim adjustment expenses	<u>7,276</u>	<u>5,938</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,455	1,349
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	4,085	3,907
Total payments	<u>5,540</u>	<u>5,256</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 33,930</u>	<u>\$ 32,194</u>

B. Health Insurance

The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance (However, an insurance carrier provides claims administration services for health insurance). The health 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. Effective January 1, 2014, the life insurance program switched from being self-insured to a fully insured product. Claims payable for health insurance is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. Allocated claim adjustment expenses are uncommon and immaterial. Unallocated claim adjustment expenses are not included.

The health insurance program liability at June 30, 2021 and the changes to the liability during fiscal years ended June 30, 2021 and 2020 were as follows (Expressed in Thousands):

	<u>FY2021</u>	<u>FY2020</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 17,220	\$ 15,879
Incurred claims and claim adjustment expenses	135,495	133,191
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	118,921	115,971
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	17,220	15,879
Total payments	<u>136,141</u>	<u>131,850</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 16,574</u>	<u>\$ 17,220</u>

C. Public Entity Pool for Liability

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

All funds and agencies of the State participate in the PEPL Fund. The PEPL Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund and agency based on the number of automobiles titled to each agency (for automobile liability) or approved full-time employees (for general tort liability). The PEPL Fund initially 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. For the current fiscal year, the State purchased reinsurance for claims costs over \$500,000 with 100% of the remaining \$500,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated and unallocated claim adjustment expenses are included in the determination of claims payable. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2021, \$6.2 million of the net assets balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2021, and the changes to the liability during fiscal years ended June 30, 2021, and 2020 were as follows (Expressed in Thousands):

	FY2021	FY2020
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 4,794	\$ 4,382
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	1,650	1,321
Changes in provision for insured events of prior fiscal years	(657)	227
Total incurred claims and claim adjustment expenses	993	1,548
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	474	212
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	912	924
Total payments	1,386	1,136
Unpaid claims and claim adjustment expenses at end of fiscal year	\$ 4,401	\$ 4,794

D. Risk Management

The State is commercially insured for aircraft, and crime bonds through outside insurance companies. Entities participating in these insurance coverages are only billed for premiums applicable to their coverage needs. Prior to April 13, 2015, the State was 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. On April 13, 2015, additional insurance was purchased resulting in the majority of all State buildings being covered. Beginning October 1, 2015, the South Dakota Property and Casualty Insurance Company, a component unit of the State of South Dakota, started providing property, including content, business income, and extra expense coverage on the State's buildings.

11. 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, 2021, (Expressed in Thousands):

Year Ending June 30	Primary Government	Component Units
2022	\$ 9,562	\$ 2,727
2023	8,969	2,053
2024	7,675	1,737
2025	6,591	368
2026	5,798	105
2027-2031	20,452	84
2032-2036	10,056	53
2037-2041	8,603	53
2042-2046	6,936	41
2047-2051	7,074	
2052-2056	1,302	
Total Minimum Payments	\$ 93,018	\$ 7,221

The total rental expenses for all operating leases for the fiscal year ended June 30, 2021, was \$20.6 million for the primary government and \$3.4 million for component units.

Continued on next page

12. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2021, and changes to long-term liabilities during the fiscal year then ended are as follows (Expressed in Thousands):

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities *					
Revenue Bonds	\$ 135,671	\$ 9,495	\$ (25,892)	\$ 119,274	\$ 13,133
Add Unamortized Premium	11,093		(1,498)	9,595	1,067
Net Revenue Bonds	146,764	9,495	(27,390)	128,869	14,200
Compensated Absences	65,045	45,583	(42,308)	68,320	36,317
Policy Claims Liability	4,794	993	(1,386)	4,401	1,588
Workers Compensation	32,231	7,276	(5,572)	33,935	4,453
Capital Leases	133,352	4,597	(29,027)	108,922	7,590
Pollution Remediation Obligation	12,646		(486)	12,160	350
Escheat Property	34,777	33,221	(19,275)	48,723	33,519
Other Long Term Liabilities	108	57	(53)	112	57
Total Governmental Activities	\$ 429,717	\$ 101,222	\$ (125,497)	\$ 405,442	\$ 98,074
Business-type Activities					
Revenue Bonds	\$ 308,160	\$ 76,310	\$ (20,630)	\$ 363,840	\$ 22,425
Add Unamortized Premium	43,142	24,225	(3,897)	63,470	3,897
Net Revenue Bonds	351,302	100,535	(24,527)	427,310	26,322
Other Noncurrent Liabilities	1,302	161		1,464	
Compensated Absences	1,785	947	(978)	1,754	933
Total Business-type Activities	\$ 354,389	\$ 101,643	\$ (25,505)	\$ 430,528	\$ 27,255
Component Units					
Revenue Bonds	\$ 1,660,366	\$ 358,410	\$ (392,143)	\$ 1,626,633	\$ 77,729
Less Unamortized Discount	(79)		4	(75)	(4)
Add Unamortized Premium	64,479	17,593	(18,173)	63,899	3,166
Direct Placement Bonds	105,025		(4,805)	100,220	1,595
Net Revenue Bonds	1,829,791	376,003	(415,117)	1,790,677	82,486
Compensated Absences	46,826	17,975	(17,137)	47,664	15,463
Capital Leases	10,041	1,454	(4,745)	6,750	1,366
Rural Development Loans	1,300		(83)	1,217	83
Federal Contributions for Education					
Loan Programs	36,604	102	(4,420)	32,286	
Advances from Primary Government	19,184	18,149	(6,162)	31,171	14,181
Total Component Units	\$ 1,943,746	\$ 413,683	\$ (447,664)	\$ 1,909,765	\$ 113,579

* 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 General Fund, special revenue, and internal service funds that account for the salaries, wages, and employer pension contributions of the related employees will liquidate the compensated absences and net pension liability. The workers' compensation and policy claims liabilities will be liquidated by applicable internal service funds which will ultimately be billed out to the applicable funds that account for the salaries and wages of the related employees. The pollution remediation obligations will be liquidated by the Petroleum Release Compensation Fund and the Department of Environment 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 are paid from the General Fund and other state dedicated fees of state departments, boards, and commissions.

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

Following are SDBA bonds outstanding at June 30, 2021, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2013D	2038	3.930%-4.130%	\$ 285
2014A	2029	5.000%	390
2014D	2026	5.000%	4,062
2014E	2027	5.000%	1,031
2015A	2030	2.791%-3.063%	1,470
2017A	2040	4.000%-5.000%	40,145
2019B	2038	1.960%-3.201%	6,765
2020A	2040	0.481%-2.619%	9,272
Add Unamortized Premium			5,835
Total			\$ 69,255

As of June 30, 2021, debt service requirements for principal and interest for the SDBA were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2022	\$ 3,913	\$ 2,494	\$ 6,407
2023	4,051	2,357	6,408
2024	4,218	2,213	6,431
2025	4,051	2,069	6,120
2026	4,187	1,927	6,114
2027-2031	18,189	7,530	25,719
2032-2036	13,796	4,600	18,396
2037-2041	11,015	1,228	12,243
Total	\$ 63,420	\$ 24,418	\$ 87,838

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 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, 2021, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2013A	2022	3.539%	\$ 9,220
2013B	2027	5.000%	46,635
Add Unamortized Premium			3,759
Total			\$ 59,614

As of June 30, 2021, debt service requirements for principal and interest for the Educational Enhancement Funding Corporation were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2022	\$ 9,220	\$ 2,658	\$ 11,878
2023	9,970	2,332	12,302
2024	9,905	1,833	11,738
2025	9,865	1,338	11,203
2026	9,855	845	10,700
2027	7,040	352	7,392
Total	\$ 55,855	\$ 9,358	\$ 65,213

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. This financial presentation does not change the legal liability of the indebtedness.

The following is a schedule of outstanding bonds as of June 30, 2021, (Dollars Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
Clean Water State Revolving Fund			
2010AB	2030-2031	4.384%-5.646%	\$ 26,879
2012A	2027	2.533%-3.183%	16,465
2012B	2023-2031	4.000%-5.000%	7,410
2014B	2035	5.000%	35,410
2017A	2023	1.949%-2.149%	2,920
2017B	2030-2038	5.000%	61,405
2018	2039	5.000%	54,350
2020	2043	5.000%	76,310
Add Unamortized Premium			54,065
Total			335,214
Drinking Water State Revolving Fund			
2010AB	2030-2031	2.000%-5.646%	13,746
2012A	2027	1.648%-3.183%	11,305
2014B	2035	5.000%	4,710
2017A	2023	1.410%-2.149%	3,755
2017B	2030-2038	5.000%	12,115
2018	2039	5.000%	37,060
Add Unamortized Premium			9,406
Total			92,097
Total Revenue Bonds			\$ 427,311

As of June 30, 2021, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Clean Water State Revolving Fund			
2022	\$ 14,685	\$ 13,271	\$ 27,956
2023	15,335	12,657	27,992
2024	16,520	11,957	28,477
2025	17,130	11,181	28,311
2026	17,760	10,364	28,124
2027-2031	80,414	39,706	120,120
2032-2036	65,090	21,286	86,376
2037-2041	42,565	7,346	49,911
2042-2043	11,650	590	12,240
Total	281,149	128,358	409,507
Drinking Water State Revolving Fund			
2022	7,740	3,653	11,393
2023	8,140	3,379	11,519
2024	6,315	3,109	9,424
2025	6,425	2,848	9,273
2026	4,555	2,605	7,160
2027-2031	23,061	9,485	32,546
2032-2036	16,445	4,594	21,039
2037-2040	10,010	731	10,741
Total	82,691	30,404	113,095
Total	\$ 363,840	\$ 158,762	\$ 522,602

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, 2021, (Dollars Expressed in Thousands):

	<u>Maturity</u>	<u>Interest</u>	<u>Amount</u>
Home-Ownership Mortgage Program Bonds	2021-2051	0.030%-4.500%	
Serial Bonds			\$ 390,330
Term Bonds			717,424
Term Direct Placement Bonds			75,000
Add Unamortized Premium			27,392
Total			1,210,146
Single Family Mortgage Bonds	2021-2041	2.050%-5.000%	
Serial Bonds			11,735
Term Bonds			18,060
Term Direct Placement Bonds			13,420
Add Unamortized Premium			350
Total			43,565
Multiple Purpose Bonds	2021-2062	0.040%-3.65%	
Serial Bonds			630
Term Bonds			20,810
Total			21,440
Total Bonds			\$ 1,275,151

As of June 30, 2021, debt service requirements for principal and interest for the SDHDA were as follows (Expressed in Thousands):

<u>Year Ended</u> <u>June 30</u>	<u>Bonds</u>		<u>Direct Placement Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 50,392	\$ 32,859	\$	\$ 1,441	\$ 84,692
2023	57,325	31,296		1,442	90,063
2024	57,655	30,115		1,442	89,212
2025	54,990	28,786		1,442	85,218
2026	45,325	27,565		1,442	74,332
2027-2031	209,675	121,297	20,475	7,000	358,447
2032-2036	186,810	91,565	49,605	3,982	331,962
2037-2041	135,910	69,166	15,670	610	221,356
2042-2046	234,717	44,365	650	8	279,740
2047-2051	124,130	9,325			133,455
2052-2056	2,225	28			2,253
2057-2061	1,440	7			1,447
2062-2066	415				415
Total	\$ 1,161,009	\$ 486,374	\$ 86,400	\$ 18,809	\$ 1,752,592

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 \$300.0 million at any time. No obligation issued by the EDFA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision.

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

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2021, the balance in the Capital Reserve Account was \$5.0 million and the reserve requirement was \$1.0 million.

The following is a schedule of outstanding bonds as of June 30, 2021, (Dollars Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2013A	2033	4.650%-5.800%	\$ 7,135
Total			\$ 7,135

As of June 30, 2021, debt service requirements for principal and interest for the EDFA were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 435	\$ 404	\$ 839
2023	455	383	838
2024	480	362	842
2025	505	335	840
2026	535	305	840
2027-2031	3,180	1,022	4,202
2032-2033	1,545	136	1,681
Total	\$ 7,135	\$ 2,947	\$ 10,082

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 2021 equaled \$38.8 million. Following are revenue bonds outstanding at June 30, 2021, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
School of Mines and Technology			
2008B Direct Placement	2028	4.550%	\$ 1,940
2014A	2039	4.000%-5.000%	5,610
2014B	2033	5.000%	4,615
2017A	2042	4.000%-5.000%	15,340
Add Unamortized Premium			2,648
University of South Dakota			
2013A	2028	3.000%-5.000%	6,495
2015	2030	4.000%-5.000%	6,690
2017A	2039	4.000%-5.000%	30,140
Add Unamortized Premium			5,237
South Dakota State University			
2006 Direct Placement	2026	3.920%	2,610
2014A	2025	5.000%	9,800
2015	2030	4.000%-5.000%	1,335
2016	2041	4.000%-5.000%	11,500
2017A	2042	4.000%-5.000%	34,840
2021	2036	3.000%-4.000%	38,285
Less Unamortized Discount			(75)
Add Unamortized Premium			12,063
Northern State University			
2008B Direct Placement	2028	4.550%	515
2014B	2029	5.000%	2,290
2016	2041	4.000%-5.000%	6,075
2017A	2034	5.000%	830
2019B	2036	2.300%-3.350%	4,495
Add Unamortized Premium			739
Dakota State University			
2007 Direct Placement	2029	3.880%	190
2008 Direct Placement	2028	3.880%	2,090
2014B	2025	5.000%	705
2015	2040	4.000%-5.000%	9,685
2019A	2044	3.000%-5.000%	11,620
Add Unamortized Premium			2,343
Black Hills State University			
2006 Direct Placement	2026	3.920%	425
2007 Direct Placement	2029	3.880%	4,030
2014A	2039	4.000%-5.000%	7,095
2014B	2026	5.000%	870
Add Unamortized Premium			441
Total			\$ 243,511

As of June 30, 2021, debt service requirements for principal and interest were as follows (Expressed in Thousands):

Year Ended June 30	Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2022	\$ 11,870	\$ 9,437	\$ 1,595	\$ 467	\$ 23,369
2023	12,740	8,601	1,650	402	23,393
2024	12,995	8,026	1,725	335	23,081
2025	13,580	7,437	1,795	266	23,078
2026	11,245	6,822	1,865	193	20,125
2027-2031	58,910	26,139	3,170	195	88,414
2032-2036	55,600	12,754			68,354
2037-2041	27,420	3,679			31,099
2042-2046	3,955	204			4,159
Total	\$ 208,315	\$ 83,099	\$ 11,800	\$ 1,858	\$ 305,072

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 South Dakota 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, 2021, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Revenue Bonds			
2010B	2035	4.580%-6.200%	\$ 8,970
2011A	2021	5.000%	1,135
2012A	2022	2.250%-4.000%	795
2013B	2023	5.000%	5,505
2014A	2024	5.000%	3,290
2014B	2025	5.000%	3,115
2014D	2026	5.000%	813
2014E	2024	5.000%	5,394
2014F	2024	3.300%-4.700%	1,480
2015B	2025	5.000%	1,315
2017A	2042	4.000%-5.000%	10,340
2018A	2040	4.000%-5.000%	27,205
2019A	2034	4.000%-5.000%	13,765
2019B	2038	1.960%-3.201%	64,400
2020A	2040	0.481%-2.619%	69,038
2020B	2029	0.501%-1.732%	10,045
2020C	2045	3.000%-4.000%	25,590
Add Unamortized Premium			12,685
Total Revenue Bonds			\$ 264,880

As of June 30, 2021, debt service requirements for principal and interest for the South Dakota Building Authority (Higher Education portion) were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2022	\$ 15,032	\$ 8,048	\$ 23,080
2023	15,394	7,471	22,865
2024	15,982	6,891	22,873
2025	16,794	6,364	23,158
2026	16,708	5,965	22,673
2027-2031	74,641	23,734	98,375
2032-2036	59,194	12,979	72,173
2037-2041	32,650	3,976	36,626
2042-2046	5,800	552	6,352
Total	\$ 252,195	\$ 75,980	\$ 328,175

Capital Leases

The State has entered into various agreements to lease buildings, vehicles, and equipment. GASB standards require a lease that transfers substantially all the benefits and risks of ownership to the lessee be accounted for as the acquisition of a capital 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, 2021, (Expressed in Thousands):

Year Ended June 30	Governmental Activities	Component Units
2022	\$ 12,495	\$ 1,581
2023	11,279	1,219
2024	10,492	753
2025	9,913	547
2026	9,007	1,330
2027-2031	37,656	1,637
2032-2036	36,257	914
2037-2041	20,341	286
2042-2046	17,412	115
2047-2051	4,517	
Total Minimum Lease Payments	169,369	8,382
Less: Amount Representing Interest	60,447	1,632
Present Value of Net Minimum Lease Payments	\$ 108,922	\$ 6,750

The historical cost and depreciation of assets under capital leases and included in capital assets on the Government-wide Financial Statements at June 30, 2021, are as follows (Expressed in Thousands):

	Governmental Activities
Land	\$ 614
Land Improvements	1,205
Buildings	115,804
Equipment	4,116
Vehicles	<u>27,275</u>
Total	149,014
Less: Accumulated Depreciation	<u>40,824</u>
Total, Net	<u>\$ 108,190</u>

Conduit Debt Obligations

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by state governments for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The State has no obligation for such debt beyond the resources provided by 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 Economic Development Finance Authority

As mentioned in *Note 1. Summary of Significant Accounting Policies* in the Notes to the Financial Statements, the South Dakota Value Added Finance Authority (VAFA) was dissolved and the activities and responsibilities under VAFA were assumed by the South Dakota Economic Development Finance Authority (EDFA). The EDFA provides low interest financing to agricultural enterprises in the State of South Dakota. The loans can be used to acquire agricultural property. The EDFA is authorized to issue federal tax-exempt bonds. The bond proceeds are lent to qualifying applicants. The applicant assumes the bond payment obligation to the bond purchaser in the form of a loan with the third party bond purchaser.

As of June 30, 2021, there were 113 Beginning Farmer Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2021, could not be determined; however, the original issue amount totaled \$23.0 million.

As of June 30, 2021, there were 7 Agribusiness Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2021, could not be determined; however, the original issue amount totaled \$18.6 million.

As of June 30, 2021, there were 22 Livestock Nutrient Management Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2021, could not be determined; however, the original issue amount totaled \$39.5 million.

2. South Dakota Housing Development Authority

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

As of June 30, 2021, the aggregate principal amount of conduit debt outstanding totaled \$14.6 million.

Refunded and Defeased Bonds

1. South Dakota Building Authority

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

On September 3, 2020, the Authority issued \$35.9 million in Taxable Revenue Bonds Series 2020A to advance refund the Series 2014A bonds. The refunding portion with an average interest rate of 2.0% was used to refund \$26.9 million of outstanding Series 2014A bonds with an average interest rate of 5.0%. The net proceeds of the refunding portion of \$32.0 million were used to escrow the refunded Series 2014A bonds (after payment of \$0.3 million in underwriting fees and other issuance costs and transfer of \$3.6 million in savings to the State General Fund). As a result, the refunded Series 2014A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.9 million. This difference is being charged to operations through fiscal year 2039 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$32.2 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$45.0 thousand reduction in debt service payments, the actual cash amount realized was \$3.6 million.

On September 3, 2020, the Authority issued \$21.5 million in Taxable Revenue Bonds Series 2020A to advance refund the Series 2014E bonds. The refunding portion with an average interest rate of 1.5% was used to refund \$17.0 million of outstanding Series 2014E bonds with an average interest rate of 4.9%. The net proceeds of the refunding portion of \$20.2 million were used to escrow the refunded Series 2014E bonds (after payment of \$0.2 million in underwriting fees and other issuance costs and transfer of \$1.1 million in savings to the State General Fund). As a result, the refunded Series 2014E bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2.2 million. This difference is being charged to operations through fiscal year 2032 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$31.0 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$36.3 thousand reduction in debt service payments, the actual cash amount realized was \$1.1 million.

On September 3, 2020, the Authority issued \$5.3 million in Taxable Revenue Bonds Series 2020A to advance refund the Series 2014F bonds. The refunding portion with an average interest rate of 1.5% was used to refund \$4.3 million of outstanding Series 2014F bonds with an average interest rate of 4.4%. The net proceeds of the refunding portion of \$5.0 million were used to escrow the refunded Series 2014F bonds (after payment of \$44.6 thousand in underwriting fees and other issuance costs and transfer of \$0.2 million in savings to the State General Fund). As a result, the refunded Series 2014F bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.0 million. This difference is being charged to operations through fiscal year 2032 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$22.9 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$25.9 thousand reduction in debt service payments, the actual cash amount realized was \$0.2 million.

On September 3, 2020, the Authority issued \$6.9 million in Taxable Revenue Bonds Series 2020A to advance refund the Series 2015A bonds. The refunding portion with an average interest rate of 1.4% was used to refund \$6.0 million of outstanding Series 2015A bonds with an average interest rate of 3.7%. The net proceeds of the refunding portion of \$6.6 million were used to escrow the refunded Series 2015A bonds (after payment of \$0.1 million in underwriting fees and other issuance costs and transfer of \$0.3 million in savings to the State General Fund). As a result, the refunded Series 2015A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$0.6 million. This difference is being charged to operations through fiscal year 2030 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$25.9 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$28.9 thousand reduction in debt service payments, the actual cash amount realized was \$0.3 million.

On September 3, 2020, the Authority issued \$10.8 million in Taxable Revenue Bonds Series 2020A to advance refund the Series 2015B bonds. The refunding portion with an average interest rate of 2.1% was used to refund \$8.0 million of outstanding Series 2015B bonds with an average interest rate of 5.0%. The net proceeds of the refunding portion of \$9.9 million were used to escrow the refunded Series 2015B bonds (after payment of \$0.1 million in underwriting fees and other issuance costs and transfer of \$0.8 million in savings to the State General Fund). As a result, the refunded Series 2015B bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.1 million. This difference is being charged to operations through fiscal year 2040 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$37.2 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$0.1 million reduction in debt service payments, the actual cash amount realized was \$0.8 million.

On September 3, 2020, the Authority issued \$1.7 million in Taxable Revenue Bonds Series 2020B to advance refund the Series 2011A bonds. The refunding portion with an average interest rate of 1.0% was used to refund \$1.6 million of outstanding Series 2011A bonds with an average interest rate of 4.0%. The net proceeds of the refunding portion of \$1.6 million were used to escrow the refunded Series 2011A bonds (after payment of \$16.8 thousand in underwriting fees and other issuance costs and transfer of \$0.1 million in savings to the State General Fund). As a result, the refunded Series 2011A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$26.4 thousand. This difference is being charged to operations through fiscal year 2027 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$24.4 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$26.5 thousand reduction in debt service payments, the actual cash amount realized was \$0.1 million.

On September 3, 2020, the Authority issued \$5.8 million in Taxable Revenue Bonds Series 2020B to advance refund the Series 2012A bonds. The refunding portion with an average interest rate of 1.3% was used to refund \$5.2 million of outstanding Series 2012A bonds with an average interest rate of 3.8%. The net proceeds of the refunding portion of \$5.6 million were used to escrow the refunded Series 2012A bonds (after payment of \$0.1 million in underwriting fees and other issuance costs and transfer of \$0.2 million in savings to the State General Fund). As a result, the refunded Series 2012A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$0.3 million. This difference is being charged to operations through fiscal year 2029 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$26.6 thousand. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$28.8 thousand reduction in debt service payments, the actual cash amount realized was \$0.2 million.

On September 3, 2020, the Authority issued \$2.6 million in Taxable Revenue Bonds Series 2020B to advance refund the Series 2014B bonds. The refunding portion with an average interest rate of 1.4% was used to refund \$2.1 million of outstanding Series 2014B bonds with an average interest rate of 5.0%. The net proceeds of the refunding portion of \$2.5 million were used to escrow the refunded Series 2014B bonds (after payment of \$24.7 thousand in underwriting fees and other issuance costs and transfer of \$0.1 million in savings to the State General Fund). As a result, the refunded Series 2014B bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$0.1 million. This difference is being charged to operations through fiscal year 2030 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$13.8 thousand. The difference

between the cash flows of the refunded bonds and the refunding bonds is a \$15.5 thousand reduction in debt service payments, the actual cash amount realized was \$0.1 million.

On December 4, 2020, the Authority issued \$5.1 million in Revenue Bonds Series 2020C to current refund the Series 2010A bonds. The refunding portion with an average interest rate of 3.1% was used to refund \$5.0 million of outstanding Series 2010A bonds with an average interest rate of 5.2%. The net proceeds of the refunding portion of \$5.0 million were used to refund the Series 2010A bonds (after payment of \$0.1 million in underwriting fees and other issuance costs and transfer of \$0.4 million in savings to the State General Fund). As a result, the refunded Series 2010A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of (\$0.1 million). This difference is being charged to operations through fiscal year 2027 using the effective-interest method. The Authority completed the current refunding for a net economic gain of \$0.3 million. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$0.3 million reduction in debt service payments, the actual cash amount realized was \$0.4 million.

Fully defeased bonds not yet paid to bondholders as of June 30, 2021, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2011A	2020	\$ 1,580
Series 2012A	2020	5,190
Series 2013B	2019	54,495
Series 2013D	2019	3,280
Series 2014A	2020	26,865
Series 2014B	2020	2,085
Series 2014E	2020	17,010
Series 2014F	2020	4,265
Series 2015A	2020	5,980
Series 2015B	2020	8,015
Total		\$ 128,765

The Series 2010A bonds were called on December 4, 2020. The Series 2011A bonds will be called on September 1, 2021. The Series 2012A bonds will be called on September 1, 2022. The Series 2013B and 2013D bonds will be called on June 1, 2023. The Series 2014A, 2014E and 2014F bonds will be called on June 1, 2024. The Series 2014B bonds will be called September 1, 2024. The Series 2015A bonds will be called June 1, 2023. The Series 2015B will be called June 1, 2025.

2. South Dakota Housing Development Authority

In September 2020, the Authority issued \$6.3 million of variable rate Multiple Purpose Bonds, 2020 Series A (the Refunding Bonds). The Refunding Bonds were used to refund \$6.3 million of Multiple Purpose Bonds, 2008 Series A. The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately \$1.9 million. Assuming a mortgage prepayment speed of 0.0% PSA, the difference between the present value of the cash flow required for debt service of the Refunding Bonds and the Refunded Bonds, net of cost of issuance, will result in an economic gain of approximately \$1.4 million.

During the year ended June 30, 2021, the Authority issued Homeownership Mortgage Bonds series 2020CD and 2021A, each in the aggregate principal amount of \$99.0 million, of which \$76.2 million and \$95.9 million, respectively, of bond proceeds were used to refund previously issued bonds for the sole purpose of recycling the volume cap utilized for the issuance of the refunded bonds.

3. South Dakota Conservancy District - State Revolving Funds

Clean Water State Revolving Fund

Fully defeased bonds not yet paid to bondholders as of June 30, 2021, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2012B (01)	2018	\$ 725
Series 2012B	2018	26,190
Total		\$ 26,915

Series 2010B (01) and Series 2012B that were escrowed will be called on August 1, 2022.

Drinking Water State Revolving Fund

Fully defeased bonds not yet paid to bondholders as of June 30, 2021, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2012B (01)	2018	\$ 790
Total		\$ 790

Series 2012B (01) that was escrowed will be called on August 1, 2022.

4. Higher Education and the South Dakota Board of Regents

In January 2021, the South Dakota Board of Regents (SDBOR) issued \$38.3 million in Revenue Bonds Series 2021 to refund the remaining Series 2011 bonds. The refunding portion with an average interest rate of 3.5% was used to refund \$43.9 million of outstanding South Dakota State University bonds an average interest rate of 4.5%. The net refunding portion of \$44.9 million (after payment of \$0.3 million in underwriting fees and other issuance costs), which includes an additional \$1.0 million from SDSU accounts was deposited in trust with an escrow agent to provide for the current refunding of the Series 2011 bonds.

The purpose of the refunding was to reduce the SDBOR borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by \$11.0 million. This resulted in a present value savings on the bonds of \$9.9 million.

Pollution Remediation Obligations

The State has pollution remediation obligation liabilities as of June 30, 2021, of \$12.2 million.

1. Gilt Edge Superfund Site

The State of South Dakota, acting through the Department of Agriculture and Natural Resources, has contracted with the United States Environmental Protection Agency (EPA) for participation in the remediation of the Gilt Edge Mine Superfund Site in Lawrence County. The State is required by law to pay a 10% cost share for the total EPA costs for remediation of the site. The total state costs to be paid to EPA is estimated to be \$15.9 million. The State has spent approximately \$6.6 million with an estimated remaining outstanding liability as of June 30, 2021 of \$9.3 million. The State's cost share for remediation has been paid from the Brohm Mining Co. forfeited reclamation bond and the Regulated Substance Response Fund. After EPA completes the site remediation, the State is required to take control of the site and will use the reclamation bond and settlement money to pay 100% for site management and ongoing water treatment costs. The State cash balance on June 30, 2021 for those two funds was approximately \$19.3 million. However, actual costs incurred when the State takes control of the site cannot be anticipated at this time because they are dependent on the efficacy of the final EPA cleanup action to reduce the quantity of acid mine drainage produced.

2. Petroleum Release Compensation Fund

The Petroleum Release Compensation Fund (PRCF) provides reimbursement for remediation of sites where a petroleum release has occurred. This fund and the requirement that the State provide reimbursement were established under SDCL 34A-13. As of June 30, 2021, PRCF was currently involved with 23 active cases, 25 active/monitoring cases, and 12 pending cases (spill report not yet filed), for a total of 60 cases. The estimated cost remaining for sites that have received at least one payment is \$0.5 million, the estimated cost for sites that haven't received any payments is \$1.8 million and the estimated cost for the Abandoned Tank Removal Program is \$0.6 million. The total liability as of June 30, 2021 for this program is \$2.9 million. The cash balance in the PRCF on June 30, 2021 is \$6.0 million.

13. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES

The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented in natural classifications. The following table presents those same expenses in functional classifications for Higher Education (excluding Foundations) as of June 30, 2021, as recommended by NACUBO (Expressed in Thousands):

Function	Personal Services	Travel	Contractual	Supplies & Noncapitalized Equipment	Grants & Subsidies	Interest & Other Expenses	Depreciation & Amortization	Total
Instruction	\$ 199,120	\$ 465	\$ 8,947	\$ 7,351	\$ 551	\$	\$ 6,541	\$ 222,975
Research	45,634	649	6,545	8,617	7,042		4,506	72,993
Public Service	33,814	507	6,149	4,314	1,098		269	46,151
Academic Support	47,066	56	11,323	4,573	360		1,733	65,111
Student Services	48,829	4,047	10,014	7,076	349		1,307	71,622
Institutional Support	51,004	285	25,985	5,736	4,431	1,035	3,102	91,578
O&M of Plant	29,926	233	14,417	7,024	3	10	40,371	91,984
Scholarships and Fellowships	1,064		254	73	30,551	68		32,010
Auxilliary Enterprises	12,708	28	33,661	8,788	7		2,583	57,775
Other	1					119	1,864	1,984
	\$ 469,166	\$ 6,270	\$ 117,295	\$ 53,552	\$ 44,392	\$ 1,232	\$ 62,276	\$ 754,183

14. POSTSECONDARY TECHNICAL INSTITUTE SYSTEM

The primary government has an ongoing financial responsibility for funding the four postsecondary technical institutes. The postsecondary technical institutes are considered part of the local school districts in the district where they are located. The oversight of the postsecondary technical institutes resides within the primary government through the South Dakota Board of Technical Education (SDBTE). The SDBTE provides overall policies, goals, and objectives for the management of the postsecondary technical institutes. The SDBTE consists of nine members appointed by the Governor. The SDBTE may adopt rules governing the operation of the postsecondary technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2021, the State provided \$28.0 million in General Fund state aid payments to the postsecondary technical institutes.

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

The State enters into lease purchase agreements with HEFA and sub-leases the facilities at the postsecondary technical institutes to the school districts. The State makes lease payments to HEFA from a combination of General Fund

appropriations, interest earnings from a special revenue fund, and from student facility fees collected by the postsecondary 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 technical education. Facilities constructed or renovated and the lease purchase agreements between the State and HEFA are reported under the governmental activities column in the Government-wide Statement of Net Position.

15. TAX ABATEMENTS

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

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

During fiscal year 2021, the State abated \$23.6 million of sales and use tax as estimated reimbursement amounts for approved projects that have not met all the reimbursement criteria. The State reimbursed \$33.6 million of sales and use tax during fiscal year 2021, \$29.9 million was abated in prior fiscal years and the \$3.7 million was abated in fiscal year 2021.

16. RELATED PARTY TRANSACTIONS

The following transactions occurred between the State and external entities:

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

SDCUC has a management agreement with South Dakota Corn Growers Association (SDCGA). Under the agreement SDCGA shares employees with SDCUC and provides utilities, insurance and building maintenance, taxes, accounting services, clerical services, office equipment, office supplies, and internet and telephone services. For the fiscal year ended June 30, 2021, SDCUC paid \$0.6 million to SDCGA for these services. The SDCUC also leases office space from SDCGA under a lease agreement that commenced July 1, 2011. The terms of the lease called for an advance payment of the eleven-year lease term, which was paid in 2011. The SDCUC also provided funding to SDCGA in the amount of \$0.5 million used for corn promotion during the year ended June 30, 2021.

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

ADASD contracted with Midwest Dairy, a related organization through similar control and management, to implement and administer programs intended to contribute to the betterment of South Dakota's dairy farmers and the State's dairy industry. Such programs include, but are not limited to: strategic initiatives, wellness, farmer relations, consumer demand, economic and dairy product research and innovation, farmer communications, and consumer confidence. Under the terms of the contracts, Midwest Dairy also provides administrative, financial, and reporting services. Payments under these contracts amounted to \$3.0 million for the year ended June 30, 2021.

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

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

State appropriations of \$228.2 million was used to support Higher Education universities.

State appropriations of \$3.7 million to GOED was used to fund Research Centers at various universities around the state.

Higher Education received \$5.0 million of Coronavirus Relief Fund sub-awards from the State of South Dakota to assist in operating during the pandemic.

South Dakota State University has received various grants from the **South Dakota Corn Utilization Council** to provide funding in the amount of \$1.7 million used for Precision Agriculture, Berg Hall, operation and infrastructure of a future bioprocessing center, and for research. South Dakota State University has also received various grants from the **South Dakota Soybean Research and Promotion Council** to provide funding in the amount of \$1.2 million for the Raven Precision Agricultural Center and research projects.

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

At June 30, 2021, SDEDA has a \$13.1 million loan payable to the Clean Water State Revolving Fund. Proceeds from the loans financed the construction of the waste water treatment plant. SDEDA has pledged future user charges as security under various loan agreements. These obligations were refinanced during the year and will be paid off in August 2021.

In fiscal year 2021, the SDEDA received a grant of \$3.2 million from the South Dakota Governor's Office of Economic Development (GOED) for the construction of the Liberty Wellness Center.

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

In June 2019, GOED entered into an agreement to provide Future Fund grant funding to SDSTA in the amount of \$2.5 million. In June 2021, the agreement was extended to September 2021. All funds were advanced to SDSTA in fiscal year 2020.

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

SDHDA administers the Housing Opportunity Program which provides funding for new construction or the purchase and rehabilitation of rental or homeownership housing, housing preservation, including home repair grants and grants to make homes more accessible to individuals with disabilities, homelessness prevention activities, and community land trusts. During fiscal year 2021, the following transactions occurred between SDHDA and the Governor's Office of Economic Development (GOED) for the Housing Opportunity Program:

- July 2020, GOED received a \$1.0 million General Fund Appropriation for the Housing Opportunity Program.
- July 2020, GOED received \$1.5 million from SDHDA.
- September 2020, GOED transferred \$0.3 million from private activity bond fees to the Housing Opportunity Program.
- June 2021, GOED received \$0.3 million in private activity bond fees from SDHDA.
- During the fiscal year, GOED disbursed \$2.8 million of Housing Opportunity Program funds to SDHDA.

SDHDA received a \$10.0 million Coronavirus Relief Fund sub-award from the State of South Dakota to provide rent, mortgage or utility assistance to individuals who have been financially impacted by COVID-19.

The following transactions occurred between discretely presented component units:

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

The South Dakota State University Foundation and the **University of South Dakota Foundation** have notes receivable of \$2.0 million each from **The South Dakota Science and Technology Authority** (SDSTA). The \$4.0 million is used for the purchase of xenon for future experiments. The loans will be repaid at the end of the experiment from the sale of the xenon previously purchased. SDSTA pays the Foundations interest quarterly at a rate of 2.5% per annum or \$0.1 thousand each per year. The notes mature December 31, 2026.

The South Dakota Economic Development Finance Authority (EDFA) was created by the Legislature for the purpose of making loans to businesses to spawn economic growth. **The South Dakota Value Added Finance Authority** (VAFA) was created by the Legislature for the purpose of administering the beginning farmer bond and agribusiness bonding programs. Senate Bill 45 of the 2020 legislative session dissolved VAFA and the assets, liabilities, activities, and responsibilities of VAFA were assumed by EDFA effective July 1, 2020.

17. SUBSEQUENT EVENTS

South Dakota Housing Development Authority

In August 2021, the South Dakota Housing Development Authority, a discretely presented component unit of the State, issued \$139.3 million of Homeownership Mortgage bonds, of which \$87.4 million of bond proceeds were used to refund previously issued bonds.

South Dakota Ellsworth Development Authority

During the fiscal year South Dakota Ellsworth Development Authority, a discretely presented component unit of the State, issued \$18.1 million in taxable water and sewer refunding bonds. In August 2021, South Dakota Ellsworth Development Authority used those bond proceeds to repay \$13.1 million of outstanding loans payable to the Clean Water State Revolving Fund.

Educational Enhancement Funding Corporation

In September 2021, the Educational Enhancement Funding Corporation, a blended component unit of the State, issued \$54.4 million of taxable bonds, all of which were used for current and advance refunds of previous bond issuances.

South Dakota Economic Development Finance Authority

In November 2021, South Dakota Economic Development Finance Authority, a discretely presented component unit of the State, issued bonds for \$22.5 million.

South Dakota Building Authority

In December 2021, South Dakota Building Authority, a blended component unit of the State, approved a resolution to issue bonds in the amount of approximately \$10.0 million to complete two building projects for Higher Education. The bonds are expected to close in January or February 2022.

18. 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. The outcomes of these lawsuits could have an impact on the State's financial statements. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the State. The contingencies at June 30, 2021, are as follows:

U.S. Bank National Association v. South Dakota Department of Revenue

Department of Revenue (DOR) issued Certificate of Assessment (COA) on December 28, 2015, to U.S. Bank in the amount of \$0.5 million (consisting of tax and accrued interest), as a result of disallowing a bank franchise tax deduction claimed by U.S. Bank for the calendar year 2012 audit period. In issuing the assessment, the DOR also denied two refund requests for the periods ending December 2010 and December 2011, based on U.S. Bank's claim for the same deduction. A hearing was held by the Office of Hearing Examiners on September 28, 2017 on the U.S. Bank appeal of

the COA and denial of refunds. On July 18, 2018, after reviewing the Proposed Decision of the hearing examiner, the Secretary of Revenue issued a Final Decision and Order. Notice of Entry of Final Decision and Order was served on July 19, 2018. On August 17, 2018, U.S. Bank National Association filed a Notice of Appeal with the Sixth Judicial Circuit Court appealing DOR's final decision affirming the bank franchise tax assessment issued to U.S. Bank. On July 17, 2019, Sixth Judicial Circuit heard oral argument on the appeal. On May 1, 2020, the Circuit Court issued a memorandum decision and order affirming the Secretary's final Decision. A Notice of Entry of Order of the Circuit Court's decision was served on May 4, 2020. On May 28, 2020, U.S. Bank filed a Notice of Appeal to the South Dakota Supreme Court. Oral arguments were heard by the Court on February 16, 2021.

The DOR is vigorously defending all matters. However, due to the nature of litigation, counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome in these matters.

Planned Parenthood Minnesota, North Dakota, South Dakota, and Carol E. Ball, M.D. v. Dennis Daugaard, et al.

This is a challenge to the 2011 abortion legislation regarding mandatory informed consent advisements. The case was filed June 30, 2011, in the United States District Court for the District of South Dakota and is before Judge Schreier. Discovery has been initiated and is ongoing in this case. It is possible but unlikely, that summary judgment could be entered by the Court during FY22 but more likely FY23. The State intends to vigorously defend against the plaintiffs' action. If this matter has an unfavorable outcome, the plaintiffs would be entitled to an award of attorney fees and costs exceeding \$1.5 million dollars. This case is being run through the State Office of Risk Management Extraordinary Litigation Fund which is reported as part of the State's General Fund.

Hideaway Hills: Andrew Morse, et al., v. State of South Dakota; Belitz, et al., v. State of South Dakota

Two separate pending actions relating to Hideaway Hills issues are being brought against defendants, including the State of South Dakota (State) or other State agencies. Various theories of liability have been brought by the plaintiffs but they all relate to the State's ownership of property from approximately 1983 to 1994. The property was utilized by the State for a surface quarry to remove gypsum by the State Cement Plant to manufacture cement. The State did not operate the underground mine.

The plaintiff's lawyers for the *Andrew Morse, et al., v. State of South Dakota* case are seeking a class action certification for all homeowners located in the Hideaway Hills subdivision including those who are currently represented by other council. A variety of motions to dismiss were made by the State Defendants, some of which were granted, others led to the Plaintiffs' attorneys dismissing all tort claims without prejudiced. The only remaining claim is an inverse condemnation claim which alleges the taking of property by the State. A two-day evidentiary and motion hearing has been set for March 31 and April 1, 2022. The motion deals only with certification of the class and will not involve a final determination on liability.

The *Belitz, et al., v. State of South Dakota* case has only been filed recently. The State has not participated in any discovery in this case.

In addition to the two pending actions above, there is a threatened action identified as *Trudo, et al., v. State of South Dakota*. It was commenced on behalf of more than 100 clients and likewise relates to the Hideaway Hills soil substance issues. Although the State and other State entities are named as defendants in this action, however, they have not participated in any discovery in the case and have never been served.

The State intends to vigorously defend against any of the plaintiffs' actions. It is extremely difficult to evaluate the likelihood that one or more State entities will be found liable in any of these cases due to the unique nature of the claim and the lack of discovery and motion practice. However, it is far more likely than not that if liability exists, the damages will be substantially in excess of \$1.0 million.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
RESOURCES (inflows) AVAILABLE FOR APPROPRIATION				
ONGOING RESOURCES				
Sales and Use Tax	\$ 1,102,000	\$ 1,164,761	\$ 1,209,343	\$ 44,582
Lottery	132,201	141,285	155,527	14,242
Contractor's Excise Tax	130,300	142,641	144,448	1,807
Insurance Company Tax	94,000	96,135	97,010	875
Unclaimed Property Receipts	41,500	56,807	62,810	6,003
Licenses, Permits, and Fees	70,000	69,598	71,213	1,615
Tobacco Taxes	45,792	52,668	52,314	(354)
Trust Funds	41,690	41,590	41,628	38
Net Transfers In	21,312	20,596	23,471	2,875
Alcohol Beverage Tax	8,163	8,594	8,768	174
Bank Franchise Tax	14,072	14,376	18,702	4,326
Charges for Goods and Services	17,040	16,149	16,444	295
Telecommunications Tax	4,677	4,699	3,521	(1,178)
Severance Taxes	5,500	9,556	9,811	255
Investment Income and Interest	11,947	18,571	18,592	21
Alcohol Beverage 2% Wholesale Tax	2,382	2,580	2,596	16
TOTAL ONGOING	1,742,576	1,860,606	1,936,198	75,592
ONE-TIME RESOURCES				
Refinancing Gains	0	6,746	6,746	0
Expenditures Moved to Coronavirus Relief Fund Based on Guidance from the Federal Government	0	22,524	22,524	0
Unexpended Carryovers and Specials	0	0	4,126	4,126
Closeout of SDRC Inc. Funds	0	3,382	3,382	0
Bank Franchise Tax Prior Year Revenue	0	9,720	10,014	294
One-Time Sales and Use Tax	0	13,486	13,486	(18,000)
Prior Year Carryover and Encumbered	57,952	57,952	57,952	0
TOTAL ONE-TIME RESOURCES	57,952	113,810	118,230	(13,580)
TOTAL RESOURCES AVAILABLE FOR APPROPRIATION	\$ 1,800,528	\$ 1,974,416	\$ 2,054,428	\$ 62,012
CHARGES TO APPROPRIATIONS (outflows)				
OFFICE OF THE GOVERNOR				
Personal Services	\$ 2,036	\$ 2,036	\$ 2,036	\$ 0
Operating Expenses	467	479	479	0
TOTAL	2,503	2,515	2,515	0
GOVERNOR'S CONTINGENCY FUND				
Personal Services	0	0	0	0
Operating Expenses	75	75	75	0
TOTAL	75	75	75	0
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT				
Personal Services	2,561	2,451	2,254	197
Operating Expenses	10,218	89,747	10,456	79,291
TOTAL	12,779	92,198	12,710	79,488
SD ELLSWORTH DEVELOPMENT AUTHORITY				
Personal Services	0	0	0	0
Operating Expenses	0	3,200	527	2,673
TOTAL	0	3,200	527	2,673
SCIENCE AND TECHNOLOGY AUTHORITY				
Personal Services	0	0	0	0
Operating Expenses	1,470	1,470	1,470	0
TOTAL	1,470	1,470	1,470	0
SD HOUSING OPPORTUNITY				
Personal Services	0	0	0	0
Operating Expenses	1,040	1,040	1,040	0
TOTAL	1,040	1,040	1,040	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
WORKFORCE EDUCATION				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	490	490	490	0
TOTAL	490	490	490	0
LIEUTENANT GOVERNOR				
Personal Services	23	23	23	0
Operating Expenses	14	14	14	0
TOTAL	37	37	37	0
BUREAU OF FINANCE AND MANAGEMENT				
Personal Services	771	771	770	1
Operating Expenses	252	71,923	21,696	50,227
TOTAL	1,023	72,694	22,466	50,228
ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION				
Personal Services	0	0	0	0
Operating Expenses	1	1	0	1
TOTAL	1	1	0	1
CENTRAL SERVICES				
Personal Services	212	212	162	50
Operating Expenses	220	223	217	6
TOTAL	432	435	379	56
STATEWIDE MAINTENANCE AND REPAIR				
Personal Services	0	0	0	0
Operating Expenses	29,511	30,306	14,895	15,411
TOTAL	29,511	30,306	14,895	15,411
OFFICE OF HEARING EXAMINERS				
Personal Services	294	294	294	0
Operating Expenses	92	94	73	21
TOTAL	386	388	367	21
EXTRAORDINARY LITIGATION FUND				
Personal Services	0	0	0	0
Operating Expenses	0	400	0	400
TOTAL	0	400	0	400
OBLIGATION RECOVERY CENTER				
Personal Services	0	0	0	0
Operating Expenses	720	720	688	32
TOTAL	720	720	688	32
SOUTH DAKOTA PUBLIC BROADCASTING				
Personal Services	3,144	3,144	3,144	0
Operating Expenses	1,299	1,307	1,307	0
TOTAL	4,443	4,451	4,451	0
STATE RADIO ENGINEERING				
Personal Services	822	822	755	67
Operating Expenses	7,908	11,911	8,381	3,530
TOTAL	8,730	12,733	9,136	3,597
PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS				
Personal Services	238	238	238	0
Operating Expenses	64	64	64	0
TOTAL	302	302	302	0

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT				
Personal Services	\$ 10,101	\$ 9,991	\$ 9,676	\$ 315
Operating Expenses	53,841	213,464	61,872	151,592
TOTAL	63,942	223,455	71,548	151,907
SECRETARIAT				
Personal Services	0	1,040	94	946
Operating Expenses	0	1,040	15	1,025
TOTAL	0	2,080	109	1,971
RURAL ACCESS INFRASTRUCTURE FUND				
Personal Services	0	0	0	0
Operating Expenses	0	6,000	0	6,000
TOTAL	0	6,000	0	6,000
AUDIT				
Personal Services	681	568	567	1
Operating Expenses	1,008	1,723	1,178	545
TOTAL	1,689	2,291	1,745	546
DEPARTMENT TOTAL, REVENUE				
Personal Services	681	1,608	661	947
Operating Expenses	1,008	8,763	1,193	7,570
TOTAL	1,689	10,371	1,854	8,517
ADMINISTRATION, SECRETARY OF AGRICULTURE				
Personal Services	851	851	849	2
Operating Expenses	426	434	433	1
TOTAL	1,277	1,285	1,282	3
AGRICULTURAL SERVICES AND ASSISTANCE				
Personal Services	2,069	1,751	1,602	149
Operating Expenses	846	2,218	2,117	101
TOTAL	2,915	3,969	3,719	250
AGRICULTURAL DEVELOPMENT AND PROMOTION				
Personal Services	949	949	942	7
Operating Expenses	423	536	530	6
TOTAL	1,372	1,485	1,472	13
ANIMAL INDUSTRY BOARD				
Personal Services	1,961	1,961	1,843	118
Operating Expenses	412	416	416	0
TOTAL	2,373	2,377	2,259	118
STATE FAIR				
Personal Services	0	0	0	0
Operating Expenses	324	12,325	325	12,000
TOTAL	324	12,325	325	12,000
DEPARTMENT TOTAL, AGRICULTURE				
Personal Services	5,830	5,512	5,236	276
Operating Expenses	2,431	15,929	3,821	12,108
TOTAL	8,261	21,441	9,057	12,384
ARTS				
Personal Services	0	0	0	0
Operating Expenses	0	250	0	250
TOTAL	0	250	0	250

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, TOURISM				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	0	250	0	250
TOTAL	0	250	0	250
ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS				
Personal Services	157	157	157	0
Operating Expenses	822	822	822	0
TOTAL	979	979	979	0
STATE PARKS AND RECREATION				
Personal Services	2,992	2,992	2,992	0
Operating Expenses	2,463	2,463	2,463	0
TOTAL	5,455	5,455	5,455	0
DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION				
Personal Services	0	0	0	0
Operating Expenses	477	977	78	899
TOTAL	477	977	78	899
DEPARTMENT TOTAL, GAME, FISH, & PARKS				
Personal Services	3,149	3,149	3,149	0
Operating Expenses	3,762	4,262	3,363	899
TOTAL	6,911	7,411	6,512	899
OFFICE OF TRIBAL RELATIONS				
Personal Services	558	558	505	53
Operating Expenses	156	209	208	1
TOTAL	714	767	713	54
DEPARTMENT TOTAL, TRIBAL RELATIONS				
Personal Services	558	558	505	53
Operating Expenses	156	209	208	1
TOTAL	714	767	713	54
ADMINISTRATION, SECRETARY OF SOCIAL SERVICES				
Personal Services	4,774	4,774	4,774	0
Operating Expenses	4,810	5,110	5,110	0
TOTAL	9,584	9,884	9,884	0
ECONOMIC ASSISTANCE				
Personal Services	9,177	9,177	9,177	0
Operating Expenses	19,420	19,420	18,735	685
TOTAL	28,597	28,597	27,912	685
MEDICAL AND ADULT SERVICES				
Personal Services	1,476	1,476	1,398	78
Operating Expenses	259,876	202,441	200,949	1,492
TOTAL	261,352	203,917	202,347	1,570
CHILDREN'S SERVICES				
Personal Services	14,275	14,275	14,275	0
Operating Expenses	36,288	32,626	31,539	1,087
TOTAL	50,563	46,901	45,814	1,087
BEHAVIORAL HEALTH				
Personal Services	36,236	10,622	9,850	772
Operating Expenses	65,977	66,827	56,316	10,511
TOTAL	102,213	77,449	66,166	11,283

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	\$ 65,938	\$ 40,324	\$ 39,474	\$ 850
Operating Expenses	386,371	326,424	312,649	13,775
TOTAL	452,309	366,748	352,123	14,625
ADMINISTRATION, SECRETARY OF HEALTH				
Personal Services	828	828	828	0
Operating Expenses	226	235	235	0
TOTAL	1,054	1,063	1,063	0
HEALTH SYSTEMS DEVELOPMENT AND REGULATION				
Personal Services	2,333	2,926	2,174	752
Operating Expenses	2,907	5,192	2,951	2,241
TOTAL	5,240	8,118	5,125	2,993
FAMILY AND COMMUNITY HEALTH				
Personal Services	2,462	2,051	2,051	0
Operating Expenses	2,271	2,956	2,956	0
TOTAL	4,733	5,007	5,007	0
LABORATORY SERVICES				
Personal Services	0	0	0	0
Operating Expenses	341	341	299	42
TOTAL	341	341	299	42
DEPARTMENT TOTAL, HEALTH				
Personal Services	5,623	5,805	5,053	752
Operating Expenses	5,745	8,724	6,441	2,283
TOTAL	11,368	14,529	11,494	3,035
ADMINISTRATION, SECRETARY OF LABOR				
Personal Services	60	60	60	0
Operating Expenses	847	847	825	22
TOTAL	907	907	885	22
FIELD OPERATIONS				
Personal Services	598	598	598	0
Operating Expenses	119	1,119	1,119	0
TOTAL	717	1,717	1,717	0
STATE LABOR LAW ADMINISTRATION				
Personal Services	680	680	680	0
Operating Expenses	109	109	109	0
TOTAL	789	789	789	0
DEPARTMENT TOTAL, LABOR AND REGULATION				
Personal Services	1,338	1,338	1,338	0
Operating Expenses	1,075	2,075	2,053	22
TOTAL	2,413	3,413	3,391	22
GENERAL OPERATIONS				
Personal Services	569	472	472	0
Operating Expenses	26	5,123	5,123	0
TOTAL	595	5,595	5,595	0
CONSTRUCTION CONTRACTS				
Personal Services	0	0	0	0
Operating Expenses	0	20,000	0	20,000
TOTAL	0	20,000	0	20,000

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, TRANSPORTATION				
Personal Services	\$ 569	\$ 472	\$ 472	\$ 0
Operating Expenses	26	25,123	5,123	20,000
TOTAL	595	25,595	5,595	20,000
ADMINISTRATION, SECRETARY OF EDUCATION				
Personal Services	1,639	1,766	1,766	0
Operating Expenses	1,171	1,092	1,086	6
TOTAL	2,810	2,858	2,852	6
STATE AID TO GENERAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	491,183	491,101	491,101	0
TOTAL	491,183	491,101	491,101	0
STATE AID TO SPECIAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	77,998	77,998	67,785	10,213
TOTAL	77,998	77,998	67,785	10,213
SPARSITY PAYMENTS				
Personal Services	0	0	0	0
Operating Expenses	1,985	2,067	2,067	0
TOTAL	1,985	2,067	2,067	0
NATIONAL BOARD CERTIFIED TEACHERS				
Personal Services	0	0	0	0
Operating Expenses	88	88	47	41
TOTAL	88	88	47	41
TECHNOLOGY AND INNOVATION IN SCHOOLS				
Personal Services	0	0	0	0
Operating Expenses	13,258	13,258	13,240	18
TOTAL	13,258	13,258	13,240	18
POSTSECONDARY VOCATIONAL EDUCATION				
Personal Services	230	230	221	9
Operating Expenses	26,288	29,548	29,474	74
TOTAL	26,518	29,778	29,695	83
POSTSECONDARY VOCATIONAL EDUCATION TUITION ASSISTANCE				
Personal Services	0	0	0	0
Operating Expenses	1,832	1,832	1,832	0
TOTAL	1,832	1,832	1,832	0
POSTSECONDARY INSTRUCTOR SALARY ENHANCEMENTS				
Personal Services	0	0	0	0
Operating Expenses	3,168	3,168	3,168	0
TOTAL	3,168	3,168	3,168	0
EDUCATION RESOURCES				
Personal Services	2,318	2,318	2,318	0
Operating Expenses	8,767	10,839	10,838	1
TOTAL	11,085	13,157	13,156	1
HISTORY				
Personal Services	1,080	1,098	1,098	0
Operating Expenses	1,276	1,291	1,291	0
TOTAL	2,356	2,389	2,389	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
OFFICE OF STATE LIBRARY				
Personal Services	\$ 1,151	\$ 1,085	\$ 1,085	\$ 0
Operating Expenses	888	888	888	0
TOTAL	2,039	1,973	1,973	0
DEPARTMENT TOTAL, EDUCATION				
Personal Services	6,418	6,497	6,488	9
Operating Expenses	627,902	633,170	622,817	10,353
TOTAL	634,320	639,667	629,305	10,362
ADMINISTRATION, SECRETARY OF PUBLIC SAFETY				
Personal Services	140	140	140	0
Operating Expenses	18	18	18	0
TOTAL	158	158	158	0
HIGHWAY PATROL				
Personal Services	655	655	534	121
Operating Expenses	922	922	612	310
TOTAL	1,577	1,577	1,146	431
EMERGENCY SERVICES AND HOMELAND SECURITY				
Personal Services	1,086	1,086	1,086	0
Operating Expenses	4,370	4,370	4,370	0
TOTAL	5,456	5,456	5,456	0
LEGAL AND REGULATORY SERVICES				
Personal Services	285	285	285	0
Operating Expenses	2,664	2,772	2,743	29
TOTAL	2,949	3,057	3,028	29
DEPARTMENT TOTAL, PUBLIC SAFETY				
Personal Services	2,166	2,166	2,045	121
Operating Expenses	7,974	8,082	7,743	339
TOTAL	10,140	10,248	9,788	460
REGENTS CENTRAL OFFICE				
Personal Services	4,906	4,912	4,911	1
Operating Expenses	26,554	26,548	14,582	11,966
TOTAL	31,460	31,460	19,493	11,967
SOUTH DAKOTA SCHOLARSHIPS				
Personal Services	0	0	0	0
Operating Expenses	6,472	6,498	6,452	46
TOTAL	6,472	6,498	6,452	46
RESEARCH POOL				
Personal Services	0	0	0	0
Operating Expenses	1,273	1,273	1,273	0
TOTAL	1,273	1,273	1,273	0
UNIVERSITY OF SOUTH DAKOTA LAW SCHOOL				
Personal Services	1,688	1,688	1,688	0
Operating Expenses	206	206	206	0
TOTAL	1,894	1,894	1,894	0
UNIVERSITY OF SOUTH DAKOTA PROPER				
Personal Services	34,308	34,308	34,308	0
Operating Expenses	8,070	8,477	5,958	2,519
TOTAL	42,378	42,785	40,266	2,519

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE				
Personal Services	\$ 20,960	\$ 20,960	\$ 20,960	\$ 0
Operating Expenses	3,571	3,571	3,571	0
TOTAL	24,531	24,531	24,531	0
SOUTH DAKOTA STATE UNIVERSITY PROPER				
Personal Services	45,661	45,729	45,489	240
Operating Expenses	6,690	34,415	6,902	27,513
TOTAL	52,351	80,144	52,391	27,753
SDSU EXTENSION				
Personal Services	8,773	8,773	8,773	0
Operating Expenses	305	305	305	0
TOTAL	9,078	9,078	9,078	0
AGRICULTURAL EXPERIMENT STATION				
Personal Services	12,565	12,565	12,565	0
Operating Expenses	628	1,081	1,081	0
TOTAL	13,193	13,646	13,646	0
SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY				
Personal Services	17,073	17,073	17,073	0
Operating Expenses	1,475	20,328	1,349	18,979
TOTAL	18,548	37,401	18,422	18,979
NORTHERN STATE UNIVERSITY				
Personal Services	14,808	14,673	14,673	0
Operating Expenses	997	1,254	1,226	28
TOTAL	15,805	15,927	15,899	28
BLACK HILLS STATE UNIVERSITY				
Personal Services	9,659	9,659	9,659	0
Operating Expenses	695	800	800	0
TOTAL	10,354	10,459	10,459	0
DAKOTA STATE UNIVERSITY				
Personal Services	10,314	10,309	10,124	185
Operating Expenses	842	891	726	165
TOTAL	11,156	11,200	10,850	350
SOUTH DAKOTA SCHOOL FOR THE DEAF				
Personal Services	2,014	1,844	1,841	3
Operating Expenses	947	654	653	1
TOTAL	2,961	2,498	2,494	4
SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
Personal Services	2,937	2,612	2,554	58
Operating Expenses	344	403	399	4
TOTAL	3,281	3,015	2,953	62
DEPARTMENT TOTAL, BOARD OF REGENTS				
Personal Services	185,666	185,105	184,618	487
Operating Expenses	59,069	106,704	45,483	61,221
TOTAL	244,735	291,809	230,101	61,708
ADJUTANT GENERAL				
Personal Services	485	491	491	0
Operating Expenses	142	245	145	100
TOTAL	627	736	636	100

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
ARMY GUARD				
Personal Services	\$ 427	\$ 427	\$ 427	\$ 0
Operating Expenses	6,315	6,833	4,096	2,737
TOTAL	6,742	7,260	4,523	2,737
AIR GUARD				
Personal Services	236	236	236	0
Operating Expenses	278	274	274	0
TOTAL	514	510	510	0
DEPARTMENT TOTAL, MILITARY				
Personal Services	1,148	1,154	1,154	0
Operating Expenses	6,735	7,352	4,515	2,837
TOTAL	7,883	8,506	5,669	2,837
VETERANS' BENEFITS AND SERVICES				
Personal Services	1,359	1,359	1,355	4
Operating Expenses	1,202	1,603	593	1,010
TOTAL	2,561	2,962	1,948	1,014
STATE VETERANS' HOME				
Personal Services	2,676	2,292	2,292	0
Operating Expenses	0	239	239	0
TOTAL	2,676	2,531	2,531	0
STATE VETERANS' CEMETERY				
Personal Services	80	80	80	0
Operating Expenses	243	1,803	161	1,642
TOTAL	323	1,883	241	1,642
DEPARTMENT TOTAL, VETERANS' AFFAIRS				
Personal Services	4,115	3,731	3,727	4
Operating Expenses	1,445	3,645	993	2,652
TOTAL	5,560	7,376	4,720	2,656
ADMINISTRATION, CENTRAL OFFICE				
Personal Services	1,940	1,940	1,922	18
Operating Expenses	1,353	1,461	1,413	48
TOTAL	3,293	3,401	3,335	66
MIKE DURFEE STATE PRISON				
Personal Services	13,113	1,923	1,545	378
Operating Expenses	7,761	8,873	8,864	9
TOTAL	20,874	10,796	10,409	387
STATE PENITENTIARY				
Personal Services	20,613	2,809	2,023	786
Operating Expenses	16,737	17,423	16,253	1,170
TOTAL	37,350	20,232	18,276	1,956
WOMEN'S PRISON				
Personal Services	4,680	620	406	214
Operating Expenses	2,820	4,012	3,970	42
TOTAL	7,500	4,632	4,376	256
INMATE SERVICES				
Personal Services	3,276	1,736	1,511	225
Operating Expenses	32,643	20,697	20,212	485
TOTAL	35,919	22,433	21,723	710

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
PAROLE SERVICES				
Personal Services	\$ 4,586	\$ 1,405	\$ 1,100	\$ 305
Operating Expenses	2,130	2,157	2,102	55
TOTAL	6,716	3,562	3,202	360
JUVENILE COMMUNITY CORRECTIONS				
Personal Services	1,891	892	669	223
Operating Expenses	10,086	7,891	7,543	348
TOTAL	11,977	8,783	8,212	571
DEPARTMENT TOTAL, CORRECTIONS				
Personal Services	50,099	11,325	9,176	2,149
Operating Expenses	73,530	62,514	60,357	2,157
TOTAL	123,629	73,839	69,533	4,306
ADMINISTRATION, SECRETARY OF HUMAN SERVICES				
Personal Services	931	931	879	52
Operating Expenses	352	353	267	86
TOTAL	1,283	1,284	1,146	138
DEVELOPMENTAL DISABILITIES				
Personal Services	850	850	713	137
Operating Expenses	70,097	64,992	64,697	295
TOTAL	70,947	65,842	65,410	432
SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD				
Personal Services	8,349	6,598	6,126	472
Operating Expenses	2,262	1,906	1,799	107
TOTAL	10,611	8,504	7,925	579
LONG-TERM SERVICES AND SUPPORT				
Personal Services	2,715	2,715	2,663	52
Operating Expenses	106,164	82,191	78,556	3,635
TOTAL	108,879	84,906	81,219	3,687
REHABILITATION SERVICES				
Personal Services	972	972	970	2
Operating Expenses	4,207	3,885	3,176	709
TOTAL	5,179	4,857	4,146	711
SERVICES TO THE BLIND AND VISUALLY IMPAIRED				
Personal Services	547	547	542	5
Operating Expenses	500	502	208	294
TOTAL	1,047	1,049	750	299
DEPARTMENT TOTAL, HUMAN SERVICES				
Personal Services	14,364	12,613	11,893	720
Operating Expenses	183,582	153,829	148,703	5,126
TOTAL	197,946	166,442	160,596	5,846
FINANCIAL AND TECHNICAL ASSISTANCE				
Personal Services	2,379	2,379	2,379	0
Operating Expenses	389	3,394	394	3,000
TOTAL	2,768	5,773	2,773	3,000
ENVIRONMENTAL SERVICES				
Personal Services	3,765	3,765	3,765	0
Operating Expenses	654	665	665	0
TOTAL	4,419	4,430	4,430	0

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, ENVIRONMENT AND NATURAL RESOURCES				
Personal Services	\$ 6,144	\$ 6,144	\$ 6,144	\$ 0
Operating Expenses	1,043	4,059	1,059	3,000
TOTAL	7,187	10,203	7,203	3,000
ADMINISTRATION, PUBLIC UTILITIES COMMISSION				
Personal Services	566	579	579	0
Operating Expenses	60	47	47	0
TOTAL	626	626	626	0
DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION				
Personal Services	566	579	579	0
Operating Expenses	60	47	47	0
TOTAL	626	626	626	0
UNIFIED JUDICIAL SYSTEM				
Personal Services	43,971	33,255	32,282	973
Operating Expenses	5,916	6,155	4,918	1,237
TOTAL	49,887	39,410	37,200	2,210
EQUAL ACCESS TO OUR COURTS				
Personal Services	0	0	0	0
Operating Expenses	50	50	50	0
TOTAL	50	50	50	0
DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM				
Personal Services	43,971	33,255	32,282	973
Operating Expenses	5,966	6,205	4,968	1,237
TOTAL	49,937	39,460	37,250	2,210
LEGISLATIVE OPERATIONS				
Personal Services	0	0	0	0
Operating Expenses	0	0	0	0
Appropriation	7,458	7,473	7,411	62
TOTAL	7,458	7,473	7,411	62
AUDITOR GENERAL				
Personal Services	3,655	3,655	3,183	472
Operating Expenses	420	433	344	89
Appropriation	0	0	0	0
TOTAL	4,075	4,088	3,527	561
DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT				
Personal Services	3,655	3,655	3,183	472
Operating Expenses	420	433	344	89
Appropriation	7,458	7,473	7,411	62
TOTAL	11,533	11,561	10,938	623
LEGAL SERVICES PROGRAM				
Personal Services	4,829	5,064	5,064	0
Operating Expenses	721	706	706	0
TOTAL	5,550	5,770	5,770	0
CRIMINAL INVESTIGATION				
Personal Services	5,248	5,043	5,043	0
Operating Expenses	1,794	2,252	2,247	5
TOTAL	7,042	7,295	7,290	5
LAW ENFORCEMENT TRAINING				
Personal Services	0	0	0	0
Operating Expenses	129	2,814	2,564	250
TOTAL	129	2,814	2,564	250

STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, ATTORNEY GENERAL				
Personal Services	\$ 10,077	\$ 10,107	\$ 10,107	\$ 0
Operating Expenses	2,644	5,772	5,517	255
TOTAL	12,721	15,879	15,624	255
ADMINISTRATION OF SCHOOL AND PUBLIC LANDS				
Personal Services	457	407	401	6
Operating Expenses	773	9,836	668	9,168
TOTAL	1,230	10,243	1,069	9,174
DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS				
Personal Services	457	407	401	6
Operating Expenses	773	9,836	668	9,168
TOTAL	1,230	10,243	1,069	9,174
SECRETARY OF STATE				
Personal Services	732	732	706	26
Operating Expenses	797	802	703	99
TOTAL	1,529	1,534	1,409	125
DEPARTMENT TOTAL, SECRETARY OF STATE				
Personal Services	732	732	706	26
Operating Expenses	797	802	703	99
TOTAL	1,529	1,534	1,409	125
TREASURY MANAGEMENT				
Personal Services	427	427	421	6
Operating Expenses	151	153	145	8
TOTAL	578	580	566	14
DEPARTMENT TOTAL, STATE TREASURER				
Personal Services	427	427	421	6
Operating Expenses	151	153	145	8
TOTAL	578	580	566	14
STATE AUDITOR				
Personal Services	1,231	1,258	1,258	0
Operating Expenses	167	172	171	1
TOTAL	1,398	1,430	1,429	1
DEPARTMENT TOTAL, STATE AUDITOR				
Personal Services	1,231	1,258	1,258	0
Operating Expenses	167	172	171	1
TOTAL	1,398	1,430	1,429	1
STATE TOTAL				
Personal Services	425,023	347,912	339,746	8,166
Operating Expenses	1,426,673	1,607,998	1,300,956	307,042
Appropriation	7,458	7,473	7,411	62
TOTAL CHARGES TO APPROPRIATION	\$ 1,859,154	\$ 1,963,383	\$ 1,648,113	\$ 315,270
NON-BUDGETED OUTFLOWS				
Transfer to Budget Reserve Fund	\$ 0	\$ 0	\$ 19,094	\$ (19,094)
Non-budgeted Transfers Out	0	0	69,222	(69,222)
TOTAL NON-BUDGETED OUTFLOWS	\$ 0	\$ 0	\$ 88,316	\$ (88,316)
CHANGE IN BUDGETARY FUND BALANCE	\$ (58,626)	\$ 11,033	\$ 317,999	\$ 306,966
BUDGETARY FUND BALANCE JULY 1, 2020	77,678	77,678	77,678	0
BUDGETARY FUND BALANCE JUNE 30, 2021	\$ 19,052	\$ 88,711	\$ 395,677	\$ 306,966

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

**STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (outflows)				
GENERAL OPERATIONS				
Personal Services	\$ 76,741	\$ 76,741	\$ 74,503	\$ 2,238
Operating Expenses	147,096	134,026	109,488	24,538
TOTAL	223,837	210,767	183,991	26,776
CONTRACT CONSTRUCTION INFORMATIONAL				
Personal Services	0	0	0	0
Operating Expenses	489,495	489,495	618,480	(128,985)
TOTAL	489,495	489,495	618,480	(128,985)
ENFORCEMENT				
Personal Services	17,148	2,532	1,981	551
Operating Expenses	10,841	11,058	10,139	919
TOTAL	27,989	13,590	12,120	1,470
FUND TOTAL, TRANSPORTATION				
Personal Services	93,889	79,273	76,484	2,789
Operating Expenses	647,432	634,579	738,107	(103,528)
TOTAL CHARGES TO APPROPRIATION	\$ 741,321	\$ 713,852	\$ 814,591	\$ (100,739)

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

**STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 SOCIAL SERVICES FEDERAL FUND
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (outflows)				
ADMINISTRATION				
Personal Services	\$ 6,107	\$ 6,107	\$ 4,554	\$ 1,553
Operating Expenses	11,430	11,197	7,463	3,734
TOTAL	17,537	17,304	12,017	5,287
ECONOMIC ASSISTANCE				
Personal Services	12,712	12,687	10,499	2,188
Operating Expenses	65,509	42,659	40,633	2,026
TOTAL	78,221	55,346	51,132	4,214
MEDICAL AND ADULT SERVICES				
Personal Services	3,013	3,013	2,829	184
Operating Expenses	467,201	441,690	398,871	42,819
TOTAL	470,214	444,703	401,700	43,003
CHILDREN'S SERVICES				
Personal Services	11,029	11,029	8,839	2,190
Operating Expenses	52,496	52,496	49,975	2,521
TOTAL	63,525	63,525	58,814	4,711
BEHAVIORAL HEALTH				
Personal Services	8,924	8,924	7,273	1,651
Operating Expenses	34,136	30,653	29,921	732
TOTAL	43,060	39,577	37,194	2,383
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	41,785	41,760	33,994	7,766
Operating Expenses	630,772	578,695	526,863	51,832
TOTAL CHARGES TO APPROPRIATION	\$ 672,557	\$ 620,455	\$ 560,857	\$ 59,598

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

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	<u>General Fund</u>		
Inflows of Resources:			
Actual amounts (budgetary basis) "Amounts Available for Appropriation" from the budgetary comparison schedule	\$ 2,054,428		
Differences-budget to GAAP:			
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(129,850)		
To adjust revenues for accruals and other year-end entries such as the recording tax receivables, shared revenue receipts, and reclassification of lottery revenues	(98,808)		
To adjust revenues for statutorily created funds that do not qualify as special revenue funds	28,370		
Expenditures moved to Coronavirus Relief Fund relating to fiscal year 2020 are inflows of budgetary resources but are not revenues for financial reporting	(22,524)		
Prior year carryover and encumbered amounts are inflows of budgetary resources but are not revenues for financial reporting purposes	(57,952)		
Unexpended carryovers, specials, and deferred maintenances are inflows of budgetary resources but are not revenues for financial reporting purposes	(4,126)		
Sales of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(106)		
	<u> </u>		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 1,769,432</u>		
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Social Services Federal Fund</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "Total Charges to Appropriations" from the budgetary comparison schedule	\$ 1,648,113	\$ 814,591	\$ 560,857
Differences-budget to GAAP:			
Encumbrances for supplies, equipment ordered but not yet received and for uncompleted contracts are reported in the year first encumbered for budgetary purposes, but expenditures are reported in the year the related expenditure is incurred for financial reporting purposes.	(69,405)	(26,314)	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(4,764)		
To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution	36,025	(2,145)	131,672
To adjust expenditures/expenses related to the pandemic which management moved to the COVID-19 Federal Fund budget year-end per State's accounting system	(5,333)		
To adjust expenditures/expenses for statutorily created funds that do not qualify as special revenue funds	31,149		
	<u> </u>	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 1,635,785</u>	<u>\$ 786,132</u>	<u>\$ 692,529</u>

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

Required Supplementary Information

Notes to Required Supplementary Information - Budgetary Reporting

The Budgetary Comparison Schedule is comprised of three sections: 1) Resources Available for Appropriation (Resources), 2) Charges to Appropriations and 3) Non-Budgeted Outflows. The first section presents comparisons of the legally adopted original estimated resources, the revised adopted estimated resources, and actual amounts for each category of resources for the State of South Dakota on a budgetary basis. The General Fund is the only fund that has legally adopted estimated resources by the Legislature. The State does not estimate or forecast resource inflows for the Transportation or Social Services Federal Funds. Therefore, the Transportation and Social Services Federal Funds do not have a resource section of their corresponding Budgetary Comparison Schedules. The original adopted estimated resources are defined as the estimated resources for the next fiscal year as referenced in SDCL 4-7-10(2), as adopted by the Legislature. The prior year carryover and encumbered amount is adopted before the current fiscal year and is carried over to subsequent years based on the expiration date. The revised adopted estimated resources are defined as the estimated resources in the current fiscal year as referenced in SDCL 4-7-10(2). The actual amounts are comprised of actual collections as of the close of the fiscal year.

The second section presents comparisons of the original charges to appropriations budget and legally revised final charges to appropriations budget, with actual amounts for each program of the State 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 Budgetary Comparison Schedule follows the same format, terminology, and classification as the State's General Appropriations Act (General Bill). Also included is a column that compares the variance between the final budget and actual amounts. A positive variance refers to unused budget, while a negative variance refers to an over-expended budget. For the year ended June 30, 2021, there were no over-expenditures by any State department. Informational budget units, when combined with specific continuous or annual appropriation designation, are able to over-spend the expenditure authority.

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

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

The Budgetary Comparison Schedule reports amounts on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes information presented on this basis for the fiscal year. A reconciliation of the two methods for the fiscal year ended June 30, 2021 has also been included as Required Supplementary Information.

STATE OF SOUTH DAKOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM
July 1, 2019 to June 30, 2020 Measurement Date
Last Ten Fiscal Years *
(Dollars Expressed in Thousands)

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

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

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

STATE OF SOUTH DAKOTA
SCHEDULE OF CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM
June 30, 2021
Last Ten Fiscal Years *
(Dollars Expressed in Thousands)

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

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

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

Required Supplementary Information

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

Changes from Prior Valuation:

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

Changes of Benefit Terms:

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415 (m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if members retire prior to age 62, and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Changes of Assumptions:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that, if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019, and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595.0 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Changes of Actuarial Method:

No changes in actuarial methods were made since the prior valuation.



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
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**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
June 30, 2021
(Expressed in Thousands)**

Assets	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Cash and Cash Equivalents	\$ 371,452	\$ 199	\$ 187	\$ 1,655	\$ 373,493
Restricted Cash		1			1
Investments	228,898	807		71,084	300,789
Restricted Investments		19,194			19,194
Receivables from:					
Taxes, net	3,334				3,334
Interest and Dividends	925		14	86	1,025
Other Funds	10,160				10,160
Component Units	8				8
Other Governments	111,390				111,390
Loans and Notes, net	71,507			630	72,137
Other, net	9,593	10,174		36	19,803
Inventory	2,231				2,231
Other Assets	1,221				1,221
Total Assets	\$ 810,719	\$ 30,375	\$ 201	\$ 73,491	\$ 914,786
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 53,946	\$ 2	\$	\$	\$ 53,948
Payable to:					
Other Funds	48,238		201	3,486	51,925
Component Units	733				733
Other Governments	64,657				64,657
Claims, Judgments, and Compensated Absences	63				63
Unearned Revenue	14,931				14,931
Total Liabilities	182,568	2	201	3,486	186,257
Deferred Inflows of Resources:					
Unavailable Revenue	4,426	10,174			14,600
Total Deferred Inflows of Resources	4,426	10,174	0	0	14,600
Fund Balances:					
Nonspendable	138,043			71,824	209,867
Restricted	415,663	20,199			435,862
Committed	59,244				59,244
Assigned	17,562				17,562
Unassigned	(6,787)			(1,819)	(8,606)
Total Fund Balances	623,725	20,199	0	70,005	713,929
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 810,719	\$ 30,375	\$ 201	\$ 73,491	\$ 914,786

**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, 2021
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Revenue:					
Taxes	\$ 102,244	\$	\$	\$	\$ 102,244
Licenses, Permits, and Fees	318,190				318,190
Fines, Forfeits, and Penalties	25,436				25,436
Use of Money and Property	32,324	13	(495)	13,219	45,061
Sales and Services	25,744				25,744
Administering Programs	699,103				699,103
Tobacco Settlement		21,973			21,973
Other Revenue	21,280				21,280
Total Revenue	1,224,321	21,986	(495)	13,219	1,259,031
Expenditures:					
Current:					
General Government	37,435	112		3,246	40,793
Education	234,857				234,857
Health, Human, and Social Services	366,747				366,747
Law, Justice, Public Protection, and Regulation	152,025				152,025
Agriculture and Natural Resources	142,948				142,948
Economic Resources	9,823				9,823
Transportation	3,445				3,445
State Shared Revenue Paid to Other Governments	168,645				168,645
Debt Service:					
Principal		17,931			17,931
Interest		5,830			5,830
Bond Issuance Costs		80			80
Total Expenditures	1,115,925	23,953	0	3,246	1,143,124
Excess of Revenue Over (Under) Expenditures	108,396	(1,967)	(495)	9,973	115,907
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	24,513				24,513
Insurance Proceeds	1				1
Issuance of Refunding Bonds		9,495			9,495
Payments on Advance Refundings		(8,970)			(8,970)
Transfers In	97,023	6,561	495		104,079
Transfers Out	(89,218)	(9,393)		(699)	(99,310)
Total Other Financing Sources (Uses)	32,319	(2,307)	495	(699)	29,808
Net Change in Fund Balances	140,715	(4,274)		9,274	145,715
Fund Balances at Beginning of Year, as restated	483,010	24,473	0	60,731	568,214
Fund Balances at End of Year	\$ 623,725	\$ 20,199	\$ 0	\$ 70,005	\$ 713,929

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2021
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Assets					
Cash and Cash Equivalents	\$ 911	\$	\$ 4,327	\$ 41	\$ 4,777
Investments					
Receivables from:					
Taxes, net					
Interest and Dividends			1		7
Other Funds		695	530	135	
Component Units				1	
Other Governments	25,827	25,160	1,249	4,244	677
Loans and Notes, net					4,499
Other, net			14		
Inventory	645	124	39	1,219	
Other Assets	69			99	3
Total Assets	\$ 27,452	\$ 25,979	\$ 6,160	\$ 5,739	\$ 9,963
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 4,180	\$ 22,228	\$ 1,640	\$ 2,287	\$ 4
Payable to:					
Other Funds	95	1,485	257	222	83
Component Units	13			32	
Other Governments	21,680	203	1	61	354
Claims, Judgments, and Compensated Absences		12	1	8	
Unearned Revenue	1,302		129	1,041	
Total Liabilities	27,270	23,928	2,028	3,651	441
Deferred Inflows of Resources:					
Unavailable Revenue					
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Nonspendable	69	124	39	1,318	3
Restricted	113		3,337	770	9,519
Committed					
Assigned		1,927	756		
Unassigned					
Total Fund Balances	182	2,051	4,132	2,088	9,522
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 27,452	\$ 25,979	\$ 6,160	\$ 5,739	\$ 9,963

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$ 14,057	\$ 12,071	\$ 1,094	\$ 4,137	\$ 5,981
							1,129
			26	8	17		5
3,086			37	14		102	
6,861	1,603	4,244		286		7	
1,405						102	
100			1,145	745		2,989	
						46	
18							
\$ 11,470	\$ 1,603	\$ 4,244	\$ 15,265	\$ 13,124	\$ 1,111	\$ 7,383	\$ 7,115
\$ 2,661	\$ 411	\$ 1,550	\$ 2,533	\$ 3,767	\$ 196	\$ 352	\$ 85
6,026	716	1,654	671	2,928	23	11	539
		103	41				
1,340	372	936	304	29		24	482
	19	1	5	1		2	2
							4,938
10,027	1,518	4,244	3,554	6,725	219	389	6,046
0	0	0	0	0	0	1,472	0
						1,472	
18						46	
			11,711	6,399		4,061	
					337		1,069
1,425	85				555	1,415	
1,443	85	0	11,711	6,399	892	5,522	1,069
\$ 11,470	\$ 1,603	\$ 4,244	\$ 15,265	\$ 13,124	\$ 1,111	\$ 7,383	\$ 7,115

Continued on next page

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2021
(Expressed in Thousands)**

Assets	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation
Cash and Cash Equivalents	\$ 27,836	\$ 3,344	\$ 47,376	\$ 3,591	\$ 6,462
Investments				5,114	
Receivables from:					
Taxes, net					289
Interest and Dividends	47	6	86		14
Other Funds	3		980		
Component Units					
Other Governments	16,456	502		178	
Loans and Notes, net					
Other, net	32		122		
Inventory					
Other Assets					
Total Assets	<u>\$ 44,374</u>	<u>\$ 3,852</u>	<u>\$ 48,564</u>	<u>\$ 8,883</u>	<u>\$ 6,765</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 724	\$ 684	\$ 12	\$ 3	\$ 73
Payable to:					
Other Funds	2,176	530	30		2
Component Units			399	4	
Other Governments	31,462			8	
Claims, Judgments, and Compensated Absences					
Unearned Revenue					
Total Liabilities	<u>34,362</u>	<u>1,214</u>	<u>441</u>	<u>15</u>	<u>75</u>
Deferred Inflows of Resources:					
Unavailable Revenue			109		
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>109</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Nonspendable					
Restricted			48,014	8,604	
Committed	10,012	3,369			6,690
Assigned				264	
Unassigned		(731)			
Total Fund Balances	<u>10,012</u>	<u>2,638</u>	<u>48,014</u>	<u>8,868</u>	<u>6,690</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,374</u>	<u>\$ 3,852</u>	<u>\$ 48,564</u>	<u>\$ 8,883</u>	<u>\$ 6,765</u>

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$ 5,478	\$ 30,393	\$ 6,599	\$	\$ 69	\$ 23,570	\$ 169,338	\$ 371,452
				222,559		1,225	228,898
	751	17				1,148	3,334
7	87	27		229	84	274	925
206	781	506				3,085	10,160
	156		7,638			16,207	111,390
	23,366	5,644			32,476	4,117	71,507
				68	375	4,003	9,593
						158	2,231
						1,032	1,221
\$ 5,691	\$ 55,534	\$ 12,793	\$ 7,638	\$ 222,925	\$ 56,505	\$ 200,587	\$ 810,719
\$ 212	\$ 11	\$ 2	\$ 1,657	\$	\$ 6	\$ 8,668	\$ 53,946
6			5,553	5,839		19,392	48,238
					91	50	733
	2,158		383			4,860	64,657
			3			9	63
						7,521	14,931
218	2,169	2	7,596	5,839	97	40,500	182,568
						2,845	4,426
0	0	0	0	0	0	2,845	4,426
				135,631		795	138,043
	53,365	12,422		81,455	55,890	120,003	415,663
2,229		369			518	34,651	59,244
3,244			42			7,849	17,562
						(6,056)	(6,787)
5,473	53,365	12,791	42	217,086	56,408	157,242	623,725
\$ 5,691	\$ 55,534	\$ 12,793	\$ 7,638	\$ 222,925	\$ 56,505	\$ 200,587	\$ 810,719

**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, 2021
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Revenue:					
Taxes	\$	\$	\$ 452	\$	\$
Licenses, Permits, and Fees		122	871		
Fines, Forfeits, and Penalties				133	
Use of Money and Property		28	(5)		150
Sales and Services	73	1,691			5
Administering Programs	200,408	253,131	17,481	51,913	4,675
Other Revenue	43	65	31	7	10
Total Revenue	200,524	255,037	18,830	52,053	4,840
Expenditures:					
General Government					
Education	200,521				
Health, Human, and Social Services		255,104	21,334	52,138	
Law, Justice, Public Protection, and Regulation			31		
Agriculture and Natural Resources					
Economic Resources					4,674
Transportation					
State Shared Revenue Paid to					
Other Governments					
Total Expenditures	200,521	255,104	21,365	52,138	4,674
Excess of Revenue Over (Under) Expenditures	3	(67)	(2,535)	(85)	166
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets				9	
Insurance Proceeds					
Transfers In	16	594	3,840	273	
Transfers Out	(16)	(554)	(51)		
Total Other Financing Sources (Uses)	0	40	3,789	282	0
Net Change in Fund Balances	3	(27)	1,254	197	166
Fund Balances at Beginning of Year, as restated	179	2,078	2,878	1,891	9,356
Fund Balances at End of Year	\$ 182	\$ 2,051	\$ 4,132	\$ 2,088	\$ 9,522

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$	\$	\$	\$	\$
			36,269	2,020 28,590	28,593 32,581 33	1,931	11,678 5,124 12
		373	(69)	3,352	(115)		(16)
			182	199	8	1,144	
60,876	7,873	18,708	100	15			
1,375	1	23	366	56		7,960	
62,251	7,874	19,104	36,848	34,232	61,100	11,035	16,798
						9,506	
65,661					3,275		1,249
	8,085	17,695	34,130	25,743			
							8,864
65,661	8,085	17,695	34,130	25,743	3,275	9,506	10,113
(3,410)	(211)	1,409	2,718	8,489	57,825	1,529	6,685
			374	89			
	91		2,446	17		1	
		(1,409)	(1,805)	(3,915)	(58,152)	(965)	(6,137)
0	91	(1,409)	1,015	(3,809)	(58,152)	(893)	(6,137)
(3,410)	(120)	0	3,733	4,680	(327)	636	548
4,853	205	0	7,978	1,719	1,219	4,886	521
\$ 1,443	\$ 85	\$ 0	\$ 11,711	\$ 6,399	\$ 892	\$ 5,522	\$ 1,069

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, 2021
(Expressed in Thousands)**

	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation
Revenue:					
Taxes	\$ 4,060	\$ 11,752	\$ 17,676	\$	\$ 3,193
Licenses, Permits, and Fees	152,365	4,705		5,998	
Fines, Forfeits, and Penalties	3				
Use of Money and Property	(409)	(11)	83	(10)	(10)
Sales and Services	1,763				
Administering Programs				36	
Other Revenue	133		81	862	
Total Revenue	157,915	16,446	17,840	6,886	3,183
Expenditures:					
General Government	8,616	13,957			
Education				30,263	
Health, Human, and Social Services					
Law, Justice, Public Protection, and Regulation	8,774				
Agriculture and Natural Resources					1,075
Economic Resources			3,486		
Transportation					
State Shared Revenue Paid to					
Other Governments	137,979				
Total Expenditures	155,369	13,957	3,486	30,263	1,075
Excess of Revenue Over (Under) Expenditures	2,546	2,489	14,354	(23,377)	2,108
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets					
Insurance Proceeds					
Transfers In	1,033			23,772	
Transfers Out	(2,476)		(126)		(1,473)
Total Other Financing Sources (Uses)	(1,443)	0	(126)	23,772	(1,473)
Net Change in Fund Balances	1,103	2,489	14,228	395	635
Fund Balances at Beginning of Year, as restated	8,909	149	33,786	8,473	6,055
Fund Balances at End of Year	\$ 10,012	\$ 2,638	\$ 48,014	\$ 8,868	\$ 6,690

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$	\$ 7,329	\$ 178	\$	\$	\$	\$ 15,313	\$ 102,244
	1,937				354	47,343	318,190
						25,255	25,436
(50)	73	(121)	34	27,935	1,325	(213)	32,324
1,793						18,886	25,744
			28,725		4,998	50,164	699,103
					2,223	8,044	21,280
1,743	9,339	57	28,759	27,935	8,900	164,792	1,224,321
3,306				499		11,057	37,435
						4,073	234,857
						28,665	366,747
			28,760			44,275	152,025
	11,747					44,473	142,948
		23				1,640	9,823
					750	2,695	3,445
						21,802	168,645
3,306	11,747	23	28,760	499	750	158,680	1,115,925
(1,563)	(2,408)	34	(1)	27,436	8,150	6,112	108,396
					23,985	56	24,513
							1
1,524	3,151			50,000		10,195	97,023
	(600)			(5,839)	(540)	(5,160)	(89,218)
1,524	2,551	0	0	44,161	23,445	5,091	32,319
(39)	143	34	(1)	71,597	31,595	11,203	140,715
5,512	53,222	12,757	43	145,489	24,813	146,039	483,010
\$ 5,473	\$ 53,365	\$ 12,791	\$ 42	\$ 217,086	\$ 56,408	\$ 157,242	\$ 623,725

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2021
(Expressed in Thousands)**

<u>Assets</u>	<u>Building Authority</u>	<u>Tobacco Securitization</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 45	\$ 154	\$ 199
Restricted Cash		1	1
Investments		807	807
Restricted Investments		19,194	19,194
Receivables from:			
Other, net		10,174	10,174
Total Assets	\$ 45	\$ 30,330	\$ 30,375
Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts Payable and Other Liabilities	\$ 0	\$ 2	\$ 2
Total Liabilities	0	2	2
Deferred Inflows of Resources:			
Unavailable Revenue		10,174	10,174
Total Deferred Inflows of Resources	0	10,174	10,174
Fund Balances:			
Restricted	45	20,154	20,199
Total Fund Balances	45	20,154	20,199
Total Deferred Inflows of Resources and Fund Balances	\$ 45	\$ 30,330	\$ 30,375

**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, 2021
(Expressed in Thousands)**

	<u>Building Authority</u>	<u>Tobacco Securitization</u>	<u>Total</u>
Revenue:			
Use of Money and Property	\$	\$ 13	\$ 13
Tobacco Settlement		21,973	21,973
Total Revenue	0	21,986	21,986
Expenditures:			
Current:			
General Government		112	112
Debt Service:			
Principal	7,631	10,300	17,931
Interest	2,807	3,023	5,830
Bond Issuance Costs	80		80
Total Expenditures	10,518	13,435	23,953
Excess of Revenue Over (Under) Expenditures	(10,518)	8,551	(1,967)
Other Financing Sources (Uses):			
Issuance of Refunding Bonds	9,495		9,495
Payments on Advance Refundings	(8,970)		(8,970)
Transfers In	6,561		6,561
Transfers Out	(678)	(8,715)	(9,393)
Total Other Financing Sources (Uses)	6,408	(8,715)	(2,307)
Net Change in Fund Balances	(4,110)	(164)	(4,274)
Fund Balances at Beginning of Year	4,155	20,318	24,473
Fund Balances at End of Year	\$ 45	\$ 20,154	\$ 20,199

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2021
(Expressed in Thousands)

<u>Assets</u>	Revolving Economic Development and Initiative	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
Current Assets:					
Cash and Cash Equivalents	\$ 97,496	\$ 1,886	\$ 3,862	\$ 784	\$ 4,793
Receivables:					
Interest and Dividends	224	6	2	1	26
Other Funds				4	
Component Units					
Other Governments				80	
Loans and Notes, net	6,078				379
Other, net	49			5	
Inventory				510	
Other Assets					
Total Current Assets	103,847	1,892	3,864	1,384	5,198
Assets Held for Resale	321				
Restricted Assets:					
Net Pension Asset	1	1	1	1	
Capital Assets:					
Land and Other Non-depreciable Assets			192	103	
Property, Plant, and Equipment			7,352	559	18
Accumulated Depreciation			(2,689)	(503)	(17)
Construction in Progress			290		
Total Capital Assets	0	0	5,145	159	1
Other Noncurrent Assets	27,416				3,427
Total Assets	131,585	1,893	9,010	1,544	8,626
Deferred Outflows of Resources					
Deferred Outflow Related to Pensions	87	5	138	139	13
Total Deferred Outflows of Resources	87	5	138	139	13
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	25	469	205	69	
Payable to:					
Other Funds	5		25	4	1
Claims, Judgments, and Compensated Absences	11	1	29	62	
Unearned Revenue			842		
Total Current Liabilities	41	470	1,101	135	1
Noncurrent Liabilities:					
Claims, Judgments, and Compensated Absences	8	1	26	55	
Total Noncurrent Liabilities	8	1	26	55	0
Total Liabilities	49	471	1,127	190	1
Deferred Inflows of Resources					
Deferred Inflow Related to Pensions	70	5	112	111	11
Total Deferred Inflows of Resources	70	5	112	111	11
Net Position					
Net Investment in Capital Assets			5,145	158	1
Restricted for:					
Disaster Relief Fund	10,512				
Pensions	18	1	27	29	2
Other	1,762				
Unrestricted	119,261	1,421	2,737	1,195	8,624
Total Net Position	\$ 131,553	\$ 1,422	\$ 7,909	\$ 1,382	\$ 8,627

<u>Prison Industries</u>	<u>S.D. Trust Company Captive Insurance Co.</u>	<u>Professional and Licensing</u>	<u>Banking and Insurance</u>	<u>Other</u>	<u>Total</u>
\$ 538	\$ 2,151	\$ 15,662	\$ 11,543	\$ 8,300	\$ 147,015
2	10	32	22	7	332
558					562
28					28
				4	84
					6,457
83				3	140
988				87	1,585
133				125	258
<u>2,330</u>	<u>2,161</u>	<u>15,694</u>	<u>11,565</u>	<u>8,526</u>	<u>156,461</u>
					321
1		7	4	2	18
					295
2,525		62		1,085	11,601
(1,939)		(49)		(509)	(5,706)
					290
<u>586</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>576</u>	<u>6,480</u>
					30,843
<u>2,917</u>	<u>2,161</u>	<u>15,714</u>	<u>11,569</u>	<u>9,104</u>	<u>194,123</u>
219		1,058	724	388	2,771
<u>219</u>	<u>0</u>	<u>1,058</u>	<u>724</u>	<u>388</u>	<u>2,771</u>
327	5	447	3,260	292	5,099
36		142	12	26	251
61		276	231	87	758
7		839			1,688
<u>431</u>	<u>5</u>	<u>1,704</u>	<u>3,503</u>	<u>405</u>	<u>7,796</u>
54		244	201	77	666
<u>54</u>	<u>0</u>	<u>244</u>	<u>201</u>	<u>77</u>	<u>666</u>
<u>485</u>	<u>5</u>	<u>1,948</u>	<u>3,704</u>	<u>482</u>	<u>8,462</u>
175		861	574	313	2,232
<u>175</u>	<u>0</u>	<u>861</u>	<u>574</u>	<u>313</u>	<u>2,232</u>
586		11		576	6,477
					10,512
45		204	154	77	557
					1,762
1,845	2,156	13,748	7,861	8,044	166,892
<u>\$ 2,476</u>	<u>\$ 2,156</u>	<u>\$ 13,963</u>	<u>\$ 8,015</u>	<u>\$ 8,697</u>	<u>\$ 186,200</u>

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	<u>Revolving Economic Development and Initiative</u>	<u>Second Injury</u>	<u>State Fair</u>	<u>Federal Surplus Property</u>	<u>Rural Rehabilitation</u>
Operating Revenue:					
Licenses, Permits, and Fees	\$	\$	\$ 956	\$	\$ 200
Use of Money and Property	624		383		
Sales and Services	20		335	2,138	
Administering Programs			22		
Assessments		1			
Other Revenue	33		335	1	182
Total Operating Revenue	677	1	2,031	2,139	382
Operating Expenses:					
Personal Services and Benefits	215	15	1,069	667	43
Travel	4		14	1	
Contractual Services	279		1,707	572	8
Supplies and Materials	4		65	1,243	
Other	155		65		176
Provision for Loan Loss (Recovery)	(299)				
Depreciation/Amortization			120	9	
Insurance Claims		1,282			
Total Operating Expenses	358	1,297	3,040	2,492	227
Operating Income (Loss)	319	(1,296)	(1,009)	(353)	155
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets			2,896		
Loss on Disposal of Assets			(6)		
Investment Income	(724)	(52)	(5)	5	(22)
Other Expense	(176)				
Grant and Other Income					133
Total Nonoperating Revenue (Expenses)	(900)	(52)	2,885	5	111
Income (Loss) Before Capital Contributions and Transfers	(581)	(1,348)	1,876	(348)	266
Capital Contributions and Transfers:					
Transfers In			722		
Transfers Out		(1)			
Net Capital Contributions and Transfers	0	(1)	722	0	0
Change in Net Position	(581)	(1,349)	2,598	(348)	266
Net Position at Beginning of Year	132,134	2,771	5,311	1,730	8,361
Net Position at End of Year	\$ 131,553	\$ 1,422	\$ 7,909	\$ 1,382	\$ 8,627

Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$	\$	\$ 10,642	\$ 5,805	\$ 2,131	\$ 19,534
4,391	(53)	239	364	1,011	8,445
		58			80
					1
		566	17	28	1,162
4,391	(53)	11,505	6,186	3,170	30,429
1,095		4,931	3,400	2,057	13,492
13		477	7	175	691
344	27	3,168	718	472	7,295
2,399		252	67	185	4,215
		11	6		413
					(299)
86		8		219	442
					1,282
3,937	27	8,847	4,198	3,108	27,531
454	(80)	2,658	1,988	62	2,898
9					2,905
(2)				(3)	(11)
(6)	69	(119)	(55)	35	(874)
		(1)	(1)		(178)
					133
1	69	(120)	(56)	32	1,975
455	(11)	2,538	1,932	94	4,873
94			38	96	950
(471)		(123)	(159)		(754)
(377)	0	(123)	(121)	96	196
78	(11)	2,415	1,811	190	5,069
2,398	2,167	11,548	6,204	8,507	181,131
\$ 2,476	\$ 2,156	\$ 13,963	\$ 8,015	\$ 8,697	\$ 186,200

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 53	\$ 1	\$ 1,925	\$ 1,907	\$
Receipts from Interfund Services Provided				149	
Receipts from Federal Agencies				111	
Receipts from Loan Payments	12,971				1,999
Payments to Suppliers and for Benefits and Claims	(254)	468	(1,559)	(976)	(183)
Payments for Employee Services	(240)	(13)	(1,015)	(629)	(42)
Payments for Interfund Services Used	(62)		(165)	(80)	(1)
Payments for Loans Originated	(1,979)				
Other Receipts (Payments)	(155)	(1,282)	335	1	182
Net Cash Provided (Used) by Operating Activities	10,334	(826)	(479)	483	1,955
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets					
Construction in Progress			(290)		
Sale or Disposition of Capital Assets			2,908		
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	2,618	0	0
Cash Flows from Noncapital Financing Activities:					
Transfers In			722		4
Transfers Out		(1)			
Services Provided to Others	(163)				
Grants and Other Noncapital Financing Activities					(41)
Net Cash Provided (Used) by Noncapital Financing Activities	(163)	(1)	722	0	(37)
Cash Flows from Investing Activities:					
Investment Income	(562)	(44)		5	(17)
Investment Expense	(12)		(4)		
Purchase of Investment Securities			(11)		
Net Cash Provided (Used) by Investing Activities	(574)	(44)	(15)	5	(17)
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	9,597	(871)	2,846	488	1,901
Cash and Cash Equivalents at Beginning of Year	87,899	2,757	1,016	296	2,892
Cash and Cash Equivalents at End of Year	\$ 97,496	\$ 1,886	\$ 3,862	\$ 784	\$ 4,793
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 319	\$ (1,296)	\$ (1,009)	\$ (353)	\$ 155
Adjustments to Reconcile Operating Income (Loss):					
Depreciation/Amortization Expense			120	9	
Interest Expense					
Miscellaneous Nonoperating Items					
Decrease/(Increase) in Assets:					
Accounts Receivable	3			8	
Interest, Dividends, and Penalties Receivable	80				20
Loans and Notes Receivable	9,986				1,779
Due From Other Funds				(4)	
Due From Component Units					
Due From Other Governments				25	
Inventory				730	
Other Assets					
Restricted Net Pension Asset	1		1	1	
Decrease/(Increase) in Deferred Outflows of Resources:					
Deferred Outflows Related to Pensions	(18)		(25)	(30)	8
Increase/(Decrease) in Liabilities:					
Accounts Payable	(27)	468	112	29	
Accrued Liabilities	(16)		14	(2)	(2)
Compensated Absences Payable	(34)		(4)		(6)
Due To Other Funds	(2)		15	1	(1)
Due To Other Governments					
Unearned Revenue			228		
Other Liabilities					
Net Pension Liability					
Increase/(Decrease) in Deferred Inflows of Resources:					
Deferred Inflows Related to Pensions	42	2	69	69	2
Net Cash Provided (Used) by Operating Activities	\$ 10,334	\$ (826)	\$ (479)	\$ 483	\$ 1,955

Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 1,174	\$ 70	\$ 11,106	\$ 6,169	\$ 3,115	\$ 25,520
2,964		69		34	3,216
					111
					14,970
(2,544)	(128)	(3,062)	(1,071)	(1,247)	(10,556)
(1,011)	(22)	(4,589)	(3,147)	(1,970)	(12,678)
(216)		(768)	(136)	(177)	(1,605)
					(1,979)
		388	17	24	(490)
367	(80)	3,144	1,832	(221)	16,509
				(83)	(83)
					(290)
9					2,917
9	0	0	0	(83)	2,544
94		5	38	95	958
(472)		(127)	(159)		(759)
					(163)
					(41)
(378)	0	(122)	(121)	95	(5)
(5)	70	(93)	(40)	33	(653)
		(3)	(1)		(20)
					(11)
(5)	70	(96)	(41)	33	(684)
(7)	(10)	2,926	1,670	(176)	18,364
545	2,161	12,736	9,873	8,476	128,651
\$ 538	\$ 2,151	\$ 15,662	\$ 11,543	\$ 8,300	\$ 147,015
\$ 454	\$ (80)	\$ 2,658	\$ 1,988	\$ 62	\$ 2,898
86		8		6	229
		(12)			(12)
		12			12
(10)		3		(2)	2
					100
					11,765
1,313		5			1,314
23					23
(229)				13	(191)
10				(23)	717
(123)		33		(11)	(101)
2		12	5	3	25
(48)		(208)	(192)	(90)	(603)
122		(36)	(408)	(15)	245
2		1	11	(12)	(4)
6		56	56	(13)	61
(1,313)		65	1	(9)	(1,243)
(9)					(9)
(33)		17			212
				(329)	(329)
5		(3)			2
109		533	371	199	1,396
\$ 367	\$ (80)	\$ 3,144	\$ 1,832	\$ (221)	\$ 16,509

STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 June 30, 2021
 (Expressed in Thousands)

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 64,918	\$ 6,894	\$ 2,808	\$ 3,382	\$ 1,374	\$ 738
Receivables:						
Interest and Dividends	128	11	3	9	1	1
Other Funds		2,380	1,425	1,316	767	266
Component Units		3	188	104		1
Other Governments						
Other, net	7,042	1	21	44		1
Inventory		4	6			176
Other Assets	103	1,721	2,059	1,218		
Total Current Assets	72,191	11,014	6,510	6,073	2,142	1,183
Restricted Assets:						
Net Pension Asset	1	27	10	2	5	1
Capital Assets:						
Property, Plant, and Equipment		11,758	5,145	14,250	1,542	446
Accumulated Depreciation		(9,642)	(3,961)	(12,174)	(1,276)	(352)
Construction in Progress			535			
Total Capital Assets	0	2,116	1,719	2,076	266	94
Total Assets	72,192	13,157	8,239	8,151	2,413	1,278
Deferred Outflows of Resources						
Deferred Outflow Related to Pensions	236	4,429	1,568	391	819	85
Total Deferred Outflows of Resources	236	4,429	1,568	391	819	85
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	1,748	1,355	1,223	203	423	41
Payable to:						
Other Funds	68	98	199	136	56	5
Component Units						
Bonds, Notes, and Leases Payable		352				19
Claims, Judgments, and Compensated Absences	17,102	1,421	582	145	219	43
Unearned Revenue	1	549	2,071			
Total Current Liabilities	18,919	3,775	4,075	484	698	108
Noncurrent Liabilities:						
Bonds, Notes, and Leases Payable		461				5
Claims, Judgments, and Compensated Absences	44	1,244	515	128	193	38
Other Noncurrent Liabilities	57					
Total Noncurrent Liabilities	101	1,705	515	128	193	43
Total Liabilities	19,020	5,480	4,590	612	891	151
Deferred Inflows of Resources						
Deferred Inflow Related to Pensions	188	3,520	1,264	311	659	68
Total Deferred Inflows of Resources	188	3,520	1,264	311	659	68
Net Position						
Net Investment in Capital Assets		1,304	1,719	2,077	265	69
Restricted for Pensions	49	936	314	82	165	18
Unrestricted	53,171	6,346	1,920	5,460	1,252	1,057
Total Net Position	\$ 53,220	\$ 8,586	\$ 3,953	\$ 7,619	\$ 1,682	\$ 1,144

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 481	\$ 10,749	\$ 2,379	\$ 1,050	\$ 3,686	\$ 7,789	\$ 106,248
1	25	2	2	8	15	206
111		1,342	351		805	8,763
162		218	1		51	728
					205	205
	28	148		6	165	7,456
					612	798
77	7		12	203	80	5,480
832	10,809	4,089	1,416	3,903	9,722	129,884
1	1	1	5		8	62
2,122		63,045	378		11,118	109,804
(2,010)		(41,218)	(358)		(5,098)	(76,089)
					100	635
112	0	21,827	20	0	6,120	34,350
945	10,810	25,917	1,441	3,903	15,850	164,296
117	147	161	805	61	1,390	10,209
117	147	161	805	61	1,390	10,209
28	44	511	239	16	606	6,437
16	30	411	35	3	129	1,186
		32			11	43
		4,696			67	5,134
59	1,646	38	275	4,476	485	26,491
					12	2,633
103	1,720	5,688	549	4,495	1,310	41,924
		11,309			141	11,916
52	2,864	34	243	29,502	429	35,286
					57	
52	2,864	11,343	243	29,502	570	47,259
155	4,584	17,031	792	33,997	1,880	89,183
94	119	132	647	49	1,111	8,162
94	119	132	647	49	1,111	8,162
112		5,820			5,911	17,277
24	29	30	163	12	287	2,109
677	6,225	3,065	644	(30,094)	8,051	57,774
\$ 813	\$ 6,254	\$ 8,915	\$ 807	\$ (30,082)	\$ 14,249	\$ 77,160

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	<u>Self- Insurance</u>	<u>Information Services</u>	<u>Tele- communi- cations</u>	<u>Accounting and Payroll</u>	<u>Buildings and Grounds</u>	<u>Central Mail</u>
Operating Revenue:						
Use of Money and Property	\$	\$	\$	\$	\$	\$
Sales and Services	193,595	28,214	20,647	4,681	7,008	3,389
Other Revenue	7,304		14	13	10	4
Total Operating Revenue	200,899	28,214	20,661	4,694	7,018	3,393
Operating Expenses:						
Personal Services and Benefits	1,060	20,930	7,049	1,764	4,068	449
Travel	18	15	104	3	2	
Contractual Services	33,096	5,437	11,634	2,900	2,409	177
Supplies and Materials	45	416	1,444	83	813	2,698
Grant and Other	1					
Interest		42	5			4
Depreciation/Amortization		485	624	378	35	38
Insurance Claims	139,055					
Total Operating Expenses	173,275	27,325	20,860	5,128	7,327	3,366
Operating Income (Loss)	27,624	889	(199)	(434)	(309)	27
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets					5	20
Loss on Disposal of Assets				(121)		
Investment Income	695	10	(17)	(45)	(7)	(6)
Other Expense	(8)	(1)	(45)	(1)		
Grant and Other Income			45			
Total Nonoperating Revenue (Expenses)	687	9	(17)	(167)	(2)	14
Income (Loss) Before Capital Contributions						
Income (Loss) Before Transfers	28,311	898	(216)	(601)	(311)	41
Transfers:						
Transfers In				822		
Transfers Out						
Net Transfers	0	0	0	822	0	0
Change in Net Position	28,311	898	(216)	221	(311)	41
Net Position at Beginning of Year	24,909	7,688	4,169	7,398	1,993	1,103
Net Position at End of Year	\$ 53,220	\$ 8,586	\$ 3,953	\$ 7,619	\$ 1,682	\$ 1,144

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 781	\$ 1,240	\$ 13,488	\$ 4,475	\$ 6,004	\$ 9	\$ 296,288
	106	44		41	184	7,720
781	1,346	13,532	4,475	6,045	12,959	304,017
542	684	715	4,057	287	7,044	48,649
5	21	2	38		287	495
228	826	2,042	726	185	1,791	61,451
1	8	5,553	168	9	1,911	13,149
		487			3	4
42		4,351	3		12	550
	993			7,276	426	6,382
818	2,532	13,150	4,992	7,757	11,674	278,204
(37)	(1,186)	382	(517)	(1,712)	1,285	25,813
1		861			1	888
		(178)			(10)	(309)
(8)	(94)	(12)	(12)	(44)	3	463
	(1)				(1)	(57)
(7)	(95)	671	(12)	(44)	(7)	1,030
(44)	(1,281)	1,053	(529)	(1,756)	1,278	26,843
			302		696	1,820
0	0	0	302	0	(66)	(66)
0	0	0	302	0	630	1,754
(44)	(1,281)	1,053	(227)	(1,756)	1,908	28,597
857	7,535	7,862	1,034	(28,326)	12,341	48,563
\$ 813	\$ 6,254	\$ 8,915	\$ 807	\$ (30,082)	\$ 14,249	\$ 77,160

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 78,327	\$ 563	\$ 4,331	\$ 414	\$ 5	\$ 198
Receipts from Interfund Services Provided	103,234	28,142	18,406	4,270	7,078	3,258
Payments to Suppliers and for Benefits and Claims	(174,627)	(4,515)	(12,316)	(1,667)	(2,324)	(2,817)
Payments for Employee Services	(1,012)	(19,346)	(6,609)	(1,652)	(3,762)	(419)
Payments for Interfund Services Used	(1,340)	(1,296)	(1,387)	(1,429)	(825)	(97)
Other Receipts (Payments)	10,772		14	13	10	4
Net Cash Provided (Used) by Operating Activities	15,354	3,548	2,439	(51)	182	127
Cash Flows from Capital and Related Financing Activities:						
Purchases of Capital Assets		(677)	(788)	(1,103)	(27)	(47)
Construction in Progress			(535)			
Sale or Disposition of Capital Assets					5	20
Payments on Capital Lease Obligations		(381)	(138)			(21)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(1,058)	(1,461)	(1,103)	(22)	(48)
Cash Flows from Noncapital Financing Activities:						
Transfers In				822		
Transfers Out						
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	822	0	0
Cash Flows from Investing Activities:						
Investment Income	659	13	(14)	(36)	(6)	(5)
Investment Expense	(8)	(1)		(1)		
Net Cash Provided (Used) by Investing Activities	651	12	(14)	(37)	(6)	(5)
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	16,005	2,502	964	(369)	154	74
Cash and Cash Equivalents at Beginning of Year	48,913	4,392	1,844	3,751	1,220	664
Cash and Cash Equivalents at End of Year	\$ 64,918	\$ 6,894	\$ 2,808	\$ 3,382	\$ 1,374	\$ 738
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 27,624	\$ 889	\$ (199)	\$ (434)	\$ (309)	\$ 27
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense		485	624	378	35	38
Interest Expense		42	5			4
Miscellaneous Nonoperating Items						
Decrease/(Increase) in Assets:						
Accounts Receivable	(439)		(4)	(44)		4
Due From Other Funds	791	141	(2)	(1)	75	63
Due From Component Units			24	(4)		
Due From Other Governments						
Inventory		7	11	1		(37)
Other Assets		(67)	(895)	(43)		20
Restricted Net Pension Asset	2	43	11	4	7	1
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	(64)	(806)	(423)	(77)	(170)	(19)
Increase/(Decrease) in Liabilities:						
Accounts Payable	858	135	407	(11)		(23)
Accrued Liabilities	3	25	20	11	8	3
Compensated Absences Payable	(16)	222	(1)	(17)	51	4
Due To Other Funds	(44)	(20)	(43)	(3)		(1)
Due To Component Units						
Due To Other Governments	1				77	1
Unearned Revenue	(12,825)	351	2,071			
Policy Claim Liabilities	(660)					
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	123	2,101	833	189	408	42
Net Cash Provided (Used) by Operating Activities	\$ 15,354	\$ 3,548	\$ 2,439	\$ (51)	\$ 182	\$ 127
Noncash Investing, Capital, and Financing Activities:						
Gain (Loss) on Disposal of Capital Assets	\$	\$	\$	\$ (121)	\$ 5	\$ 20
Capital Lease Obligations Entered Into						

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 437	\$ 309	\$ 1,377	\$ 14	\$ 1,429	\$ 2,308	\$ 89,712
241	931	11,880	4,227	4,659	10,673	196,999
(129)	(2,063)	(6,299)	(440)	(5,733)	(2,460)	(215,390)
(496)	(605)	(675)	(3,754)	(269)	(6,573)	(45,172)
(116)	(118)	(982)	(512)	(46)	(1,837)	(9,985)
	27	50			318	11,208
(63)	(1,519)	5,351	(465)	40	2,429	27,372

		(322)	(23)		(217)	(3,204)
					(100)	(635)
1		1,683			1	1,710
		(5,152)			(76)	(5,768)
1	0	(3,791)	(23)	0	(392)	(7,897)

			302		695	1,819
					(66)	(66)
0	0	0	302	0	629	1,753

(7)	(73)	(10)	(10)	(36)	8	483
	(1)				(1)	(12)
(7)	(74)	(10)	(10)	(36)	7	471

(69)	(1,593)	1,550	(196)	4	2,673	21,699
550	12,342	829	1,246	3,682	5,116	84,549
\$ 481	\$ 10,749	\$ 2,379	\$ 1,050	\$ 3,686	\$ 7,789	\$ 106,248

\$ (37)	\$ (1,186)	\$ 382	\$ (517)	\$ (1,712)	\$ 1,285	\$ 25,813
42		4,351	3		426	6,382
		482			12	545
					19	19
7	(10)	5		36	(75)	(520)
(67)		(115)	(238)		313	960
(44)		(114)	(1)		(9)	(148)
					(13)	(13)
					235	217
(11)	29		(6)		(3)	(976)
1	1	2	7		13	92
(24)	(33)	(25)	(159)	(15)	(282)	(2,097)
1	(2)	195	7		9	1,576
(1)	(4)	(5)	11	(2)	29	98
12	(15)	(9)	60	3	31	325
	19	142	(17)	(6)	(252)	(225)
		(20)	(12)		11	(21)
		1			1	81
	(393)			1,704	(2)	(10,405)
						651
58	75	79	397	32	681	5,018
\$ (63)	\$ (1,519)	\$ 5,351	\$ (465)	\$ 40	\$ 2,429	\$ 27,372

\$ 1	\$	\$ 683	\$	\$	\$ (5)	\$ 583
		4,597				4,597

**STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 June 30, 2021
 (Expressed in Thousands)**

	Common School	Other	Total
Assets			
Cash and Cash Equivalents	\$ 123	\$ 889	\$ 1,012
Receivables:			
Investment Income	357	1	358
Other	202		202
Total Receivables	559	1	560
Investments, at Fair Value:			
Pooled Investment Funds	305,747		305,747
Total Investments	305,747	0	305,747
Properties, at Cost	14,162	62	14,224
Other Assets		12	12
Total Assets	320,591	964	321,555
Liabilities			
Payables:			
Accounts Payable and Other Liabilities		16	16
Due To Other Funds		29	29
Total Liabilities	0	45	45
Net Position - Restricted for Others	\$ 320,591	\$ 919	\$ 321,510

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Additions	Common School	Other	Total
Contributions:			
From Clients and Inmates	\$	\$ 735	\$ 735
Other	7,566		7,566
Total Contributions	7,566	735	8,301
Investment Income:			
<i>From Investing Activities</i>			
Net Increase (Decrease) in Fair Value of Investments	41,994		41,994
Real Estate	496		496
Pooled Interest and Dividends	3,268		3,268
Net Investment Income (Loss)	45,758	0	45,758
<i>From Security Lending Activities</i>			
Securities Lending Income	7		7
Escheated Property	74		74
Miscellaneous Income		27	27
Total Additions	53,405	762	54,167
Deductions			
Distribution to School Districts	12,823		12,823
Payments Made for Trust Purposes		737	737
Administrative Expenses		9	9
Total Deductions	12,823	746	13,569
Change in Net Position	40,582	16	40,598
Net Position at Beginning of Year, as restated	280,009	903	280,912
Net Position at End of Year	\$ 320,591	\$ 919	\$ 321,510

STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 June 30, 2021
 (Expressed in Thousands)

	Department of Revenue Collections	Child Support Collections	Clerk of Courts	Soybean	Corrections	Other	Total
Assets							
Cash and Cash Equivalents	\$ 28,134	\$ 2,630	\$ 11,643	\$ 1,223	\$ 1,727	\$ 830	\$ 46,187
Receivables:							
Taxes, net	56,430						56,430
Due From Other Funds					114		114
Investment Income	5						5
Other				1,045			1,045
Total Receivables	56,435	0	0	1,045	114	0	57,594
Total Assets	84,569	2,630	11,643	2,268	1,841	830	103,781
Liabilities							
Payables:							
Accounts Payable and Other Liabilities		2,630	116	2,268		210	5,224
Due To Other Governments	84,569		92			3	84,664
Due To Other Funds					199		199
Total Liabilities	84,569	2,630	208	2,268	199	213	90,087
Net Position - Restricted for Others	\$ 0	\$ 0	\$ 11,435	\$ 0	\$ 1,642	\$ 617	\$ 13,694

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Department of Revenue Collections	Child Support Collections	Clerk of Courts	Soybean	Corrections	Other	Total
Additions							
Tax and Fee Collections for Other Governments	\$ 475,159	\$	\$	\$	\$	\$	\$ 475,159
Child Support Collections		113,610					113,610
Collections from Defendants and Inmates			17,750		6,760	891	25,401
Collections for Other Governments			1,062				1,062
Collections from Participants			20			2,644	2,664
Assessments				13,353			13,353
Total Additions	475,159	113,610	18,832	13,353	6,760	3,535	631,249
Deductions							
Tax and Fee Distributions to Other Governments	475,159						475,159
Child Support Distributions		113,610					113,610
Forfeiture Returns			7,733			151	7,884
Required Distributions			1,870	6,496		1,046	9,412
Payments Made to Other Governments			1,034	6,857		58	7,949
Payments Made for Custodial Purposes			4,343		6,111	2,586	13,040
Total Deductions	475,159	113,610	14,980	13,353	6,111	3,841	627,054
Change in Net Position			3,852		649	(306)	4,195
Net Position at Beginning of Year, as restated	0	0	7,583	0	993	923	9,499
Net Position at End of Year	\$ 0	\$ 0	\$ 11,435	\$ 0	\$ 1,642	\$ 617	\$ 13,694

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2021
(Expressed in Thousands)**

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 369,176	\$ 16,947	\$ 322,971	\$ 31,620	\$ 740,714
Receivables:					
Interest and Dividends	4,413	32	1,148	99	5,692
Primary Government			1,250	766	2,016
Other Governments			21,517		21,517
Loans and Notes, net	39,382		5,041	586	45,009
Other, net	1,035	2,720	32,654	862	37,271
Investments	366,696		50,703	630	418,029
Restricted Assets:					
Cash and Cash Equivalents				5,151	5,151
Investments				692	692
Inventory	3,517	3,282	7,621		14,420
Other Assets	35	592	5,373	127	6,127
Total Current Assets	784,254	23,573	448,278	40,533	1,296,638
Investments	1,053,070		514,657	750	1,568,477
Assets Held for Resale				548	548
Restricted Assets:					
Cash and Cash Equivalents			42,241		42,241
Investments			145,003		145,003
Net Pension Asset	7	25	616		648
Other			23,037		23,037
Capital Assets:					
Land and Other Non-depreciable Assets	220	19,821	47,206		67,247
Property, Plant, and Equipment	10,963	84,296	2,119,904	24,125	2,239,288
Accumulated Depreciation	(6,223)	(19,890)	(875,892)	(5,874)	(907,879)
Construction in Progress			116,690	1,725	118,415
Total Capital Assets	4,960	84,227	1,407,908	19,976	1,517,071
Other Noncurrent Assets, net	317,488	8,934	93,490	9,647	429,559
Total Assets	2,159,779	116,759	2,675,230	71,454	5,023,222
Deferred Outflows of Resources					
Deferred Outflow Related to Pensions	1,183	4,111	99,615		104,909
Deferred Swap Outflow	4,763				4,763
Deferred Forward Contract Outflow	76				76
Deferred Outflow on Debt Refunding	2,682		15,097		17,779
Total Deferred Outflows of Resources	8,704	4,111	114,712	0	127,527
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	760	1,941	52,229	557	55,487
Payable to Primary Government	72		770		842
Escrow Payable	2,094				2,094
Bonds, Notes, and Leases Payable	50,392		37,046	1,530	88,968
Claims, Judgments, and Compensated Absences	317	812	14,371		15,500
Accrued Interest Payable	5,905		3,350	204	9,459
Unearned Revenue	211,386		22,859	2,223	236,468
Advances from Primary Government				13,169	13,169
Other Current Liabilities	76		21,076	712	21,864
Total Current Liabilities	271,002	2,753	151,701	18,395	443,851
Noncurrent Liabilities:					
Bonds, Notes, and Leases Payable	1,224,759	6,001	514,463	26,444	1,771,667
Unearned Revenue	50,531				50,531
Claims, Judgments, and Compensated Absences	281	812	31,284		32,377
Federal Capital Contribution Refundable Advance			32,285		32,285
Other Noncurrent Liabilities	5,713		12,600	1,272	19,585
Total Noncurrent Liabilities	1,281,284	6,813	590,632	27,716	1,906,445
Total Liabilities	1,552,286	9,566	742,333	46,111	2,350,296
Deferred Inflows of Resources					
Deferred Inflow Related to Pensions	963	3,468	80,542		84,973
Deferred Inflow on Gain on Debt Refunding	5,818		977		6,795
Deferred Inflow on Swaps	2,537				2,537
Deferred Forward Contract Inflow	35				35
Total Deferred Inflows of Resources	9,353	3,468	81,519	0	94,340
Net Position					
Net Investment in Capital Assets	(985)	84,227	917,210	86	1,000,538
Restricted for:					
Debt Service	509,384		3,460	5,000	517,844
HOME and NSP Program	84,151				84,151
Higher Education - Expendable			287,805		287,805
Higher Education - Nonexpendable			555,882		555,882
Experiments		881			881
Mine Closure		1,540			1,540
Sanford Center for Science Education		416			416
Maintenance Support Facility		127			127
Indemnification		7,500			7,500
Pensions	227	668	19,690		20,585
Other	14,067				14,067
Unrestricted		12,477	182,043	20,257	214,777
Total Net Position	\$ 606,844	\$ 107,836	\$ 1,966,090	\$ 25,343	\$ 2,706,113

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Operating Revenue:					
Tuition and Fees (net of discounts and allowances for scholarships of Higher Education of \$47,606)	\$ 37,711	\$	\$ 235,405	\$ 459	\$ 235,405
Use of Money and Property					38,170
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$12,626)		370	103,750	4,087	108,207
Administering Programs	46,896	33,964	111,496	200	192,556
Other Revenue	7,871	483	107,019	48	115,421
Total Operating Revenue	92,478	34,817	557,670	4,794	689,759
Operating Expenses:					
Personal Services and Benefits	4,907	20,358	478,417		503,682
Travel	247	80	6,531	8	6,866
Contractual Services	8,157	9,025	117,269	1,803	136,254
Supplies and Materials	3,371	4,059	55,983	195	63,608
Grants and Subsidies	41,137		44,587	241	85,965
Other			2,933	1,365	4,298
Interest	34,421		346	429	35,196
Provisions for Loan Loss (Recovery)	3,040				3,040
Depreciation/Amortization	427	2,359	63,684	851	67,321
Total Operating Expenses	95,707	35,881	769,750	4,892	906,230
Operating Income (Loss)	(3,229)	(1,064)	(212,080)	(98)	(216,471)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets				415	415
Loss on Disposal of Assets		(108)	(73)	(1,307)	(1,488)
Investment Income		(275)	67,317	412	67,454
Interest Expense			(16,272)	(663)	(16,935)
Other Expense		(309)	(17,535)	(147)	(17,991)
State Aid from Primary Government			228,207		228,207
Federal Appropriation			5,564		5,564
Grant and Other Income		233	68,628		68,861
Total Nonoperating Revenue (Expenses)	0	(459)	335,836	(1,290)	334,087
Income (Loss) Before Capital Grants and Additions to Endowments	(3,229)	(1,523)	123,756	(1,388)	117,616
Capital Grants		1,330	4,417	2,331	8,078
Additions to Endowments			28,035		28,035
Change in Net Position	(3,229)	(193)	156,208	943	153,729
Net Position at Beginning of Year, as restated	610,073	108,029	1,809,882	24,400	2,552,384
Net Position at End of Year	\$ 606,844	\$ 107,836	\$ 1,966,090	\$ 25,343	\$ 2,706,113

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Higher Education
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 235,101
Auxiliaries	60,242
Sales & Services - General	45,256
Federal Contracts & Grants	71,655
State Contracts & Grants	8,891
Private Contracts & Grants	28,243
Other Revenue and Additions	94
Loans Issued to Students	(2,617)
Loans Collected from Students	4,489
Student Loan Interest	516
Payments for Personal Services Expenditures	(430,438)
Payments for Travel Expenditures	(6,138)
Payments for Contractual Expenditures	(112,028)
Payments for Supply Expenditures and Non-Capitalized Equipment	(54,092)
Payments for Grant and Subsidy Expenditures	(44,218)
Payments for Other Expenditures	(175)
Foundation Activity	32,015
Net Cash Provided (Used) by Operating Activities	(163,204)
Cash Flows from Noncapital Financing Activities:	
General Fund Appropriations	228,207
School & Public Lands	2,777
Federal Fund Appropriations	497
Endo/Ecto Tax	779
Federal Capital Contribution - Student Loan	(3,388)
Other Revenues & Additions	56,094
Payments for Other Expenditures	(1,020)
Foundation Activity	66,777
Net Cash Provided (Used) by Noncapital Financing Activities	350,723
Cash Flows from Capital and Related Financing Activities:	
Capital Grants & Contracts	2,674
Proceeds from Capital Debt	155,594
Revenue Bond Discounts and Related Costs	(12,368)
Sale of Capital Asset	126
Principal Paid on Capital Debt and Leases	(141,255)
Interest Paid on Capital Debt and Leases	(18,452)
Purchase of Capital Assets	(105,875)
Foundation Activity	3,639
Net Cash Provided (Used) by Capital and Related Financing Activities	(115,917)
Cash Flows from Investing Activities:	
Investment Income	(1,114)
Foundation Activity	(16,479)
Net Cash Provided (Used) by Investing Activities	(17,593)
Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year	54,009
Cash and Cash Equivalents at Beginning of Year, as restated	311,204
Cash and Cash Equivalents at End of Year	\$ 365,213

Continued on next page

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	<u>Higher Education</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ (212,081)
Adjustments to Reconcile Operating Income (Loss):	
Depreciation Expense	63,684
Bad Debt Expense	326
Loan Cancellation Expense	441
Pension Adjustment	30,604
Foundation Activity	(56,314)
Decrease/(Increase) in Assets:	
Accounts Receivable Students	(591)
Accounts Receivable - Dept	3,724
Interest Receivable	180
Notes Receivable	1,714
Due From Federal Sources	254
Due From Primary Govt	(106)
Due from Component Unit	(1,252)
Prepaid Expense and Deferred Charges	220
Inventory	(819)
Depreciable Assets	3
Contruccion in Progress	(8)
Increase/(Decrease) in Liabilities:	
Accounts Payable	1,562
Accrued Wages & Benefits	(508)
Due to Federal Sources	7,348
Due to Primary Government	(238)
Due To Component Unit	1,252
Student Deposits	251
Compensated Absences	782
Other Accrued Liabilities	29
Unearned Revenue	(3,410)
Funds Held for Others	(251)
Net Cash Provided (Used) by Operating Activities	\$ (163,204)
Noncash Investing, Capital and Financing Activities:	
Transfers In (Out) of Capital Assets	\$ 146
Gain or (Loss) on Disposal of Capital Assets	73
Bond Proceeds Deposited Directly into an Escrow Account	44,910

STATE OF SOUTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
HIGHER EDUCATION
June 30, 2021
(Expressed in Thousands)

<u>Assets</u>	<u>Custodial Funds</u>
Cash and Cash Equivalents	\$ 897
Accounts Receivable	56
Total Assets	953
<u>Liabilities</u>	
Accounts Payable and Other Liabilities	11
Total Liabilities	11
Restricted for Individuals, Organizations, and other Governments	\$ 942

STATE OF SOUTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

<u>Additions</u>	<u>Custodial Funds</u>
Sales and Services	\$ 343
Total Additions	343
<u>Deductions</u>	
Personal Services and Benefits	3
Travel	19
Contractual Services	121
Supplies and Materials	107
Grants and Subsidies	72
Total Deductions	322
Change in Net Position	21
Net Position at Beginning of Year, as restated	921
Net Position at End of Year	\$ 942

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2021
(Expressed in Thousands)

	Business-type Activities				Total
	S.D. Economic Development Finance Authority	S.D. Ellsworth Development Authority	S.D. Authority Captive Insurance Co.	S.D. Property and Casualty Captive Insurance Co.	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 2,845	\$ 16,417	\$ 5,712	\$ 6,646	\$ 31,620
Receivables:					
Interest and Dividends	47		24	28	99
Primary Government		766			766
Loans and Notes, net	586				586
Other, net		862			862
Investments	630				630
Restricted Assets:					
Cash and Cash Equivalents	5,151				5,151
Investments	692				692
Other Assets		52		75	127
Total Current Assets	9,951	18,097	5,736	6,749	40,533
Investments	750				750
Assets Held for Resale		548			548
Capital Assets:					
Property, Plant, and Equipment		24,125			24,125
Accumulated Depreciation		(5,874)			(5,874)
Construction in Progress		1,725			1,725
Total Capital Assets	0	19,976	0	0	19,976
Other Noncurrent Assets, net	7,597	2,050			9,647
Total Assets	18,298	40,671	5,736	6,749	71,454
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities		537	7	13	557
Bonds, Notes, and Leases Payable	518	1,012			1,530
Accrued Interest Payable	108	96			204
Unearned Revenue		2,223			2,223
Advances from Primary Government		13,169			13,169
Other Current Liabilities			144	568	712
Total Current Liabilities	626	17,037	151	581	18,395
Noncurrent Liabilities:					
Bonds, Notes, and Leases Payable	7,835	18,609			26,444
Other Noncurrent Liabilities	843		367	62	1,272
Total Noncurrent Liabilities	8,678	18,609	367	62	27,716
Total Liabilities	9,304	35,646	518	643	46,111
Net Position					
Net Investment in Capital Assets		86			86
Restricted for:					
Debt Service	5,000				5,000
Unrestricted	3,994	4,939	5,218	6,106	20,257
Total Net Position	\$ 8,994	\$ 5,025	\$ 5,218	\$ 6,106	\$ 25,343

STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 NONMAJOR COMPONENT UNITS
 For the Fiscal Year Ended June 30, 2021
 (Expressed in Thousands)

	Business-type Activities				Total
	S.D. Economic Development Finance Authority	S.D. Ellsworth Development Authority	S.D. Authority Captive Insurance Co.	S.D. Property and Casualty Captive Insurance Co.	
Operating Revenue:					
Use of Money and Property	\$ 459	\$	\$	\$	\$ 459
Sales and Services	83	2,721	240	1,043	4,087
Administering Programs		200			200
Other Revenue		48			48
Total Operating Revenue	542	2,969	240	1,043	4,794
Operating Expenses:					
Travel		8			8
Contractual Services	55	1,588	44	116	1,803
Supplies and Materials		195			195
Grants and Subsidies		241			241
Other			88	1,277	1,365
Interest	429				429
Depreciation/Amortization		851			851
Total Operating Expenses	484	2,883	132	1,393	4,892
Operating Income (Loss)	58	86	108	(350)	(98)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets		415			415
Loss on Disposal of Assets		(1,307)			(1,307)
Investment Income	10	11	180	211	412
Interest Expense		(663)			(663)
Other Expense		(145)	(1)	(1)	(147)
Total Nonoperating Revenue (Expenses)	10	(1,689)	179	210	(1,290)
Income (Loss) Before Capital Grants	68	(1,603)	287	(140)	(1,388)
Capital Grants		2,331			2,331
Change in Net Position	68	728	287	(140)	943
Net Position at Beginning of Year, as restated	8,926	4,297	4,931	6,246	24,400
Net Position at End of Year	\$ 8,994	\$ 5,025	\$ 5,218	\$ 6,106	\$ 25,343



STATISTICAL SECTION



STATISTICAL SECTION

STATISTICAL SECTION

This section of the State of South Dakota's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

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State of South Dakota
Net Position by Component
Last Ten Fiscal Years

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 4,334,442	\$ 4,259,851	\$ 4,126,405	\$ 4,051,612	\$ 3,961,256
Restricted	1,982,162	1,726,738	1,755,692	1,751,888	1,588,336
Unrestricted	954,974	586,958	363,208	283,343	267,296
Total Governmental Activities Net Position	\$ 7,271,578	\$ 6,573,547	\$ 6,245,305	\$ 6,086,843	\$ 5,816,888
Business-type Activities:					
Net Investment in Capital Assets	\$ 6,649	\$ 6,552	\$ 6,650	\$ 7,027	\$ 7,060
Restricted	13,681	14,758	5,821	6,782	5,085
Unrestricted	831,660	782,424	739,281	707,805	684,730
Total Business-type Activities Net Position	\$ 851,990	\$ 803,734	\$ 751,752	\$ 721,614	\$ 696,875
Primary Government:					
Net Investment in Capital Assets	\$ 4,341,091	\$ 4,266,403	\$ 4,133,055	\$ 4,058,639	\$ 3,968,316
Restricted	1,995,843	1,741,496	1,761,513	1,758,670	1,593,421
Unrestricted	1,786,634	1,369,382	1,102,489	991,148	952,026
Total Primary Government Net Position	\$ 8,123,568	\$ 7,377,281	\$ 6,997,057	\$ 6,808,457	\$ 6,513,763

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities:					
Net Investment in Capital Assets	\$ 3,804,409	\$ 3,713,057	\$ 3,673,267	\$ 3,548,433	\$ 3,480,152
Restricted	1,509,441	1,537,781	1,383,140	1,241,520	1,114,366
Unrestricted	254,579	264,916	246,555	202,835	158,316
Total Governmental Activities Net Position	\$ 5,568,429	\$ 5,515,754	\$ 5,302,962	\$ 4,992,788	\$ 4,752,834
Business-type Activities:					
Net Investment in Capital Assets	\$ 6,357	\$ 2,810	\$ 3,650	\$ 4,379	\$ 3,893
Restricted	5,481	6,155	912	916	891
Unrestricted	660,697	624,416	588,495	545,751	520,208
Total Business-type Activities Net Position	\$ 672,535	\$ 633,381	\$ 593,057	\$ 551,046	\$ 524,992
Primary Government:					
Net Investment in Capital Assets	\$ 3,810,766	\$ 3,715,867	\$ 3,676,917	\$ 3,552,812	\$ 3,484,045
Restricted	1,514,922	1,543,936	1,384,052	1,242,436	1,115,257
Unrestricted	915,276	889,332	835,050	748,586	678,524
Total Primary Government Net Position	\$ 6,240,964	\$ 6,149,135	\$ 5,896,019	\$ 5,543,834	\$ 5,277,826

Source: South Dakota Annual Comprehensive Financial Reports (FY 2012-2021). Previous years' amounts are not restated.

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

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
General Government	\$ 261,786	\$ 209,723	\$ 215,879	\$ 217,355	\$ 198,531	\$ 198,079	\$ 185,273	\$ 180,221	\$ 169,843	\$ 164,005
Education - Elementary, Secondary, and Vocational Schools	245,784	223,524	228,729	213,449	223,668	210,777	210,271	206,939	201,177	211,413
Education - State Support to Higher Education	228,207	229,545	213,843	210,972	206,253	232,245	192,950	219,341	176,294	171,701
Health, Human, and Social Services	1,546,179	1,544,824	1,552,490	1,500,037	1,503,967	1,423,411	1,406,586	1,380,648	1,367,355	1,354,764
Law, Justice, Public Protection, and Regulation	283,780	313,534	301,008	258,727	294,852	269,583	279,097	321,186	277,223	286,127
Agriculture and Natural Resources	159,956	157,010	155,789	144,690	161,412	153,087	140,921	152,666	144,245	130,279
Economic Resources	41,343	45,920	71,819	43,560	52,771	56,138	74,004	40,121	43,300	40,865
Transportation	700,366	676,547	533,336	455,118	459,424	561,536	507,300	473,323	537,497	482,400
Pandemic Response	1,274,185	116,299								
Intergovernmental - Payments to School Districts	585,672	563,878	559,484	547,119	516,880	421,666	404,909	393,606	394,857	375,008
Intergovernmental - Revenue										
Sharing	228,243	196,425	194,537	187,573	176,836	173,721	169,514	161,564	141,514	122,320
Unallocated Interest Expense	6,233	6,861	7,524	7,899	6,419	6,627	6,712	9,198	14,537	17,393
Unallocated Depreciation	53	53	53	53	53	53	53	53	53	53
Total Governmental Activities Expenses	5,561,787	4,284,143	4,034,491	3,786,552	3,801,066	3,706,923	3,577,590	3,538,866	3,467,895	3,356,328
Business-type Activities:										
Lottery	63,044	50,484	51,016	45,256	39,907	43,454	41,053	42,806	44,114	39,877
Clean Water State Revolving	18,077	13,516	11,662	12,345	9,638	8,290	9,673	9,879	10,898	16,406
Drinking Water State Revolving	10,652	9,349	8,222	10,314	7,511	9,031	8,651	9,352	10,337	10,936
Unemployment Insurance	152,331	241,343								
Other	27,720	30,696	55,331	55,571	60,920	60,352	56,081	66,042	81,648	92,096
Total Business-type Activities Expenses	271,824	345,388	126,231	123,486	117,976	121,127	115,458	128,079	146,997	159,315
Total Primary Government Expenses	\$ 5,833,611	\$ 4,629,531	\$ 4,160,722	\$ 3,910,038	\$ 3,919,042	\$ 3,828,050	\$ 3,693,048	\$ 3,666,945	\$ 3,614,892	\$ 3,515,643
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 296,527	\$ 272,984	\$ 260,567	\$ 258,406	\$ 242,343	\$ 236,003	\$ 244,728	\$ 227,851	\$ 212,529	\$ 194,439
Education - Elementary, Secondary, and Vocational Schools	9,215	8,750	10,442	10,112	11,136	10,016	8,489	7,687	7,888	6,147
Health, Human, and Social Services	38,034	34,115	39,525	31,807	39,584	41,741	39,058	36,597	38,098	33,030
Law, Justice, Public Protection, and Regulation	103,712	89,945	87,061	85,139	85,221	82,456	85,252	76,048	80,750	66,235
Agriculture and Natural Resources	100,123	84,795	82,993	86,130	85,226	82,891	76,994	77,514	72,972	69,331
Economic Resources	96	178	231	845	433	452	1,611	3,789	3,064	3,268
Transportation	17,854	16,519	15,279	14,723	15,927	14,755	9,007	6,979	6,682	7,514
Pandemic Response	257									
Operating Grants and Contributions	3,123,083	1,918,543	1,589,862	1,520,834	1,553,460	1,475,671	1,493,542	1,582,641	1,588,413	1,670,046
Capital Grants and Contributions	7,965	16,761	3,378	2,342	3,886	7,045	21,946	1,516	1,046	1,608
Total Governmental Activities Program Revenues	3,696,866	2,442,590	2,089,338	2,010,338	2,037,216	1,951,030	1,980,627	2,020,622	2,011,442	2,051,618
Business-type Activities:										
Charges for Services:										
Lottery	225,300	177,306	179,644	170,099	156,814	160,728	152,362	148,323	151,414	143,078
Clean Water State Revolving	7,673	7,401	7,250	7,213	6,963	6,899	6,856	6,019	5,277	5,677
Drinking Water State Revolving	4,855	5,033	4,587	4,740	4,519	4,333	4,197	4,327	4,321	4,922
Unemployment Insurance	36,605	30,105								
Other	33,254	29,279	63,755	60,688	68,543	75,424	71,243	81,681	85,946	94,455
Operating Grants and Contributions	175,004	261,674	26,910	30,971	25,334	32,772	30,005	33,994	30,519	30,910
Capital Grants and Contributions	-	19	200	84	426	727	2,810			
Total Business-type Activities Program Revenues	482,691	510,817	282,346	273,795	262,599	280,883	267,473	274,344	277,477	279,042
Total Primary Government Program Revenues	\$ 4,179,557	\$ 2,953,407	\$ 2,371,684	\$ 2,284,133	\$ 2,299,815	\$ 2,231,913	\$ 2,248,100	\$ 2,294,966	\$ 2,288,919	\$ 2,330,660
Net (Expense)/Revenue										
Governmental Activities	\$ (1,864,921)	\$ (1,841,553)	\$ (1,945,153)	\$ (1,776,214)	\$ (1,763,850)	\$ (1,755,893)	\$ (1,596,963)	\$ (1,518,244)	\$ (1,456,453)	\$ (1,304,710)
Business-type Activities	210,867	165,429	156,115	150,309	144,623	159,756	152,015	146,265	130,480	119,727
Total Primary Government	\$ (1,654,054)	\$ (1,676,124)	\$ (1,789,038)	\$ (1,625,905)	\$ (1,619,227)	\$ (1,596,137)	\$ (1,444,948)	\$ (1,371,979)	\$ (1,325,973)	\$ (1,184,983)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Sales Taxes	\$ 1,267,583	\$ 1,149,732	\$ 1,089,336	\$ 1,025,111	\$ 991,155	\$ 905,475	\$ 871,402	\$ 858,001	\$ 802,700	\$ 779,002
Motor Fuel Taxes	193,053	184,949	184,027	183,441	183,795	184,105	151,901	136,395	139,048	130,864
Contractors Excise Taxes	147,507	132,043	118,873	112,518	106,834	104,979	101,678	93,746	94,967	90,636
Bank Card and Franchise Taxes	51,515	44,727	35,411	31,448	32,844	25,943	20,669	23,943	49,493	32,941
Other Taxes	438,941	385,180	376,813	382,375	371,864	360,917	331,649	311,397	299,726	297,750
Investment Earnings	215,767	91,816	96,270	72,379	109,684	14,997	47,130	142,003	130,881	29,925
Gain on Sale of Capital Assets	1,590	1,515	1,978	1,737	1,463	2,057	1,198	2,726	2,127	3,915
Miscellaneous	84,720	61,664	79,632	110,159	80,500	89,493	81,275	133,988	76,047	51,652
Special Items		(3,636)	(4,702)					17,619		
Transfers	162,611	121,805	125,977	125,570	120,283	120,602	113,558	102,937	104,426	100,257
Total Governmental Activities	2,563,287	2,169,795	2,103,615	2,044,738	1,998,422	1,808,568	1,720,460	1,822,755	1,699,415	1,516,942
Business-type Activities:										
Transfers	(162,611)	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)	(100,257)
Total Business-type Activities	(162,611)	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)	(100,257)
Total Primary Government	\$ 2,400,676	\$ 2,047,990	\$ 1,977,638	\$ 1,919,168	\$ 1,878,139	\$ 1,687,966	\$ 1,606,902	\$ 1,719,818	\$ 1,594,989	\$ 1,416,685
Change in Net Position										
Governmental Activities	\$ 698,366	\$ 328,242	\$ 158,462	\$ 268,524	\$ 234,572	\$ 52,675	\$ 123,497	\$ 304,511	\$ 242,962	\$ 212,232
Business-type Activities	48,256	43,624	30,138	24,739	24,340	39,154	38,457	43,328	26,054	19,470
Total Primary Government	\$ 746,622	\$ 371,866	\$ 188,600	\$ 293,263	\$ 258,912	\$ 91,829	\$ 161,954	\$ 347,839	\$ 269,016	\$ 231,702

Source: South Dakota Annual Comprehensive Financial Reports (FY 2012-2021). Previous years' amounts are not restated.

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

(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund:					
Non-Spendable	\$ 6,353	\$ 5,300	\$ 5,503	\$ 6,097	\$ 6,458
Restricted	5,333	3,382	3,300	3,300	3,300
Committed					
Assigned	382,166	136,363	74,156	60,691	54,835
Unassigned	451,026	381,326	294,225	268,052	249,087
Total General Fund	\$ 844,878	\$ 526,371	\$ 377,184	\$ 338,140	\$ 313,680
Other Governmental Funds:					
Non-Spendable	\$ 653,767	\$ 582,096	\$ 571,644	\$ 563,385	\$ 526,968
Restricted	1,327,218	1,098,864	1,087,753	1,080,962	1,033,158
Committed	59,244	51,243	41,816	36,863	38,940
Assigned	19,188	25,593	22,430	17,514	29,404
Unassigned	(8,606)	(8,359)	(4,036)	(11,758)	(5,742)
Total Other Governmental Funds	\$ 2,050,811	\$ 1,749,437	\$ 1,719,607	\$ 1,686,966	\$ 1,622,728

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund:					
Non-Spendable	\$ 4,193	\$ 3,911	\$ 3,629	\$ 3,419	\$ 2,916
Restricted	8,384	10,479	8,264	1,018	
Committed					
Assigned	54,516	120,180	149,021	126,872	140,706
Unassigned	242,449	183,570	159,403	186,444	147,445
Total General Fund	\$ 309,542	\$ 318,140	\$ 320,317	\$ 317,753	\$ 291,067
Other Governmental Funds:					
Non-Spendable	\$ 512,525	\$ 501,093	\$ 493,227	\$ 717,108	\$ 706,054
Restricted	893,833	949,713	918,910	551,014	460,450
Committed	43,652	51,119	46,766	43,993	38,930
Assigned	27,022	27,633	34,339	49,758	43,815
Unassigned	(5,048)	(3,624)	(5,040)	(1,462)	(2,931)
Total Other Governmental Funds	\$ 1,471,984	\$ 1,525,934	\$ 1,488,202	\$ 1,360,411	\$ 1,246,318

Source: South Dakota Annual Comprehensive Financial Reports (FY 2012-2021). Previous years' amounts are not restated.

State of South Dakota
Changes in Fund Balances, All Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes:										
Sales and Use	\$ 1,272,342	\$ 1,129,007	\$ 1,062,456	\$ 1,025,607	\$ 990,332	\$ 905,203	\$ 876,138	\$ 857,559	\$ 802,700	\$ 779,002
Insurance Company	94,224	94,277	88,270	91,062	83,952	83,291	80,133	73,876	70,740	66,679
Liquor	21,387	19,231	19,919	17,135	15,994	17,580	16,356	15,988	15,835	14,519
Cigarette	46,331	45,885	45,501	49,729	52,149	52,081	52,776	51,616	51,940	50,704
Bank Franchise	50,146	44,693	34,706	31,462	32,800	25,412	20,669	23,943	49,493	32,941
Contractor's Excise	146,712	126,946	112,705	112,473	106,845	104,938	102,246	93,746	94,967	90,636
Severance	10,937	8,640	4,777	9,055	10,154	8,260	7,508	9,286	9,141	15,153
Other Tobacco	11,119	10,357	9,470	9,231	8,226	8,882	7,995	8,131	6,562	6,495
Motor Fuel and Vehicle	348,908	305,620	302,498	298,774	294,918	293,045	240,382	215,203	212,521	206,259
Other	99,087	86,123	90,396	90,854	90,251	81,993	78,434	73,688	72,018	68,807
Licenses, Permits, and Fees	344,090	312,714	307,301	304,754	301,216	302,156	281,742	267,628	252,420	225,803
Fines, Forfeits, and Penalties	25,875	18,697	15,070	13,347	14,400	12,647	14,516	10,781	16,189	13,490
Use of Money and Property	222,744	116,694	128,161	84,549	123,183	27,578	59,865	157,633	153,479	42,881
Sales and Services	47,043	41,564	53,192	44,973	44,916	39,797	42,531	39,712	37,679	34,290
Administering Programs	3,107,263	1,889,237	1,555,548	1,493,062	1,546,964	1,464,030	1,503,362	1,567,027	1,573,326	1,657,602
Tobacco Settlement	21,973	20,865	20,558	46,000	24,302	24,582	23,421	26,561	24,128	24,135
Other Revenue	98,604	78,640	95,092	106,339	80,380	87,874	77,614	129,147	65,272	42,676
Total Revenues	5,968,785	4,349,190	3,945,620	3,828,406	3,820,982	3,539,349	3,485,688	3,621,525	3,508,410	3,372,072
Expenditures:										
General Government	106,808	104,375	104,963	102,803	94,658	99,874	87,785	87,409	74,394	73,714
Education	1,079,375	1,015,113	999,426	977,720	977,833	859,072	804,348	835,894	782,276	778,707
Health, Human, and Social Services	1,550,963	1,523,558	1,531,129	1,516,592	1,487,068	1,428,259	1,435,850	1,387,821	1,364,933	1,351,100
Law, Justice, Public Protection, and Regulation	290,727	304,836	282,912	272,661	283,053	268,818	281,688	320,080	280,691	303,237
Agriculture and Natural Resources	161,059	164,876	155,168	161,734	173,111	155,006	143,466	148,596	139,861	138,598
Economic Resources	41,172	45,258	71,505	43,978	52,432	56,202	74,182	40,062	43,108	40,553
Transportation	778,681	788,580	614,680	575,332	600,346	655,752	554,536	582,939	604,048	625,661
Pandemic Response	1,274,185	116,299								
State Shared Revenue	228,243	196,425	194,537	187,573	176,836	173,721	169,514	161,564	141,514	122,320
Capital Outlay		13,912	28,163	8,182	1,023	1,017	2,038	2,541	387	4,773
Debt Service:										
Principal	17,931	14,280	14,407	14,962	15,583	16,415	17,272	20,973	30,059	25,622
Interest	5,830	6,510	7,234	7,563	8,647	9,177	9,261	10,206	13,896	16,219
Bond Issuance Costs	80	65		67	322	6	346	83	1,817	
Payment to Refunded Bond Escrow Agent								16,924	8,016	
Total Expenditures	5,535,054	4,294,087	4,004,124	3,869,167	3,870,912	3,723,319	3,580,286	3,615,092	3,485,000	3,480,504
Excess of Revenues Over (Under) Expenditures	433,731	55,103	(58,504)	(40,761)	(49,930)	(183,970)	(94,598)	6,433	23,410	(108,432)
Other Financing Sources (Uses):										
Capital Leases				1,322	32,048		1,125	20,350	12,605	23,770
Proceeds from Sale of Capital Assets	25,067	2,895	5,663	2,627	2,253	2,136	2,099	4,459	5,154	6,096
Insurance Proceeds	36	15	33	13	80	85		24		222
Bonds Issued					44,305		13,410	4,500		
Premiums on Bond Issuance					6,173		314			
Proceeds of Refunding Bonds	9,495	7,130			1,405		10,408		169,645	
Premiums on Refunding Bonds					206		1,657		9,026	
Payments on Advance Refundings	(8,970)	(6,469)			(1,488)		(11,379)		(176,854)	
Transfers In	391,819	289,409	283,840	298,786	261,279	274,598	271,301	262,172	254,094	270,315
Transfers Out	(230,962)	(169,066)	(159,347)	(174,720)	(142,563)	(155,397)	(158,782)	(167,866)	(150,699)	(171,982)
Net Other Financing Sources (Uses)	186,485	123,914	130,189	128,028	203,698	121,422	130,153	123,639	122,971	128,421
Net Change in Fund Balances	\$ 620,216	\$ 179,017	\$ 71,685	\$ 87,267	\$ 153,768	\$ (62,548)	\$ 35,555	\$ 130,072	\$ 146,381	\$ 19,989
Debt Service as a Percentage of Noncapital Expenditures	0.45%	0.52%	0.57%	0.62%	0.69%	0.73%	0.79%	1.42%	1.63%	1.31%

Source: South Dakota Annual Comprehensive Financial Reports (FY 2012-2021). Previous years' amounts are not restated.

State of South Dakota
Sales Tax Revenue Payers by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

Fiscal Year 2021				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,516	3.49%	\$ 453,836	1.70%
Mining	216	0.21%	69,146	0.26%
Construction	371	0.37%	32,700	0.12%
Manufacturing	5,394	5.35%	1,703,602	6.39%
Transportation and Public Utilities	2,774	2.75%	2,762,543	10.36%
Wholesale Trade	8,788	8.71%	2,389,599	8.96%
Retail Trade	43,666	43.29%	13,986,926	52.46%
Finance, Insurance, and Real Estate	2,020	2.00%	609,282	2.29%
Services	34,048	33.76%	4,652,257	17.45%
Public Administration	75	0.07%	4,126	0.02%
Total	100,868	100.00%	\$ 26,664,017	100.00%

Fiscal Year 2018				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,313	3.53%	\$ 367,891	1.70%
Mining	216	0.23%	68,101	0.31%
Construction	534	0.57%	32,765	0.15%
Manufacturing	4,522	4.82%	1,065,841	4.91%
Transportation and Public Utilities	2,684	2.86%	2,938,739	13.54%
Wholesale Trade	7,417	7.90%	1,523,330	7.02%
Retail Trade	39,386	41.96%	11,100,575	51.15%
Finance, Insurance, and Real Estate	2,298	2.45%	476,306	2.20%
Services	33,417	35.61%	4,125,512	19.01%
Public Administration	65	0.07%	2,547	0.01%
Total	93,852	100.00%	\$ 21,701,607	100.00%

Fiscal Year 2015				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,162	3.76%	\$ 297,936	1.45%
Mining	231	0.28%	105,773	0.51%
Construction	527	0.63%	27,123	0.13%
Manufacturing	3,939	4.69%	873,909	4.24%
Transportation and Public Utilities	2,697	3.21%	2,765,194	13.43%
Wholesale Trade	6,940	8.26%	1,617,613	7.85%
Retail Trade	31,642	37.65%	10,864,164	52.74%
Finance, Insurance, and Real Estate	2,136	2.54%	394,780	1.92%
Services	32,706	38.91%	3,650,026	17.72%
Public Administration	56	0.07%	2,390	0.01%
Total	84,036	100.00%	\$ 20,598,908	100.00%

Fiscal Year 2012				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,274	4.05%	\$ 241,819	1.33%
Mining	218	0.27%	112,925	0.62%
Construction	469	0.58%	23,842	0.13%
Manufacturing	3,399	4.20%	788,163	4.33%
Transportation and Public Utilities	3,034	3.75%	2,422,870	13.30%
Wholesale Trade	7,186	8.88%	1,460,278	8.02%
Retail Trade	29,963	37.02%	9,764,051	53.60%
Finance, Insurance, and Real Estate	2,116	2.61%	308,237	1.69%
Services	31,216	38.57%	3,090,080	16.97%
Public Administration	56	0.07%	1,799	0.01%
Total	80,931	100.00%	\$ 18,214,064	100.00%

Fiscal Year 2020			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,504	3.53%	\$ 414,827	1.74%
206	0.21%	74,930	0.31%
368	0.37%	30,204	0.13%
5,180	5.22%	1,281,161	5.36%
2,750	2.77%	3,038,835	12.72%
8,440	8.50%	1,773,771	7.43%
42,777	43.09%	12,427,707	52.03%
1,994	2.01%	529,407	2.22%
33,983	34.23%	4,311,839	18.05%
73	0.07%	3,169	0.01%
99,275	100.00%	\$ 23,885,850	100.00%

Fiscal Year 2019			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,378	3.49%	\$ 405,756	1.78%
219	0.23%	70,449	0.31%
384	0.40%	27,292	0.12%
4,820	4.98%	1,144,740	5.03%
2,642	2.73%	3,008,229	13.21%
7,919	8.18%	1,696,169	7.45%
41,642	43.00%	11,646,177	51.14%
2,254	2.33%	496,573	2.18%
33,498	34.59%	4,271,983	18.76%
67	0.07%	4,942	0.02%
96,823	100.00%	\$ 22,772,310	100.00%

Fiscal Year 2017			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,237	3.64%	\$ 348,540	1.68%
213	0.24%	63,973	0.31%
515	0.58%	31,077	0.15%
4,370	4.91%	958,294	4.61%
2,546	2.86%	2,833,338	13.63%
7,168	8.06%	1,438,813	6.92%
35,687	40.10%	10,789,651	51.89%
2,122	2.38%	451,550	2.17%
33,076	37.16%	3,873,304	18.62%
59	0.07%	3,920	0.02%
88,993	100.00%	\$ 20,792,460	100.00%

Fiscal Year 2016			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,202	3.77%	\$ 338,993	1.60%
210	0.25%	71,002	0.34%
475	0.56%	26,495	0.13%
4,076	4.80%	917,873	4.34%
2,625	3.09%	2,767,864	13.09%
7,117	8.38%	1,618,465	7.65%
32,455	38.19%	11,137,027	52.66%
2,135	2.51%	432,211	2.04%
32,618	38.38%	3,835,074	18.14%
55	0.07%	2,799	0.01%
84,968	100.00%	\$ 21,147,803	100.00%

Fiscal Year 2014			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,411	4.04%	\$ 287,680	1.44%
237	0.28%	118,587	0.59%
525	0.62%	31,241	0.16%
3,820	4.53%	902,791	4.52%
2,728	3.23%	2,769,521	13.86%
6,908	8.19%	1,514,416	7.58%
31,494	37.34%	10,571,228	52.92%
2,172	2.58%	384,474	1.92%
33,007	39.12%	3,396,424	17.00%
56	0.07%	2,029	0.01%
84,358	100.00%	\$ 19,978,391	100.00%

Fiscal Year 2013			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,424	4.13%	\$ 253,605	1.34%
233	0.28%	102,408	0.54%
463	0.56%	25,832	0.14%
3,608	4.35%	778,735	4.12%
2,941	3.55%	2,556,524	13.54%
7,226	8.72%	1,403,736	7.43%
30,452	36.74%	10,162,245	53.81%
2,133	2.57%	367,556	1.95%
32,354	39.03%	3,231,543	17.11%
60	0.07%	4,082	0.02%
82,894	100.00%	\$ 18,886,266	100.00%

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

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services, and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are fewer than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to June 1, 2016, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services. Beginning June 1, 2016, all items subject to the state sales tax will be taxed at 4.5% to conform to the HB 1182 passed during the 2016 Session. A use tax of the same rate as the sales tax rate was imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. An excise tax of the same rate as the sales tax rate was imposed on farm machinery and amusement device tax.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Taxable Sales by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 453,836	\$ 414,827	\$ 405,756	\$ 367,891	\$ 348,540
Mining	69,146	74,930	70,449	68,101	63,973
Construction	32,700	30,204	27,292	32,765	31,077
Manufacturing	1,703,602	1,281,161	1,144,740	1,065,841	958,294
Transportation and Public Utilities	2,762,543	3,038,835	3,008,229	2,938,739	2,833,338
Wholesale Trade	2,389,599	1,773,771	1,696,169	1,523,330	1,438,813
Retail Trade	13,986,926	12,427,707	11,646,177	11,100,575	10,789,651
Finance, Insurance, and Real Estate	609,282	529,407	496,573	476,306	451,550
Services	4,652,257	4,311,839	4,271,983	4,125,512	3,873,304
Public Administration	4,126	3,169	4,942	2,547	3,920
Totals	\$ 26,664,017	\$ 23,885,850	\$ 22,772,310	\$ 21,701,607	\$ 20,792,460
Direct Sales Tax Rate	4.50%	4.50%	4.50%	4.50%	4.50%

	Fiscal Year				
	2016	2015	2014	2013	2012
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 338,993	\$ 297,936	\$ 287,680	\$ 253,605	\$ 241,819
Mining	71,002	105,773	118,587	102,408	112,925
Construction	26,495	27,123	31,241	25,832	23,842
Manufacturing	917,873	873,909	902,791	778,735	788,163
Transportation and Public Utilities	2,767,864	2,765,194	2,769,521	2,556,524	2,422,870
Wholesale Trade	1,618,465	1,617,613	1,514,416	1,403,736	1,460,278
Retail Trade	11,137,027	10,864,164	10,571,228	10,162,245	9,764,051
Finance, Insurance, and Real Estate	432,211	394,780	384,474	367,556	308,237
Services	3,835,074	3,650,026	3,396,424	3,231,543	3,090,080
Public Administration	2,799	2,390	2,029	4,082	1,799
Totals	\$ 21,147,803	\$ 20,598,908	\$ 19,978,391	\$ 18,886,266	\$ 18,214,064
Direct Sales Tax Rate	4.50%	4.00%	4.00%	4.00%	4.00%

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

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales on tangible personal property, services, and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are fewer than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to June 1, 2016, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services. Beginning June 1, 2016, all items subject to the state sales tax will be taxed at 4.5% to conform to the HB 1182 passed during the 2016 Session. A use tax of the same rate as the sales tax rate was imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. An excise tax of the same rate as the sales tax rate was imposed on farm machinery and amusement device tax.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Ratios of Outstanding Long-Term Debt
Last Ten Fiscal Years

(Dollars Expressed in Thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities:					
Revenue Bonds	\$ 128,869	\$ 146,764	\$ 160,839	\$ 176,322	\$ 192,360
Trust Certificates					
Capital Leases	108,922	133,352	136,417	139,181	145,681
Total Governmental Activities	237,791	280,116	297,256	315,503	338,041
Business-type Activities:					
Revenue Bonds	427,310	351,302	375,803	287,206	230,912
Total Business-type Activities	427,310	351,302	375,803	287,206	230,912
Total Primary Government	\$ 665,101	\$ 631,418	\$ 673,059	\$ 602,709	\$ 568,953
South Dakota Total Personal Income (r)	\$ 55,999,000	\$ 52,921,000	\$ 48,548,000	\$ 46,032,000	\$ 43,813,000
Debt as a Percentage of Personal Income	1.2%	1.2%	1.4%	1.3%	1.3%
South Dakota Population (in thousands)(r)	897	892	887	879	873
Long-Term Debt per Capita	\$ 741.47	\$ 707.87	\$ 758.80	\$ 685.68	\$ 651.72

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities:					
Revenue Bonds	\$ 157,847	\$ 174,764	\$ 177,303	\$ 191,295	\$ 227,586
Trust Certificates	280	570	880	13,595	16,490
Capital Leases	116,289	116,352	100,727	78,682	64,279
Total Governmental Activities	274,416	291,686	278,910	283,572	308,355
Business-type Activities:					
Revenue Bonds	247,852	263,818	207,448	212,523	222,705
Total Business-type Activities	247,852	263,818	207,448	212,523	222,705
Total Primary Government	\$ 522,268	\$ 555,504	\$ 486,358	\$ 496,095	\$ 531,060
South Dakota Total Personal Income (r)	\$ 42,337,000	\$ 41,913,000	\$ 40,252,000	\$ 38,366,000	\$ 37,844,000
Debt as a Percentage of Personal Income	1.2%	1.3%	1.2%	1.3%	1.4%
South Dakota Population (in thousands)(r)	863	854	849	843	834
Long-Term Debt per Capita	\$ 605.18	\$ 650.47	\$ 572.86	\$ 588.49	\$ 636.76

Source: Debt information obtained from the South Dakota Annual Comprehensive Financial Reports (FY 2012-2021)
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2021 is preliminary.
 - (b) Detail about the State's debt can be found in Note 12 of the financial statements.
 - (c) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000.
 - (d) The State has no specific limitation of the debt that can be issued by the Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and the Drinking Water State Revolving Fund; however, Legislative approval is required.
 - (r) Data for Total Personal Income has been revised for fiscal years 2012 through 2020.
Data for South Dakota Population has been revised for fiscal years 2012 through 2020.

State of South Dakota
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue Bonds and Trust Certificates										
- Building Authority										
Revenue - Lease Payments	\$ 11,479	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646
Less: Operating Expenses										
Net Available Revenue	\$ 11,479	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646
Debt Service										
Principal	\$ 7,631	\$ 3,680	\$ 3,507	\$ 3,462	\$ 3,648	\$ 2,321	\$ 4,047	\$ 6,978	\$ 10,713	\$ 11,243
Interest	2,807	3,112	3,451	3,532	4,388	6,283	4,377	5,478	2,559	3,355
Total	\$ 10,438	\$ 6,792	\$ 6,958	\$ 6,994	\$ 8,036	\$ 8,604	\$ 8,424	\$ 12,456	\$ 13,272	\$ 14,598
Coverage	1.10	1.03	1.00	1.00	1.00	1.00	1.06	1.02	1.02	1.00
Revenue Bonds										
-Educational Enhancement Funding Corp.										
Revenue:										
Tobacco Settlement	\$ 21,949	\$ 20,832	\$ 20,024	\$ 46,015	\$ 22,815	\$ 25,156	\$ 23,306	\$ 26,326	\$ 23,914	\$ 24,359
Investment Earnings	13	341	462	257	102	68	13	7	1,079	1,202
Less: Operating Expenses									165	152
Net Available Revenue	\$ 21,962	\$ 21,173	\$ 20,486	\$ 46,272	\$ 22,917	\$ 25,224	\$ 23,319	\$ 26,333	\$ 24,828	\$ 25,409
Debt Service										
Principal	\$ 10,300	\$ 10,600	\$ 10,900	\$ 11,500	\$ 11,935	\$ 12,535	\$ 13,225	\$ 13,995	\$ 18,800	\$
Interest	2,770	3,145	3,530	3,789	4,018	4,215	4,376	4,498	10,828	12,975
Total	\$ 13,070	\$ 13,745	\$ 14,430	\$ 15,289	\$ 15,953	\$ 16,750	\$ 17,601	\$ 18,493	\$ 29,628	\$ 12,975
Coverage	1.68	1.54	1.42	3.03	1.44	1.51	1.32	1.42	0.84	1.96
Revenue Bonds										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 42,248	\$ 36,697	\$ 30,004	\$ 27,944	\$ 28,764	\$ 28,998	\$ 26,637	\$ 25,502	\$ 24,394	\$ 29,078
Investment Income	5,619	5,752	6,637	4,605	4,181	4,192	3,900	3,988	3,402	3,494
Other Income	2,216	1,701	1,597	1,528	1,428	1,410	1,442	1,332	1,238	1,243
Less: Operating Expenses	1,643	1,698	2,288	3,737	2,348	982	1,294	1,080	2,476	1,304
Net Available Revenue	\$ 48,440	\$ 42,452	\$ 35,950	\$ 30,340	\$ 32,025	\$ 33,618	\$ 30,685	\$ 29,742	\$ 26,558	\$ 32,511
Debt Service										
Principal	\$ 13,115	\$ 13,130	\$ 12,505	\$ 10,125	\$ 9,875	\$ 9,290	\$ 7,580	\$ 7,415	\$ 6,110	\$ 4,320
Interest	13,601	10,304	9,293	7,862	6,821	7,088	6,663	5,361	5,578	4,063
Total	\$ 26,716	\$ 23,434	\$ 21,798	\$ 17,987	\$ 16,696	\$ 16,378	\$ 14,243	\$ 12,776	\$ 11,688	\$ 8,383
Coverage	1.81	1.81	1.65	1.69	1.92	2.05	2.15	2.33	2.27	3.88
Revenue Bonds										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 28,421	\$ 15,449	\$ 20,165	\$ 21,007	\$ 17,634	\$ 23,042	\$ 25,234	\$ 19,597	\$ 19,956	\$ 34,599
Investment Income	3,140	3,727	4,230	3,233	2,930	3,104	2,639	3,148	2,558	2,351
Other Income	1,056	1,050	921	955	916	899	885	909	929	1,064
Less: Operating Expenses	1,379	1,476	1,282	1,076	695	105	123	142	146	137
Net Available Revenue	\$ 31,238	\$ 18,750	\$ 24,034	\$ 24,119	\$ 20,785	\$ 26,940	\$ 28,635	\$ 23,512	\$ 23,297	\$ 37,877
Debt Service										
Principal	\$ 7,515	\$ 8,575	\$ 8,085	\$ 6,075	\$ 5,925	\$ 5,535	\$ 4,475	\$ 4,380	\$ 4,050	\$ 2,845
Interest	3,803	4,073	3,315	2,409	2,116	2,255	2,276	2,155	2,284	2,676
Total	\$ 11,318	\$ 12,648	\$ 11,400	\$ 8,484	\$ 8,041	\$ 7,790	\$ 6,751	\$ 6,535	\$ 6,334	\$ 5,521
Coverage	2.76	1.48	2.11	2.84	2.58	3.46	4.24	3.60	3.68	6.86

Source: Clean Water State Revolving Fund Financial Statements, Drinking Water State Revolving Fund Financial Statements, Education Enhancement Funding Corporation Annual Report, and Building Authority Lease Rental Schedules and Debt Service Schedules.

- Note:**
- (a) The Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and Drinking Water State Revolving Fund are considered to be blended component units of the State. The Revenue Bonds and Trust Certificates issued by these entities may not be or become: a lien, charge, or liability against the State.
 - (b) For the Educational Enhancement Funding Corporation, all turbo redemptions are excluded from this calculation.
 - (c) All funds are presented on an accrual basis except for the Building Authority Fund which is presented on a cash basis.

POPULATION *(Expressed in Thousands)*

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2020r	329,484	0.4 %	21,482	0.2 %	893	0.7 %
2019r	328,330	0.5 %	21,436	0.3 %	887	0.9 %
2018r	326,838	0.6 %	21,362	0.4 %	879	0.7 %
2017r	324,986	0.6 %	21,267	0.4 %	873	1.2 %
2016r	322,941	0.7 %	21,175	0.4 %	863	1.1 %
2015r	320,635	0.7 %	21,083	0.5 %	854	0.6 %
2014r	318,301	0.7 %	20,983	0.5 %	849	0.8 %
2013r	315,994	0.7 %	20,870	0.6 %	842	1.1 %
2012r	313,831	0.7 %	20,751	0.5 %	833	1.1 %
2011r	311,557	1.6 %	20,641	1.2 %	824	2.1 %

Note: Midyear population estimates updated October 2021. Revised estimates for 2011 through 2020. With each new release of population estimates, the Census Bureau Revises estimates for years back to the last census.

r = Revised Estimates

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

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated October 2021.

TOTAL PERSONAL INCOME *(Dollars Expressed in Millions)*

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2020r	\$ 19,607,447	6.6 %	\$ 1,213,003	6.2 %	\$ 52,921	9.0 %
2019r	18,402,004	4.1 %	1,142,094	3.4 %	48,548	5.5 %
2018r	17,681,159	4.4 %	1,104,159	4.7 %	46,032	5.9 %
2017r	16,937,582	4.9 %	1,055,029	3.2 %	43,457	3.3 %
2016r	16,151,881	2.8 %	1,022,336	1.3 %	42,049	1.1 %
2015r	15,717,140	4.9 %	1,009,286	3.4 %	41,571	4.3 %
2014r	14,982,715	5.7 %	975,637	4.4 %	39,872	4.6 %
2013r	14,175,503	1.3 %	934,446	1.1 %	38,109	1.2 %
2012r	13,998,383	5.1 %	924,061	5.7 %	37,659	2.5 %
2011r	13,315,478	10.5 %	874,230	11.4 %	36,742	15.6 %

Note: Revised estimates reflect the revision of the National Income and Product Accounts (NIPA's), and newly available state and local data. Revised estimates for 2011 through 2020.

r = Revised Estimates

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

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated October 2021.

UNEMPLOYMENT RATE

YEAR	SOUTH DAKOTA	UNITED STATES
2020	4.6%	8.1%
2019	3.0%	3.7%
2018	2.9%	3.9%
2017	3.1%	4.4%
2016	3.0%	4.9%
2015	3.0%	5.3%
2014	3.3%	6.2%
2013	3.7%	7.4%
2012	4.1%	8.1%
2011	4.6%	8.9%

Source: SD Department of Labor and Regulation, Labor Market Information

PER CAPITA PERSONAL INCOME

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2020r	\$ 59,510	6.2 %	\$ 56,466	6.0 %	\$ 59,281	8.3 %
2019r	56,047	3.6 %	53,279	3.1 %	54,725	4.5 %
2018r	54,098	3.8 %	51,687	4.2 %	52,346	5.1 %
2017r	52,118	4.2 %	49,609	2.8 %	49,787	2.2 %
2016r	50,015	2.0 %	48,280	0.9 %	48,724	0.1 %
2015r	49,019	4.1 %	47,872	3.0 %	48,678	3.7 %
2014r	47,071	4.9 %	46,497	3.8 %	46,957	3.8 %
2013r	44,860	0.6 %	44,775	0.5 %	45,243	0.1 %
2012r	44,605	4.4 %	44,532	5.1 %	45,179	1.3 %
2011r	42,739	8.8 %	42,353	10.0 %	44,612	13.2 %

Note: Per capita personal income is total personal income divided by total midyear population estimate. Midyear population estimates. Source: U.S. Census Bureau.

r = Revised Estimates

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

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2021.

NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY¹
(Expressed in Thousands)

	2021p	2020r	2019r	2018r	2017r	2016r	2015r	2014r	2013r	2012r
Natural Resources/Mining/Construction	26.2	25.2	24.6	24.0	23.4	23.7	23.1	22.2	21.4	21.1
Manufacturing	44.0	43.2	45.0	44.4	43.1	42.2	42.6	42.3	41.5	41.2
Trade/Transportation/Utilities	85.7	83.9	85.9	86.5	87.0	88.0	87.3	85.6	83.5	82.8
Wholesale Trade	20.8	21.0	21.1	20.8	20.8	21.0	21.0	20.6	19.8	19.3
Retail Trade	51.6	49.6	51.2	52.3	53.0	53.7	52.9	51.9	51.1	51.0
Trans/Warehousing/Utility	13.3	13.3	13.5	13.5	13.3	13.3	13.4	13.1	12.6	12.5
Information	4.7	5.0	5.5	5.6	5.7	5.8	5.9	6.0	6.0	6.2
Financial Activities	28.0	28.4	29.0	29.2	29.3	29.3	29.7	29.7	29.7	28.6
Professional/Business Svcs.	33.0	32.7	33.2	32.3	31.5	31.4	30.8	30.5	29.7	29.3
Educational/Health Services	73.4	73.1	73.2	72.2	71.2	70.0	68.8	67.9	67.5	66.6
Leisure and Hospitality	44.0	40.7	47.4	47.3	47.0	46.7	46.2	45.4	44.7	44.3
Other Services (Except Public Administration)	17.5	16.6	16.8	16.7	16.7	16.6	16.3	16.1	16.2	16.0
Government	78.6	76.7	80.0	79.5	79.1	78.4	77.8	77.8	77.3	77.5
TOTAL	520.8	509.4	526.4	524.3	521.1	520.1	515.8	509.1	501.0	496.4
% Change in Nonfarm Employment	2.2%	-3.2%	0.4%	0.6%	0.2%	0.8%	1.3%	1.6%	0.9%	23.0%

Note: Numbers may not add due to rounding. Data not seasonally adjusted.

¹ Based on North American Industry Classification System (NAICS)

p = Preliminary Data

r = Revised Data

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

EXPANDED AND NEW INDUSTRIES
(Dollars Expressed in Millions)

	EXPANSIONS		NEW		TOTAL	
	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT
2020	382	\$ 123.5	5	\$ 1.3	387	\$ 124.8
2019	372	324.2	0	0.0	372	324.2
2018	304	423.3	6	26.1	310	449.4
2017	207	387.8	4	9.3	211	397.1
2016	163	256.6	2	0.6	165	257.2
2015	330	406.5	2	3.4	332	409.9
2014	352	459.4	8	16.3	360	475.7
2013	283	278.6	8	204.7	291	483.3
2012	406	403.3	3	0.0	409	403.3
2011	367	276.5	4	0.9	371	277.4

Note: Only manufacturing and processing companies are included in the above totals.

Source: Governor's Office of Economic Development

State of South Dakota

Employment by Industry Type

2021 as Compared to 2012

June 2021 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	80,300	18.0%
2	Health Care and Social Assistance	66,500	14.9%
3	Retail Trade	52,400	11.7%
4	Leisure and Hospitality	47,900	10.7%
5	Manufacturing	44,700	10.0%
6	Professional and Business Services	33,800	7.6%
7	Mining, Logging, and Construction	29,000	6.5%
8	Financial Activities	28,300	6.3%
9	Wholesale Trade	21,100	4.7%
10	Other Services	18,200	4.1%
11	Transportation, Warehousing, and Utilities	13,300	3.0%
12	Educational Services	5,900	1.3%
13	Information	4,800	1.2%
Total Nonfarm Employment		446,200	100.0%

Sources: June, 2021 Current Employment Statistics (CES) data for all nonfarm workers, not seasonally adjusted.

Labor Market Information Center, SD Dept. of Labor & Regulation in cooperation with U.S. Bureau of Labor Statistics. Downloaded: 11/19/2021

Notes: Due to confidentiality issues, employment numbers of the ten largest employers is not available. The categories presented are intended to provide alternative information regarding employment.

June 2012 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	78,600	18.6%
2	Health Care and Social Assistance	60,400	14.3%
3	Retail Trade	51,700	12.2%
4	Leisure and Hospitality	48,000	11.3%
5	Manufacturing	41,800	9.9%
6	Professional and Business Services	29,800	7.0%
7	Financial Activities	29,000	6.9%
8	Mining, Logging, and Construction	23,200	5.5%
9	Wholesale Trade	19,700	4.7%
10	Other Services	16,300	3.9%
11	Transportation, Warehousing, and Utilities	12,600	3.0%
12	Information	6,300	1.4%
13	Educational Services	5,600	1.3%
Total Nonfarm Employment		423,000	100.0%

Sources: June, 2012 Current Employment Statistics (CES) data for all nonfarm workers, not seasonally adjusted.

Labor Market Information Center, SD Dept. of Labor & Regulation in cooperation with U.S. Bureau of Labor Statistics. Downloaded: 11/19/2021

Notes: Due to confidentiality issues, employment numbers of the ten largest employers is not available. The categories presented are intended to provide alternative information regarding employment.

State of South Dakota
Full-Time Equivalent State Employees by Function of Government
Last Ten Fiscal Years
(excluding Higher Education)

Function of State Government:	Fiscal Year				
	2021	2020	2019	2018	2017
General Government	1,033	1,024	1,020	1,028	1,020
Health, Human, and Social Services	2,874	2,905	2,913	2,958	2,991
Law, Justice, Public Protection, and Regulation	2,169	2,137	2,143	2,129	2,130
Agriculture and Natural Resources	891	927	944	944	948
Transportation	990	991	997	1,000	998
Education	182	178	178	177	180
Economic Resources	69	71	125	125	124
State Total	8,208	8,233	8,320	8,361	8,391

Function of State Government:	Fiscal Year				
	2016	2015	2014	2013	2012
General Government	1,018	998	983	970	967
Health, Human, and Social Services	2,936	3,007	2,999	3,009	3,004
Law, Justice, Public Protection, and Regulation	2,186	2,215	2,223	2,186	2,142
Agriculture and Natural Resources	939	943	929	941	925
Transportation	976	977	980	978	965
Education	176	178	128	130	132
Economic Resources	156	158	198	197	170
State Total	8,387	8,476	8,440	8,411	8,305

Source: State's Budget System RB16 - June 30, 2021 *does not take into consideration reorganization*

Note:

(a) A full-time equivalent employee, or FTE, represents one full-time position, or a number of part-time or seasonal positions.

**State of South Dakota
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year			
	2021	2020	2019	2018
General Government				
Vehicles	2,861	2,897	3,012	2,948
Land (Acres)	762,538	762,538	761,475	761,465
Equipment	1,433	1,359	1,406	1,382
Buildings	56	24	24	22
Infrastructure	0	0	0	0
Health, Human, and Social Services				
Vehicles	8	7	7	7
Land (Acres)	642	642	644	584
Equipment	786	653	689	665
Buildings	83	81	81	84
Infrastructure	0	0	0	0
Law, Justice, Public Protection, and Regulation				
Vehicles	394	297	358	361
Land (Acres)	1,373	1,413	1,413	1,512
Equipment	1,516	1,246	1,263	1,196
Buildings	155	137	137	135
Infrastructure	0	0	0	0
Agriculture and Natural Resources				
Vehicles	379	353	366	369
Land (Acres)	363,435	363,285	363,221	363,222
Equipment	1,877	1,667	1,715	1,668
Buildings	172	129	128	120
Infrastructure	0	0	0	0
Transportation				
Vehicles	1,328	1,197	1,295	1,301
Land (Acres)	3,489	3,199	3,182	3,177
Land, ROW Roads	\$ 110,124,754	\$ 108,226,917	\$ 107,257,048	\$ 103,939,192
Land Improvements, Roads	\$ 529,014,507	\$ 529,014,507	\$ 529,014,507	\$ 527,033,832
Equipment	4,500	4,109	4,257	4,066
Buildings	217	209	207	203
Infrastructure				
-Roads: Lane Miles	8,849	8,847	8,847	8,850
-Bridges: Number of	1,811	1,802	1,795	1,796
-Railroads: Track Miles	173	530	530	530
Education				
Vehicles	0	0	0	0
Land (Acres)	187	187	187	284
Equipment	78	76	81	81
Buildings	35	32	32	32
Infrastructure	0	0	0	0
Economic Resources				
Vehicles	0	0	0	0
Land (Acres)	6	6	6	6
Equipment	2	1	1	1
Buildings	0	0	0	0
Infrastructure	0	0	0	0

Source: Survey conducted by BFM of the department's finance personnel and the Fixed Asset System.

Fiscal Year						
2017	2016	2015	2014	2013	2012	
2,908	2,987	2,904	2,929	2,862	2,852	
760,743	760,806	760,806	760,806	760,804	760,828	
1,386	1,427	1,406	1,367	1,388	1,406	
22	23	22	19	15	17	
0	0	0	0	0	0	
7	7	7	7	8	8	
710	763	799	799	777	710	
650	667	651	604	610	590	
89	89	92	93	48	47	
0	0	0	0	0	0	
361	332	317	320	339	324	
1,504	1,504	1,510	1,510	1,484	1,387	
1,180	1,090	1,047	940	932	826	
157	156	159	156	71	74	
0	0	0	0	0	0	
378	389	392	373	373	377	
362,876	361,821	360,938	360,323	360,137	360,039	
1,647	1,617	1,576	1,509	1,490	1,457	
96	76	73	65	55	52	
0	0	0	0	0	0	
1,281	1,287	1,279	1,250	1,183	1,206	
3,199	3,213	3,217	3,206	3,294	3,498	
\$ 97,004,207	\$ 95,308,778	\$ 93,472,606	\$ 92,796,015	\$ 92,689,993	\$ 89,954,671	
\$ 527,033,832	\$ 523,392,571	\$ 520,147,538	\$ 514,620,856	\$ 512,129,195	\$ 512,129,195	
3,917	3,806	3,661	3,415	3,211	3,081	
199	193	183	175	115	109	
8,850	8,861	8,862	8,850	8,850	8,858	
1,796	1,795	1,799	1,796	1,798	1,799	
530	530	530	530	530	513	
0	0	0	0	0	0	
284	284	184	77	77	77	
86	78	25	24	17	11	
34	27	27	27	26	22	
0	0	0	0	0	0	
0	0	0	0	1	2	
0	0	0	0	0	0	
3	3	47	49	45	42	
0	0	1	1	0	0	
0	0	0	0	0	0	

**State of South Dakota
Operating Indicators by Function
Last Ten Fiscal Years**

General Government	Fiscal Year		
	2021	2020	2019
Executive Management			
Bureau of Finance and Management			
Complete Governors Budget Book	Annual	Annual	Annual
Finalize State Operating Budget	Annual	Annual	Annual
Bureau of Information and Telecommunications			
SDPB Local Production (Hours)	3,150	3,068	3,237
Radio Calls through Digital Network	27,376,199	27,376,199	25,879,566
Bureau of Human Resources			
Health: Employees, COBRA, Retirees/Dependents	12,669 / 14,228	12,897 / 14,204	13,073 / 14,311
Bureau of Administration			
Pieces of Mail Handled/Year	6,852,597	6,594,534	6,783,673
Total Miles Driven	28,984,851	32,786,517	37,538,989
Revenue			
Total Active Business Licenses	94,925	91,793	89,842
Vehicles Registered	1,639,437	1,509,538	1,527,593
Misc. Special Tax Licenses	6,004	5,878	6,059
Lottery			
Licensed Lottery Retailers--Instant Only	9	13	13
Licensed Lottery Retailers--On-line	625	614	616
Legislature			
Auditor General			
Audits Performed	54	57	56
Audits Reviewed (IPA reports)	351	352	345
School and Public Lands			
Apportion Common School Interest Fund and Income to School Districts (Thousands)	\$ 12,823	\$ 12,695	\$ 12,112
Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (Thousands)	\$ 3,000	\$ 3,412	\$ 2,813
Secretary of State			
Business and Secured Transaction Filings	133,507	127,036	122,122
State Treasurer			
Cash Receipts (Thousands)	\$ 6,304,280	\$ 6,971,719	\$ 5,432,711
Unclaimed Property - Claims Paid	11,272	6,467	4,624
State Auditor			
Vouchers Audited	262,463	257,420	285,516
Warrants Written	234,696	236,466	239,860
Health, Human, and Social Services			
Social Services			
Medicaid Enrolled/Month	128,654	115,731	116,709
Long Term Care Services - Clients Served	3,294	3,487	3,694
Health			
Public Health Investigations	9,287	11,716	28,087
Labor			
State Labor Force	467,427	463,278	460,531
Unemployment Rate	3.60%	4.10%	2.90%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.040%	0.040%
Budget Compared to Benefits	0.810%	0.860%	0.840%
Veterans Benefits and Services			
South Dakota Veteran Population	65,014	67,119	65,893
State Veterans' Home			
Average Daily Census	95	98	96
Human Services			
People with Developmental Disabilities Served	3,070	3,093	3,031
People with Mental Illness Served	17,156	18,047	18,189
People with Substance Abuse Issues Served	11,189	11,693	11,361
People Receiving Vocational Rehabilitation Services	4,378	4,697	5,174

Fiscal Year						
2018	2017	2016	2015	2014	2013	2012
Annual Annual						
3,239	3,110	3,271	3,760	3,735	3,656	2,056
27,038,877	24,549,762	29,858,306	27,888,987	26,319,746	26,968,003	26,052,239
13,240 / 14,179	13,264 / 13,730	13,242 / 13,418	13,328 / 13,360	13,413 / 13,426	13,296 / 13,305	13,234 / 13,008
7,254,250	7,448,095	7,536,209	7,720,306	7,719,049	8,047,767	8,631,113
37,677,337	38,898,000	38,344,195	38,848,323	38,241,658	38,739,712	38,755,956
85,147	84,242	82,640	80,779	80,236	81,047	80,130
1,533,549	1,484,111	1,519,080	1,425,379	1,258,147	1,402,128	1,081,516
6,757	6,663	6,612	5,228	5,372	5,430	5,333
13	13	13	12	12	12	12
636	632	610	608	600	597	591
53	54	54	46	56	49	73
316	351	333	326	322	338	327
\$ 11,282	\$ 10,196	\$ 10,227	\$ 9,969	\$ 8,774	\$ 7,422	\$ 7,433
\$ 2,642	\$ 2,410	\$ 2,267	\$ 2,104	\$ 1,500	\$ 1,991	\$ 1,957
125,600	112,454	121,302	120,807	151,658	100,492	92,608
\$ 5,205,064	\$ 5,197,293	\$ 4,955,107	\$ 4,917,575	\$ 4,883,829	\$ 4,621,725	\$ 4,667,076
5,822	3,162	5,127	4,500	10,024	3,973	2,992
281,596	279,250	288,653	290,861	297,649	289,083	291,219
250,707	257,678	270,702	298,293	306,344	318,863	400,307
118,338	119,619	118,674	117,346	115,328	116,128	115,731
3,723	3,702	3,867	3,977	4,051	4,053	4,138
21,187	16,999	13,224	13,750	13,875	12,618	10,386
457,941	455,617	453,175	450,900	450,660	446,990	444,805
3.00%	3.10%	2.80%	3.50%	3.70%	4.30%	4.50%
0.040%	0.040%	0.040%	0.040%	0.040%	0.040%	0.042%
0.860%	0.860%	0.860%	0.870%	0.890%	0.870%	0.900%
66,811	72,000	72,000	75,000	75,000	75,000	72,000
94	94	96	121	113	118	130
3,105	3,092	3,103	3,104	3,078	3,032	2,970
17,866	17,169	17,194	16,653	16,142	16,110	15,572
12,351	12,003	12,297	11,525	11,579	12,305	14,307
5,581	5,608	5,484	5,299	5,798	6,166	6,477

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

	Fiscal Year		
	2021	2020	2019
Law, Justice, Public Protection, and Regulation			
Corrections			
Adult System ADP (Average Daily Population)	3,318	3,772	3,902
Avg. Daily Population on Supervision	3,325	3,393	2,951
Juvenile Institutional and Placement ADP	200	188	197
Unified Judicial System			
Felony Offenses Filings	13,305	13,284	12,527
Class One Misdemeanor Filings	19,002	19,640	20,828
Class Two Misdemeanor Filings	97,035	92,595	104,426
Attorney General			
New Cases Opened/Closed/Pending (Thousands)	0.8 / 1.6 / 1.7	1.3 / 1.6 / 2.3	1.1 / 1.9 / 2.0
Investigations Conducted by DCI	1,418	1,277	819
Public Safety			
Patrol of Public Highways (Percentage)	61%	63%	60%
Driver Licenses Issued	214,420	169,997	163,658
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,113	3,072	3,141
Assigned Strength of the Air Guard	1,055	1,055	1,055
Appraiser Program			
New / Renewed Licenses	44 / 398	23 / 402	14 / 410
Revenue Financial Services			
Banking Institutions Examined	N/A	N/A	N/A
Dealer, Broker & Investment Advisor			
Agents Licensed	114,553	107,764	104,188
Renewed & Issued Insurance			
Appointments/Licenses	458,624	403,025	366,307
Revenue Boards and Commissions			
New & Renewed Licenses Issued	6,126	6,591	6,396
Public Utilities Commission			
Dockets Opened	160	128	180
Agriculture and Natural Resources			
Agriculture			
Wildfires Suppressed (Fires/Acres)	241 / 39,771	324 / 3,404	259 / 4,413
Dairy Inspections	395	378	458
Marketing Consultations	N/A	N/A	N/A
Insect & Disease Individual Assists	N/A	1,599	1,072
Game, Fish and Parks			
Total Park Visitations	9,892,484	11,255,067	7,298,423
Acres of Walk-In Areas	1,389,000	1,200,000	1,270,000
Environment and Natural Resources			
Dollars Awarded/Number of Grants and Loans	115.6 M / 88	189.6 M / 112	155.0 M / 70
Total Number of Regulated Facilities	N/A	N/A	29,463
Petroleum Release Compensation			
Petroleum Release Cases Initiated	20	36	34
Abandoned Tank Site Cases Initiated	32	35	36
Transportation			
Transportation			
Percent of Non-interstate State Highway System			
Main Lane Pavement Mileage Rated Good or Better			
on Condition Index	91	87	88
Percent of Interstate Pavement in Excellent			
Condition Based on Condition Index	52	50	56
Education			
Student K-12 Public School Fall Enrollment	136,115	136,119	135,317
Economic Resources			
Tourism and State Development			
Capital Investment Reported (Millions)	N/A	N/A	N/A
New Jobs Created (Calendar Year)	N/A	N/A	N/A
Tourism's Impact on South Dakota Economy (Billions)	\$ 2.57	\$ 2.75	\$ 2.65

Source: State's Budget System and/or survey of department finance personnel.

N/A= Not Applicable

								Fiscal Year						
2018		2017		2016		2015		2014		2013		2012		
	3,949		3,844		3,613		3,610		3,645		3,637		3,565	
	2,573		2,480		2,345		2,315		2,297		2,473		2,418	
	231		316		482		650		649		688		526	
	12,259		11,512		10,800		10,392		9,413		6,856		7,225	
	22,144		21,884		22,055		20,979		20,518		22,720		21,690	
	115,784		114,231		114,445		112,323		105,213		111,461		117,594	
	1.4 / 1.7 / 2.3		1.0 / 2.0 / 2.0		2.1 / 1.8 / 2.1		1.9 / 2.0 / 1.9		2.2 / 2.9 / 1.5		1.2 / 2.2 / 1.6		.85 / 2.1 / 1.5	
	935		963		1,063		1,062		1,077		1,013		1,012	
	59%		55%		59%		54%		60%		45%		46%	
	196,733		196,780		203,012		198,279		156,731		198,733		201,766	
	3,148		3,163		3,130		3,165		3,204		3,220		3,266	
	1,051		1,037		1,040		1,050		1,044		1,030		1,038	
	14 / 387		19 / 378		36 / 410		11 / 380		10 / 368		20 / 399		15 / 383	
	N/A		N/A		N/A		N/A		542		534		563	
	100,956		96,156		96,262		91,545		86,131		81,567		79,886	
	360,232		326,870		295,526		282,241		269,568		286,078		243,465	
	6,939		6,688		7,161		6,708		7,102		7,137		7,517	
	183		152		154		193		240		265		238	
	731 / 65,659		748 / 74,228		614 / 17,359		642 / 53,145		451 / 11,421		1,253 / 148,604		1,267 / 123,484	
	434		635		604		500		520		713		831	
	N/A		N/A		N/A		N/A		N/A		390		375	
	412		317		305		279		288		491		354	
	7,646,131		7,729,787		7,509,840		7,605,595		8,115,000		8,091,937		7,682,751	
	1,355,000		1,331,000		1,392,000		1,389,734		1,270,000		1,277,000		1,271,743	
	66.1 M / 66		121.6 M / 91		77.5 M / 106		118.3 M / 113		78.9M / 95		88.8M / 108		96.4M / 129	
	29,225		29,108		29,186		28,359		28,740		27,820		27,331	
	30		42		55		60		45		120		95	
	39		45		57		62		100		81		45	
	86		83		82		90		89		88		93	
	50		50		45		53		46		45		53	
	133,861		132,520		130,936		129,772		128,924		127,169		125,152	
	\$ 400.9		\$ 257.2		\$ 400.0		\$ 475.0		\$ 300.0		\$ 400.0		\$ 282.0	
	1,138		163		3,000		3,300		4,000		3,000		4,248	
	\$ 2.64		\$ 2.46		\$ 2.36		\$ 1.99		\$ 1.98		\$ 1.95		\$ 1.86	



