

An aerial photograph of a winding asphalt road that snakes through a dense, lush green forest. The road features yellow and white lane markings and a guardrail in some sections. A single white car is visible on the road, providing a sense of scale. The forest is composed of tall, thin trees, likely pines or firs, with a few taller, more prominent trees scattered throughout. The lighting suggests a bright, sunny day, with shadows cast across the road and the forest floor.

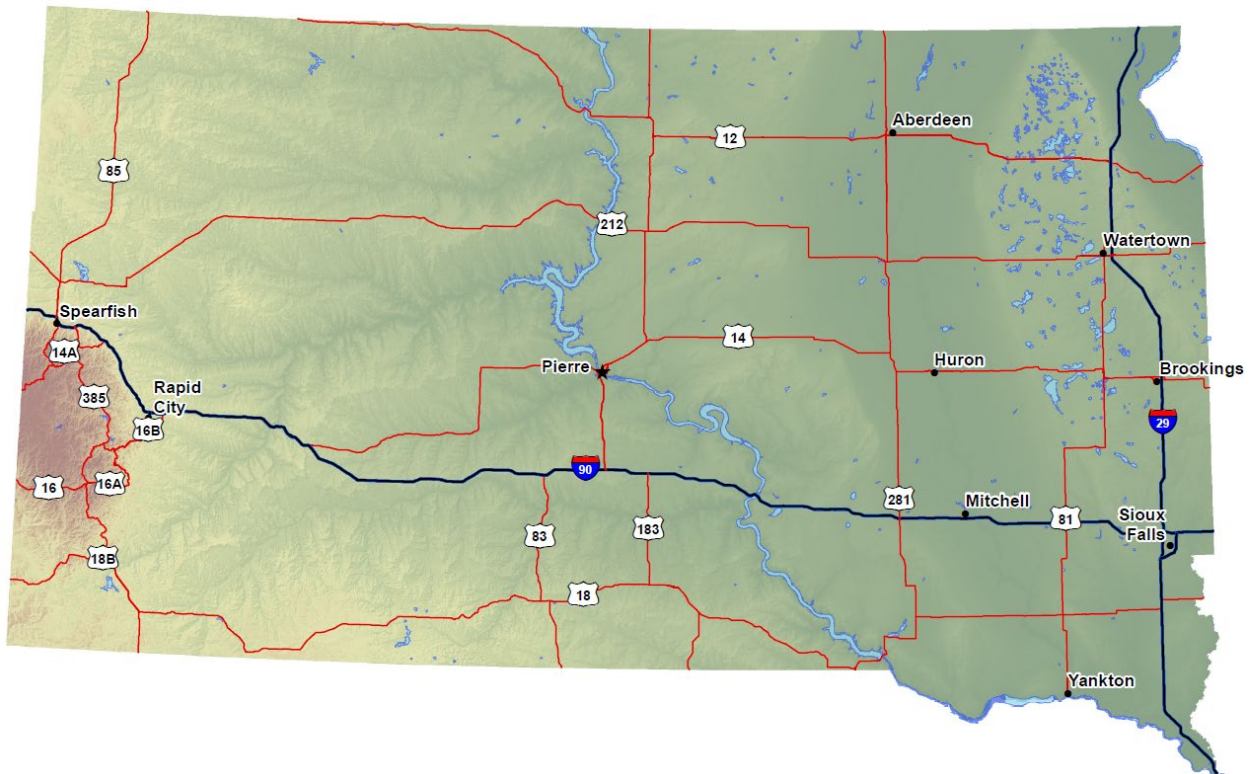
*South Dakota*

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**for the fiscal year ended June 30, 2022**



***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022***



***KRISTI NOEM, GOVERNOR***

***LARRY RHODEN, LT. GOVERNOR***

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

# **ACKNOWLEDGEMENTS**

**Report prepared by Bureau of Finance and Management  
South Dakota Capitol Building  
Pierre, South Dakota**

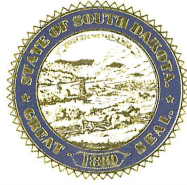
**Jim Terwilliger, Chief Financial Officer  
Steven Kohler, Deputy Commissioner  
Keith Senger, Director of Accounting and Financial Reporting  
Amanda Werre, Deputy Director  
Mark Edwardson, Chief Accounting Analyst  
Brian Englund, Senior Accounting Analyst  
Randi Olson, Accounting Analyst  
Tiffany Ripperda, Accounting Analyst  
Victor Ko, Accounting Analyst  
Amanda Jandt, Accounting Analyst  
Fabricio Rodrigues, Accounting Analyst  
Cassandra Ryckman, Accounting Analyst  
Stephanie Piroutek, Accounting Analyst  
Adam Hansen, Accounting Operations Manager  
Robert J. Norwick, Accounting Operations  
Colin Keeler, Director of Financial Systems and Operations  
Rachel Williams, Director of Executive Management Finance Office  
Morgan Gruebele, Chief Budget Analyst  
Derek Johnson, State Economist  
Allysen Kerr, Statewide Internal Control Officer  
Executive Management Finance Office:  
Mary Keeler, Alan Todd, Dallas Fitzgerald, Lori Billet, Mike Legg, and Jennifer Neely**



## **SPECIAL THANKS TO:**

**South Dakota Department of Legislative Audit  
All State Finance Officers and Accountants**

**Cover photograph provided by South Dakota Department of Tourism  
Sincere thanks to all who contributed their time and effort to this publication.  
125 Copies printed by the Bureau of Finance and Management at \$18.35 each at Central Duplicating Services.**



STATE OF SOUTH DAKOTA  
OFFICE OF THE GOVERNOR  
KRISTI NOEM | GOVERNOR

December 30, 2022

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 36<sup>th</sup> *Annual Comprehensive Financial Report* covering operations for the fiscal year ending June 30, 2022. 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 contributes to a growing economy in South Dakota. Nonfarm employment grew 2.7% or 11,600 jobs in fiscal year 2022, the strongest growth in the past 10 years. The unemployment rate currently stands at 2.4%, among the lowest in the nation. Personal income experienced robust growth of 7.6% in calendar year 2021, further contributing to South Dakota's strong economic growth.

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

Sincerely,

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

Kristi Noem  
Governor of South Dakota

*South Dakota*



GREAT FACES. GREAT PLACES. ©

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# ***INTRODUCTORY SECTION***

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# ***INTRODUCTORY SECTION***

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# DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

500 East Capitol Ave. • Pierre, South Dakota 57501-5070 • Voice: (605) 773-3411 • Fax: (605) 773-4711

December 30, 2022

**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 36th *Annual Comprehensive Financial Report* (ACFR) for the State of South Dakota (the State) for the fiscal year ended June 30, 2022.

**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, 2022, 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 39<sup>th</sup> or 40<sup>th</sup> state (with its twin, North Dakota). South Dakota has 75,885 square miles of land and a population estimated to be 0.9 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 for the General Fund in which expenditures and appropriations may not exceed anticipated revenue. Accumulated General Fund balances may be drawn down to balance an annual budget, if the General Fund balance remains positive. The Governor has the power to veto individual line items in the budget approved by the State Legislature. The State budget must remain in balance through the end of the fiscal year. Accordingly, state departments cannot encumber more General Funds than they have been authorized to spend. During the year, the Governor may authorize intradepartmental transfers of funds upon approval of the special committee, as long as total appropriation levels are not exceeded.

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

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

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

The Capital Expenditure Plan includes capital projects being considered 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 2022 was the 132<sup>nd</sup> 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
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%
2022	176.8	245.8		422.6	2,016.7	21.0%

The combined accrual basis balance of these two reserve accounts for fiscal year 2022 was \$422.6 million, an increase of \$115.5 million. This increase from the prior year was a result of unspent General Fund appropriations as General Fund revenues were \$72.3 million higher than expected and expenditures were \$43.2 million lower than budgeted. The combined reserve balance of \$422.6 million is approximately 21.0% of the fiscal year 2022 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 36<sup>th</sup> consecutive year South Dakota has received an unmodified opinion on its ACFR.

<b>Fair Value Funded Ratio</b>		
<b>As of June 30</b>	<b>SDRS</b>	<b>Projected Average of Other State Retirement Systems **</b>
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%	83%
2022	100.1%	70% (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 2022, the Lottery generated \$179.4 million of income (before transfers) and provided \$179.3 million in transfers to other funds that improve the quality of life in South Dakota. Since its inception in 1987, the Lottery has distributed \$3.4 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 2.50%. 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, 2022, SDRS is fully funded with an actuarial value funded ratio and a fair value funded ratio of 100.07%. SDRS currently has no unfunded actuarial accrued liability. During the fiscal year, SDRS experienced a -0.69% (time-weighted) market return, or 7.19% less than the assumed rate of return of 6.50%. Plan investments at fair value in fiscal year 2022 were \$14.1 billion compared to \$9.1 billion in fiscal year 2013.

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, 2021, and 2022 with a relatively small net pension liability in 2016.

### South Dakota Retirement System

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

\* 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 premiums, co-pays, deductibles, and dependent costs.

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

### ECONOMIC CONDITIONS AND OUTLOOK

Employment growth is an important indicator of the State's economic health. Prior to 2020, South Dakota's employment situation had been stable for about a decade. From 2011-2019, nonfarm employment growth averaged 1% per year. In 2020, nonfarm employment declined 3.3% in South Dakota due to the disruption in the economy but has since rebounded strongly. Employment grew 3.2% in 2021 and is projected to finish 2022 at 2.2%.

The unemployment rate in South Dakota remained low through fiscal year 2022 and remains among the lowest in the nation due to steady economic growth. In November 2022, South Dakota's unemployment rate was 2.4%, which was 1.3% lower than the U.S. unemployment rate of 3.7% for the same month.

Income growth is another important indicator of the State's economy. In calendar year 2021, which is the most recent annual data that is available, South Dakota's personal income grew 7.6%, slightly higher than the U.S. growth rate of 7.5%. From 2011 to 2021, South Dakota's total personal income growth averaged approximately 5% per year. Growth rates have been much higher recently, boosted by farm income. In 2019 and 2020, personal income grew by 6.9% and 9.9%. In 2021, farm income in South Dakota was \$3.5 billion, the second highest figure on record behind \$3.7 billion in 2011. From 2016 through 2020, farm income averaged \$1.5 billion per year. This compares to the previous five-year average farm income level of \$2.7 billion from 2011 through 2015. South Dakota's per capita personal income was \$64,462 in 2021, 0.5% greater than the U.S. average per capita income of \$64,143. The State's per capita personal income for the second quarter of 2022 increased to an annual rate of \$66,122, 1.7% greater than the United States average of \$64,993. South Dakota's per capita personal income growth from the beginning of 2019 through the second quarter of 2022 leads the nation.

The outlook for South Dakota's economy is for slowing employment growth over the next two years, with job growth essentially flat in 2023 and 2024 and continued low unemployment rates. Personal incomes are projected to grow in the range of 4% to 5% in 2023 and 2024.

## MAJOR INITIATIVES

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

**Investing in Our Future.** To help ensure that South Dakota's infrastructure is prepared for the economy of tomorrow, the Governor recommended, and the legislature approved, significant investments in workforce housing infrastructure, water and sewer infrastructure, and broadband access. Key investments in each of these areas will strengthen our infrastructure and ensure a strong foundation for our state.

**Investing in Our Workforce.** It is the State's goal to attract and retain the best and brightest employees to work for state government. To help maintain this standard, the Governor recommended, and the legislature adopted, a 6.0% market adjustment for state employees. A statewide increase this high hasn't occurred in the last three decades. In addition to this 6.0% market adjustment, funding was appropriated for increases to minimum pay rates for certain job families including law enforcement and correctional staff.

**Supporting Education.** The adopted budget for state fiscal year 2023 provided a 6.0% increase for state aid to education, as well as a 6.0% increase to the per student allocation for the technical colleges. This was above the statutorily required 2.6% and will help ensure that local school districts have the resources necessary to educate South Dakota's next generation. The fiscal year 2023 budget also includes a rebase and increase in the amount of funding received for the six special education disability levels.

**Keeping South Dakota Healthy and Safe.** An ongoing investment in our healthcare workforce was appropriated through an increase of 6.0% for medical provider rates. The budget also included one-time investments for emergency medical services, volunteer firefighters, and behavioral health service delivery to be able to provide the appropriate level of care.

## 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, 2021. This was the sixth 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 and program personnel throughout the State from various agencies and departments. I sincerely appreciate the dedicated efforts of all these individuals. I would like to recognize and commend the efforts of the accounting staff of each state agency and the staff of the Department of Legislative Audit. I would also like to acknowledge the Bureau of Finance and Management staff, Keith Senger, Amanda Werre, Mark Edwardson, Brian Englund, Randi Olson, Tiffany Ripperda, Victor Ko, Amanda Jandt, Fabricio Rodrigues, Cassandra Ryckman, Stephanie Piroutek, Allysen Kerr, Robert Norwick, Adam Hansen, Mary Keeler, Alan Todd, Dallas Fitzgerald, Lori Billet, Jennifer Neely, and Mike Legg for their talents in making this report possible.

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

Respectfully Submitted,



Jim Terwilliger, Chief Financial Officer  
Bureau of Finance and Management





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of South Dakota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

***SOUTH DAKOTA  
FY2022 PRINCIPAL STATE OFFICIALS***

***EXECUTIVE BRANCH***

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

***CONSTITUTIONAL OFFICERS***

The Honorable Mark Vargo, Attorney General  
The Honorable Steve Barnett, Secretary of State  
The Honorable Josh Haeder, Treasurer  
The Honorable Rich Sattgast, Auditor  
The Honorable Jarrod Johnson, 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 FY2022 FUNCTIONS OF STATE GOVERNMENT***

## ***GENERAL GOVERNMENT***

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

## ***HEALTH, HUMAN, AND SOCIAL SERVICES***

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

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

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

## ***AGRICULTURE AND NATURAL RESOURCES***

Agriculture  
Game, Fish and Parks  
Environment and Natural Resources

## ***TRANSPORTATION***

Transportation

## ***EDUCATION***

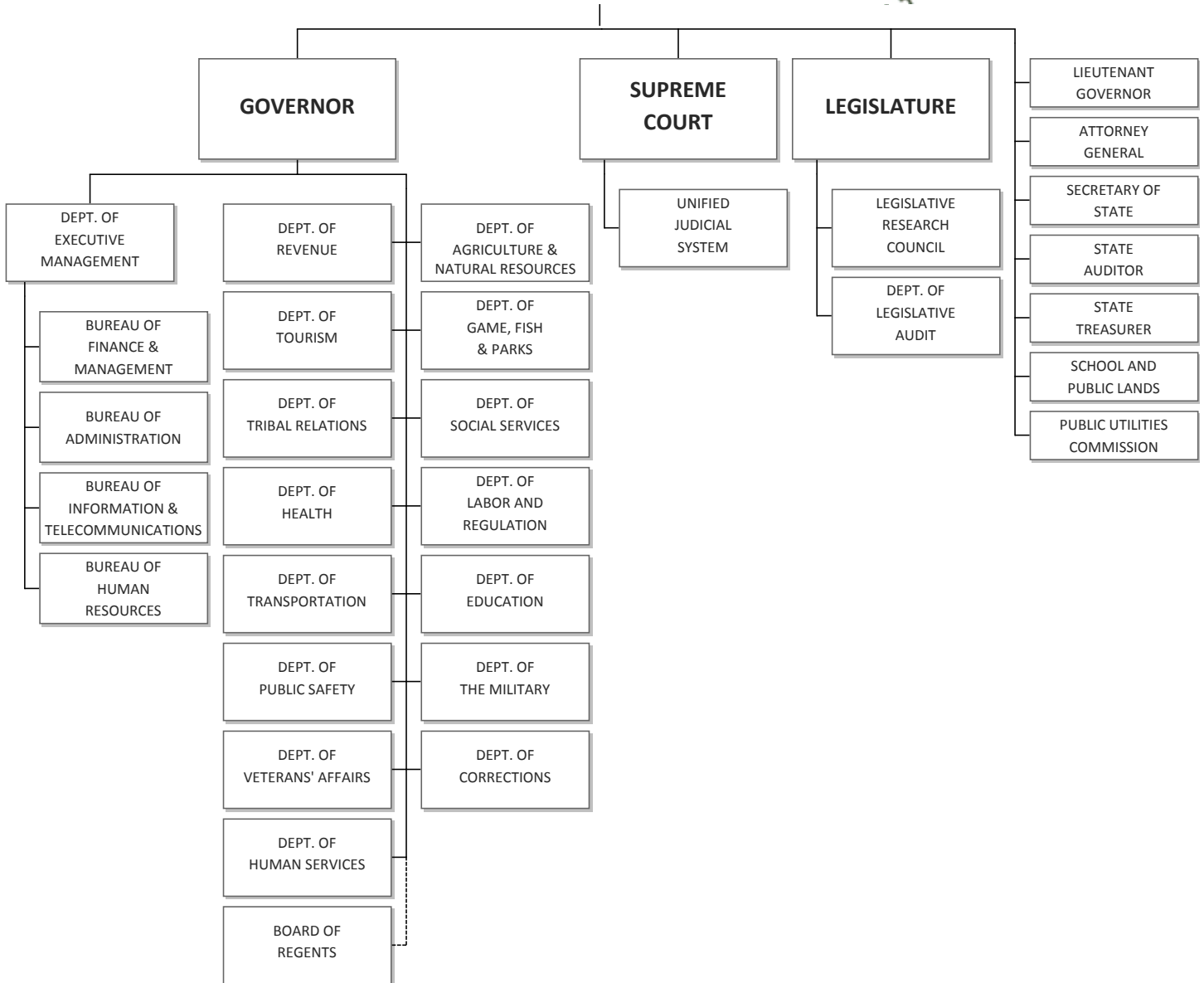
Education  
Higher Education  
State Aid to Universities

## ***ECONOMIC RESOURCES***

Tourism  
Economic Development  
Tribal Relations

## ***PANDEMIC RESPONSE***

COVID-19 Federal





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# ***FINANCIAL SECTION***

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# ***FINANCIAL SECTION***

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

RUSSELL A. OLSON  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Kristi Noem  
Governor of South Dakota

and

Members of the Legislature  
State of South Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota (State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Science and Technology Authority, the South Dakota Ellsworth Development Authority and foundations of Higher Education. Those financial statements reflect total assets and deferred outflows of resources and revenues and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended as follows:

	<u>Percent of Total Assets*</u>	<u>Percent of Total Revenues/Additions</u>
Government-wide financial statements:		
Business-type activities:		
Unemployment Insurance Fund	15.3%	13.1%

Aggregate discretely presented component units:		
South Dakota Housing Development Authority	38.2%	18.2%
South Dakota Science and Technology Authority	2.6%	3.5%
South Dakota Ellsworth Development Authority	.6%	.9%
Foundations of Higher Education	19.9%	13.7%

Fund financial statements:

Aggregate remaining fund information:		
South Dakota Retirement System	87.9%	8.3%
Unemployment Insurance Fund	1.3%	1.6%

\* including deferred outflows of resources

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

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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



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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 31, the budgetary comparison schedules on pages 117 through 133, and the Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions on pages 134 through 135 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund financial statements on pages 137 through 172 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections on pages 1 through 10 and 173 through 193 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Russell A. Olson, Auditor General  
Pierre, South Dakota

December 30, 2022

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, 2022. 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 \$8.5 billion (reported as net position). Of this amount, \$6.6 billion is restricted for specific uses or invested in capital assets. The remaining \$1.9 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 \$330.8 million, or 4.1% from the prior fiscal year. Net position of Governmental Activities increased by \$301.1 million, or 4.1%, while net position of Business-type Activities increased by \$29.6 million, or 3.5% over the prior fiscal year.
- Discretely presented component units reported total net position of \$2.9 billion, an increase of \$203.7 million, or 7.6% from the prior fiscal year.

### **Fund Financial Statements**

- The State's governmental funds combined ending fund balances of \$3.1 billion, an increase of \$148.5 million, or 5.1% from the prior fiscal year. Of the \$3.1 billion in combined ending fund balance, \$672.5 million is non-spendable and \$1.4 billion is restricted by outside sources or enabling legislation. Another \$63.3 million is committed by state law and \$487.8 million has been assigned for various specific purposes. The remaining \$496.1 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 \$496.1 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 \$983.7 million. This includes total budget reserves of \$422.6 million, comprised of the Budget Reserve and the General Revenue Replacement Fund of \$176.8 million and \$245.8 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 decreased in value during the fiscal year because of investment losses. After transferring a combined amount of \$46.5 million to the General Fund, these funds closed the fiscal year with a combined ending fund balance of \$1.3 billion, a decrease of \$58.9 million.
- Proprietary funds reported net position at fiscal year-end of \$942.4 million, an increase of \$13.2 million, or 1.4% from the prior fiscal year.

### **Long-Term Debt**

- The primary government's total long-term debt (revenue bonds, notes, and leases payable) as of June 30, 2022, totaled \$649.5 million, a decrease of \$15.6 million from the last fiscal year-end. The decrease represents the net difference between new issuances, payments, and the refunding and defeasance of outstanding debts.
- The South Dakota Building Authority did not issue any revenue bonds for the primary government in fiscal year 2022. SDBA issued \$18.4 million of revenue bonds for Higher Education. The proceeds of these bonds were used to fund renovation projects and the refund and defeasance of previously issued bonds.
- The South Dakota Conservancy District, a blended component unit of the State, did not issue any bonds in fiscal year 2022.

**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 employee vacation leave).

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

- **Governmental Activities.** Most of the State's services provided to the citizens of the State are reported within the Governmental Activities. The Governmental Activities of the State include the following:
  - General government
  - Education
  - Education – state support to higher education
  - Health, human, and social services
  - Law, justice, public protection, and regulation
  - Agriculture and natural resources
  - Economic resources
  - Transportation
  - 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 combining statements elsewhere in this report.

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

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

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

- **Fiduciary Funds.** Fiduciary funds are used to report activities when the State acts as a trustee or fiduciary to hold resources for the benefit of parties outside 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, 2022 were \$11.1 billion, while total liabilities and deferred inflows of resources were \$2.6 billion. This resulted in combined net position (Governmental and Business-type Activities) of \$8.5 billion, a 4.1% 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.

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

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	
Current and Other Assets, as restated	\$ 4,925,483	\$ 3,778,848	\$ 1,296,258	\$ 1,290,984	\$ 6,221,741	\$ 5,069,832	22.7%
Capital Assets	4,687,676	4,510,988	9,217	6,652	4,696,893	4,517,640	4.0%
<b>Total Assets, as restated</b>	<b>9,613,159</b>	<b>8,289,836</b>	<b>1,305,475</b>	<b>1,297,636</b>	<b>10,918,634</b>	<b>9,587,472</b>	13.9%
<b>Deferred Outflows of Resources</b>	<b>214,988</b>	<b>146,412</b>	<b>10,563</b>	<b>9,854</b>	<b>225,551</b>	<b>156,266</b>	44.3%
Current and Other Liabilities, as restated	1,494,266	616,038	19,232	22,200	1,513,498	638,238	137.1%
Noncurrent Liabilities	432,442	405,442	406,162	430,528	838,604	835,970	0.3%
<b>Total Liabilities, as restated</b>	<b>1,926,708</b>	<b>1,021,480</b>	<b>425,394</b>	<b>452,728</b>	<b>2,352,102</b>	<b>1,474,208</b>	59.6%
<b>Deferred Inflows of Resources</b>	<b>299,954</b>	<b>114,426</b>	<b>9,041</b>	<b>2,772</b>	<b>308,995</b>	<b>117,198</b>	163.7%
<b>Net Position:</b>							
Net Investment in Capital Assets	4,485,267	4,334,442	8,008	6,649	4,493,275	4,341,091	3.5%
Restricted, as restated	2,051,879	1,999,110	13,549	13,681	2,065,428	2,012,791	2.6%
Unrestricted, as restated	1,064,339	966,790	860,046	831,660	1,924,385	1,798,450	7.0%
<b>Total Net Position, as restated</b>	<b>\$ 7,601,485</b>	<b>\$ 7,300,342</b>	<b>\$ 881,603</b>	<b>\$ 851,990</b>	<b>\$ 8,483,088</b>	<b>\$ 8,152,332</b>	4.1%
Percent of Total Primary Government Net Position	89.6%	89.5%	10.4%	10.5%	100.0%	100.0%	

In fiscal year 2022, Governmental Activities accounted for 89.6% of the State's total net position, and Business-type activities accounted for 10.4%, a 0.1% change from the prior fiscal year.

**Net Investment in Capital Assets**

The largest component of the State's net position, \$4.5 billion or 53.0%, 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 \$152.2 million, or 3.5% 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 \$2.1 billion, or 24.4% of total net position, an increase of \$52.6 million, or 2.6% 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 (\$638.2 million) or expendable (\$311.9 million), and the third trust fund (Dakota Cement Trust) is restricted for education (\$358.7 million).

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

The remaining \$756.7 million of restricted net position is restricted for highways (\$290.2 million), agriculture and natural resources (\$97.1 million), economic development (\$81.3 million), railroads (\$76.7 million), pensions (\$65.3 million), health and public assistance (\$32.8 million), and debt service (\$30.8 million), with the remaining amount for other purposes.

### **Unrestricted Net Position**

The remaining net position balance, \$1.9 billion, or 22.6% 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 \$267.6 million within the Clean Water State Revolving Fund and \$225.3 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$199.9 million for the Unemployment Insurance Fund, \$117.3 million within the Revolving Economic Development and Initiative Fund, and \$8.8 million for revolving loan programs.

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

- **Budget Reserve** (\$176.8 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, 2022 was \$176.8 million, an increase of \$7.2 million from the prior fiscal year.

- **General Revenue Replacement Fund** (\$245.8 million). During the 2015 Legislative Session the Legislature created the “General Revenue Replacement Fund” (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year.

During fiscal year 2022, the GRRF increased by \$108.3 million to \$245.8 million.

The transfers as required by law into the Budget Reserve and the GRRF were the result of unspent General Fund appropriations of \$43.2 million and actual revenues exceeding estimates by \$72.3 million.

The unrestricted net position increased by \$125.9 million, or 7.0% during the fiscal year. A significant portion of this increase is attributed to: (1) \$115.5 million transfer to reserves (as discussed above), (2) \$87.0 million increase in assigned fund balance in the General Fund, (3) \$2.4 million increase in the Clean Water State Revolving Fund, (4) \$8.2 million increase in the Drinking Water State Revolving fund, (5) \$21.9 million increase in the Unemployment Insurance Fund, and (6) offset by decreases in unassigned fund balance in various funds. For analysis on these four funds, please see the *Financial Analysis of the State’s Funds* section in this document.



**Changes in Net Position**

The following table summarizes financial information derived from the Government-wide Statement of Activities and reflects how the State's net position changed during fiscal year 2022:

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

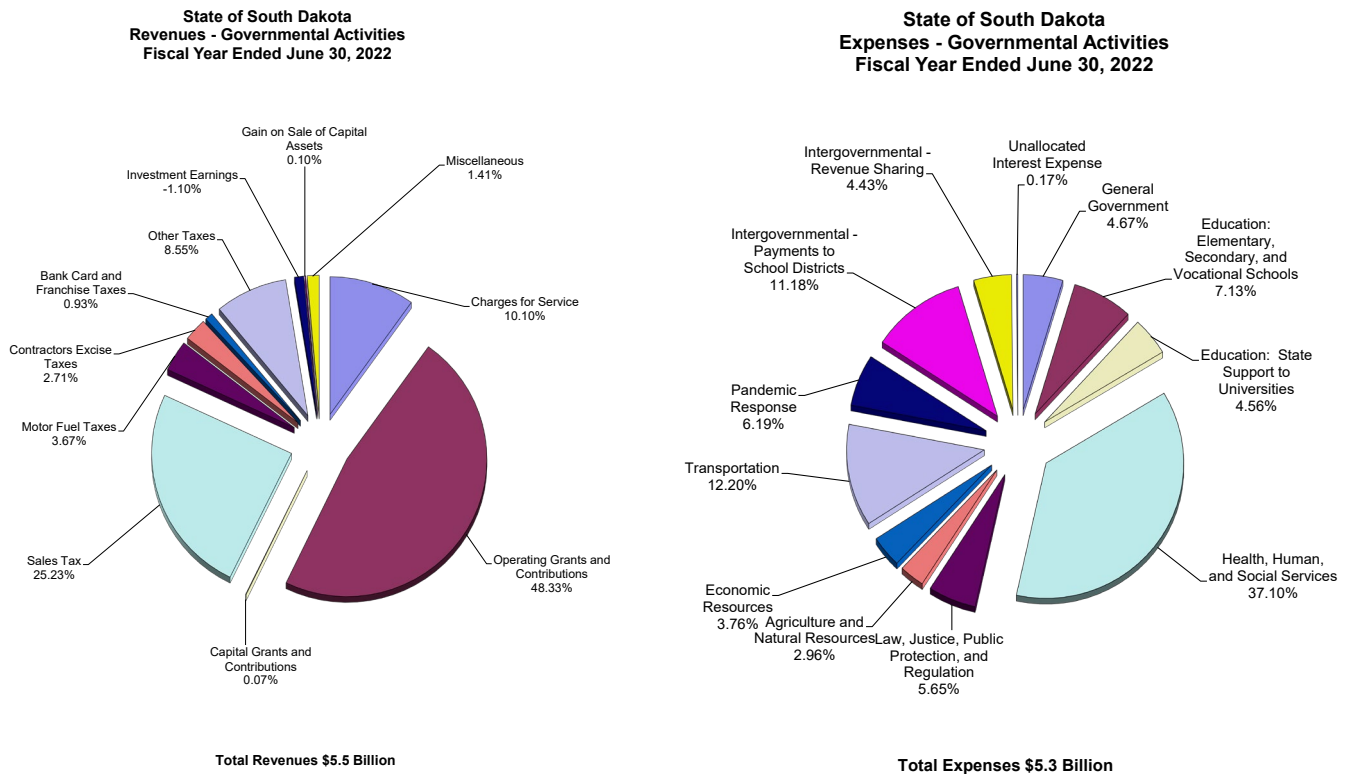
	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	
<b>Revenues:</b>							
Program Revenues:							
Charges for Service	\$ 550,792	\$ 565,818	\$ 322,554	\$ 307,687	\$ 873,346	\$ 873,505	0.0%
Operating Grants and Contributions	2,635,757	3,123,083	24,357	175,004	2,660,114	3,298,087	(19.3)%
Capital Grants and Contributions	3,786	7,965			3,786	7,965	(52.5)%
General Revenues:							
Sales Taxes	1,376,152	1,267,583			1,376,152	1,267,583	8.6%
Motor Fuel Taxes	199,880	193,053			199,880	193,053	3.5%
Contractors Excise Taxes	147,888	147,507			147,888	147,507	0.3%
Bank Card and Franchise Taxes	50,949	51,515			50,949	51,515	(1.1)%
Other Taxes, as restated	466,058	459,330			466,058	459,330	1.5%
Investment Earnings	(59,783)	215,767			(59,783)	215,767	(127.7)%
Gain on Sale of Capital Assets	5,352	1,590			5,352	1,590	236.6%
Miscellaneous	77,023	84,720			77,023	84,720	(9.1)%
<b>Total Revenues, as restated</b>	<b>5,453,854</b>	<b>6,117,931</b>	<b>346,911</b>	<b>482,691</b>	<b>5,800,765</b>	<b>6,600,622</b>	<b>(12.1)%</b>
<b>Program Expenses:</b>							
General Government	248,754	261,786			248,754	261,786	(5.0)%
Education	379,799	245,784			379,799	245,784	54.5%
Education – State Support to Higher Education	242,751	228,207			242,751	228,207	6.4%
Health, Human, and Social Services	1,976,809	1,546,179			1,976,809	1,546,179	27.9%
Law, Justice, Public Protection, and Regulation	301,083	283,780			301,083	283,780	6.1%
Agriculture and Natural Resources, as restated	157,552	159,310			157,552	159,310	(1.1)%
Economic Resources	200,463	41,343			200,463	41,343	384.9%
Transportation	649,898	700,366			649,898	700,366	(7.2)%
Pandemic Response	329,736	1,274,185			329,736	1,274,185	
Intergovernmental – Payments to School Districts	595,640	585,672			595,640	585,672	1.7%
Intergovernmental – Revenue Sharing	236,275	228,243			236,275	228,243	3.5%
Unallocated Interest Expense	9,045	6,233			9,045	6,233	45.1%
Unallocated Depreciation	53	53			53	53	0.0%
Lottery			59,729	63,044	59,729	63,044	(5.3)%
Clean Water State Revolving			15,008	18,077	15,008	18,077	(17.0)%
Drinking Water State Revolving			11,024	10,652	11,024	10,652	3.5%
Other			51,101	180,051	51,101	180,051	(71.6)%
<b>Total Expenses, as restated</b>	<b>5,327,858</b>	<b>5,561,141</b>	<b>136,862</b>	<b>271,824</b>	<b>5,464,720</b>	<b>5,832,965</b>	<b>(6.3)%</b>
Excess (Deficiency) Before Transfers, as restated	125,996	556,790	210,049	210,867	336,045	767,657	
Special Items - Impairment of Capital Asset	(5,289)				(5,289)		
Transfers	180,436	162,611	(180,436)	(162,611)			
Change in Net Position, as restated	301,143	719,401	29,613	48,256	330,756	767,657	
Net Position – Beginning, as restated	7,300,342	6,580,941	851,990	803,734	8,152,332	7,384,675	
<b>Net Position – Ending, as restated</b>	<b>\$ 7,601,485</b>	<b>\$ 7,300,342</b>	<b>\$ 881,603</b>	<b>\$ 851,990</b>	<b>\$ 8,483,088</b>	<b>\$ 8,152,332</b>	
Percent Change in Total Net Position from prior year	4.1%		3.5%		4.1%		

**Governmental Activities:**

The State's net position for Governmental Activities at the end of fiscal year 2022 was \$7.6 billion. This represents an increase of 4.1% or \$301.1 million from the prior fiscal year.

The \$301.1 million increase in the State's net position for Governmental Activities was the result of the net effect of the following: (1) \$5.5 billion revenues (a decrease from the prior fiscal year of \$664.1 million); less (2) \$5.3 billion expenses (a decrease from the prior fiscal year of \$233.3 million); plus (3) net transfers of \$180.4 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, 2022:



This fiscal year, the State received 48.4% from federal grants and contributions and 41.1% of its revenues from taxes (sales, motor fuel, contractors excise, bank card, bank franchise, and other taxes). Charges for services accounted for 10.1%.

In fiscal year 2022, health, human, and social services (taking care of people) accounted for 37.1% of the State's expenses, followed by 22.9% to education (K-12 and post-secondary), and 12.2% to transportation (constructing and maintaining roads and bridges).

Significant changes in revenues include a \$487.3 million, or 19.3% decrease, in federal grants relating to pandemic response, mostly Coronavirus Relief Fund. However, the state experienced a \$109.0 million, or 7.7% 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 decrease in expenses is attributed to a \$944.5 million decrease in the pandemic response function of government which is offset by a \$430.6 million increase in Health, Human, and Social Services as federal pandemic related grants shift from pandemic response of the Coronavirus Aid, Relief, and Economic Security to economic recovery of the American Rescue Plan Act (ARPA). That decrease is 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 2022 was \$881.6 million, an increase of \$29.6 million due to total revenues exceeding total expenses and transfers out. Although net position for Business-type Activities only accounts for roughly 10.4% of the total net position, Business-type Activities provided \$180.4 million in net transfers to Governmental Activities to help fund current operations, most of which came from the South Dakota Lottery Fund.

**FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

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

**Governmental Funds**

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

As shown in the table below, at the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$3.1 billion, an increase of \$148.5 million during the fiscal year. Of this amount, approximately 21.9%, or \$672.5 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 44.1%, or \$1.4 billion of the combined ending fund balance is restricted by outside sources or enabling legislation. Another 2.0%, or \$63.3 million of the combined balance is committed by state law and 15.9%, or \$487.8 million, has been assigned internally for specific purposes. The remaining \$496.1 million, or 16.1% is reported as unassigned. Certain resources within the \$496.1 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, 2022**  
(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	\$ 5,611	\$ 22,797	\$ 1,308	\$ 1,043	\$	\$ 431,660	\$ 210,070	\$ 672,489	21.9%
Restricted		280,149		6	358,651	244,764	470,381	1,353,951	44.1%
Committed							63,281	63,281	2.0%
Assigned	469,146		1,284				17,385	487,815	15.9%
Unassigned	508,940						(12,881)	496,059	16.1%
<b>Total Fund Balances</b>	<b>\$ 983,697</b>	<b>\$ 302,946</b>	<b>\$ 2,592</b>	<b>\$ 1,049</b>	<b>\$ 358,651</b>	<b>\$ 676,424</b>	<b>\$ 748,236</b>	<b>\$ 3,073,595</b>	
% Change from prior year	13.8%	20.3%	(13.4)%	(34.1)%	(5.2)%	(3.6)%	3.3%	5.1%	

The following governmental funds are major funds and had significant impact on the State's financial position during fiscal year 2022:

**General Fund** (\$983.7 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 significant General Fund revenues include, but are not limited to, insurance company tax, cigarette excise tax, unclaimed property remittance, bank taxes, tourism tax, alcohol beverage tax, and mineral tax. The General Fund also receives annual statutory transfers from the South Dakota Lottery Fund, the Securities and Insurance Fund, the Education Enhancement Trust Fund, the Dakota Cement Trust Fund, the South Dakota Gaming Commission Fund, and the Health Care Trust Fund.

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

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

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

	Revenues and Transfers In			Expenditures and Transfers Out		
	General Fund		% of Change	General Fund		% of Change
	FY2022	FY2021		FY2022	FY2021	
<b>Revenue:</b>						
Taxes:						
Sales and Use Tax	\$ 1,369,625	\$ 1,249,111	9.7%			
Contractor's Excise Tax	157,885	146,605	7.7%			
Insurance Company Tax, as restated	94,869	102,298	(7.3)%			
Cigarette Excise Tax	37,784	41,331	(8.6)%			
Bank Tax	51,237	50,146	2.2%			
Tourism Tax	39,438	39,483	(0.1)%			
Alcohol Beverage Tax	22,250	21,387	4.0%			
Mineral Tax	8,581	10,937	(21.5)%			
Other	17,453	15,496	12.6%			
Licenses, Permits, and Fees	14,168	13,311	6.4%			
Fines, Forfeits, and Penalties	675	439	53.8%			
Use of Money and Property	(32,246)	7,725	(517.4)%			
Sales and Services	20,739	20,778	(0.2)%			
Administering Programs		48	(100.0)%			
Unclaimed Property Remittance	52,770	53,003	(0.4)%			
Other Revenue	11,057	16,537	(33.1)%			
<b>Total Revenue, as restated</b>	<b>\$ 1,866,285</b>	<b>\$ 1,788,635</b>	<b>4.3%</b>			
<b>Transfers In:</b>						
South Dakota Lottery Fund	\$ 175,241	\$ 156,540	12.0%			
Securities and Insurance Fund	61,131	58,019	5.4%			
Education Enhancement Trust Fund	25,278	23,674	6.8%			
Dakota Cement Trust Fund	13,982	13,436	4.1%			
South Dakota Gaming Commission Fund	7,712	6,007	28.4%			
Health Care Trust Fund	6,612	5,839	13.2%			
All Other Transfers In	12,654	9,619	31.6%			
<b>Total Transfers In</b>	<b>\$ 302,610</b>	<b>\$ 273,134</b>	<b>10.8%</b>			
<b>Expenditures:</b>						
Current:						
General Government	\$ 79,964	\$ 62,716	27.5%			
Education (all)	921,445	844,518	9.1%			
Health, Human, and Social Services	584,588	491,687	18.9%			
Law, Justice, Public Protection, and Regulation	164,900	127,784	29.1%			
Agriculture and Natural Resources	18,757	18,111	3.6%			
Economic Resources	186,690	31,349	495.5%			
Transportation		22				
State Shared Revenue Paid to Other Governments	57,974	59,598	(2.7)%			
Debt Service:						
Principal and Interest		2,383				
<b>Total Expenditures</b>	<b>\$ 2,016,701</b>	<b>\$ 1,635,785</b>	<b>23.3%</b>			
<b>Transfers Out:</b>						
Railroad Trust	\$ 20,000	\$				
Unified Judicial System	6,000					
Building Authority	3,246	3,249	(0.1)%			
Conservation District	3,000					
Emergency Management	2,947					
Aviation Fund	2,179	695	213.5%			
All Other Transfers Out	7,508	84,436				
<b>Total Transfers Out</b>	<b>\$ 44,880</b>	<b>\$ 88,380</b>	<b>(49.2)%</b>			

The General Fund experienced an increase in revenues of \$77.7 million or 4.3% from the prior fiscal year. A majority of the overall increase is attributed to a \$131.8 million increase in sales, use, and contractor's excise tax (9.4% increase) offset by investment losses of \$32.2 million. The tax increase is due to a steadily expanding South Dakota economy and growing construction activity.

The General Fund total expenditures increased 23.3% from the prior fiscal year. A majority of this \$380.9 million increase was attributed to the following:

- **Economic Resources.** \$150.0 million grant to the South Dakota Housing Development Authority, a discreetly presented component unit of the state, to provide loans and grants for housing infrastructure,
- **Health, Human, and Social Services.** Approximately \$90.0 million increase for the State's matching portion of the increase in federal grant expenditures (see *Social Services Federal fund* discussion below), and
- **Education.** \$50.0 million grant to the South Dakota Community Foundation for the South Dakota Freedom Scholarship Endowment and approximately \$25.0 million increases in support for K-12 and secondary education.

At the end of the fiscal year, the total fund balance of the General Fund was \$983.7 million, an increase of \$119.6 million, or 13.9% from the prior fiscal year.

Significant changes in the General Fund balance include the following:

- Assigned ending fund balance of \$469.1 million increased by \$87.0 million, or 22.8% from the prior fiscal year. Major changes consists of amounts set aside for the following:
  - **Higher Education.** Legislative appropriations to Higher Education, a discreetly presented component unit, of \$30.0 million for cyber security program expansion and \$15.0 million for construction of a biomedical innovation facility.

- *Technical Education.* Legislative appropriations of \$7.5 million for advancing manufacturing laboratory and classroom space, \$5.0 million for agriculture and diesel power laboratory and multi-purpose space, \$4.5 million for a health sciences clinical simulation center.
  - *Law, Justice and Public Protection.* Legislative appropriations of \$5.7 million for a national guard readiness center and \$5.8 million to the South Dakota Ellsworth Development Authority, a discretely presented component unit, for infrastructure improvements and upgrades.
- Unassigned ending fund balance of \$508.9 million increased by \$38.7 million, or 8.2% from the prior fiscal year. Most of the General Fund unassigned fund balance is reserved 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: \$176.8 million in the Budget Reserve and \$245.8 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, \$104.2 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, \$150.9 million was tax revenue recognized as revenue in the General Fund in fiscal year 2022 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2023. This revenue was budgeted for and will be used in fiscal year 2023 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 23.3% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve and GRRF) represents 25.2% of that same amount or 48.5% in total.

**Transportation** (\$302.9 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 \$302.9 million, an increase of \$51.2 million, or 20.3% from the prior fiscal year.

Total revenues for the Transportation Fund remained relatively unchanged from the prior fiscal year while total expenditures decreased by \$40.9 million, or 5.2%. This decrease is the result of shifting highway construction expenditures from the Transportation fund to the COVID-19 Federal Fund for the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) funding.

**Social Services Federal** (\$2.6 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 \$2.6 million, relatively unchanged from the prior fiscal year.

Total program revenue of \$797.3 million increased by \$104.5 million, or 15.1% and expenditures of \$802.9 million increased by \$110.3 million, or 15.9% from the prior fiscal year. These increases are predominantly attributed to growth in the utilization of the Medicaid program and small increase in the Federal Medical Assistance Percentage (FMAP) rate.

**COVID-19 Federal** (\$1.0 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 Coronavirus Aid, Relief, and Economic Security (CARES) Act and the State Fiscal Recovery Fund (SFRF) as created by the American Rescue Plan Act (ARPA). Other COVID-19 related activity in this fund includes the enhanced FMAP and enhanced Supplemental Nutrition Assistance program (SNAP) from the Families First Coronavirus Response Act, Elementary and Secondary School Emergency Relief (ESSER) funds, and other federal funding sources for pandemic related programs.

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. During fiscal year 2021, the U.S. Department of Treasury began to issue federal guidance for CRF and the State began spending the CRF grant. That spending continued into fiscal year 2022. Additionally, during fiscal year 2022, the State received two cash payments totaling \$975.3 million of SFRF. The State spent only \$3.2 million of the SFRF in fiscal year 2022.

As of June 30, 2022, the COVID-19 Federal fund reported total expenditures of \$591.3 million. Of that, \$103.8 million, or 17.6% were CRF expenditures. Other major expenditures included \$95.6 million (or 16.2%) of enhanced FMAP expenditures, \$64.6 million (or 10.9%) of enhanced SNAP expenditures, and \$57.4 million (or 9.7%) of ESSER expenditures. The remaining \$269.9 million of COVID-19 Federal Fund expenditures included over 75 different federal funding sources.

At the close of the fiscal year, the COVID-19 Federal fund had a fund balance of \$1.0 million. There is \$971.2 million consisting of unearned federal grant revenue. Most of the unearned revenue is for SFRF receipts not yet spent.

**Dakota Cement Trust Fund** (\$358.7 million). As created in Article XIII, Sections 20 and 21 of the Constitution of the State of South Dakota, this fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings. *"Four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December thirty-first of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year"* shall be transferred to the General Fund in support of education. The Dakota Cement Trust Fund transferred \$14.0 million to the General Fund in fiscal year 2022 and \$13.4 million in fiscal year 2021.

The fund balance in the Dakota Cement Trust Fund at June 30, 2022, was \$358.7 million and is restricted for education. This is a decrease of \$19.9 million from the previous fiscal year. The decrease resulted primarily from net investment losses of \$4.7 million and statutory required transfer to the General Fund of \$14.0 million.

**Education Enhancement Trust Fund** (\$676.4 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 \$25.3 million to the General Fund in fiscal year 2022 and \$23.7 million in fiscal year 2021.

The fund balance in the Education Enhancement Trust Fund at June 30, 2022 was \$676.4 million, a decrease of \$25.6 million from the prior fiscal year. The decrease resulted from net investment losses of \$9.0 million and the statutory required transfer out to the General Fund of \$25.3 million exceeding the \$10.9 million transfer in from the Tobacco Securitization Fund.

**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 2022:

**Lottery Fund** (\$5.6 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 \$5.6 million, an increase of \$0.2 million in comparison with the prior fiscal year. Pursuant to state law, the State Lottery Fund transferred \$175.2 million to the General Fund, \$2.3 million to the Water and Environment Fund, \$1.4 million to the Transportation Fund, \$0.2 million to the Department of Social Services, and \$0.1 million to the Ethanol Fuel Fund.

The State Lottery produced income (before transfers) in the amount of \$179.4 million on total operating revenue of \$239.5 million, compared to the previous fiscal year's income (before transfers) of \$162.2 million on operating total revenue of \$225.3 million. The State Lottery realized an increase in state share of video lottery net-machine income of \$12.4 million in fiscal year 2022. The continued growth is attributed to the continued investment into the line game terminals.

**Clean Water State Revolving Fund** (\$267.6 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 \$267.6 million, an increase of \$2.4 million, or 0.9% in comparison to the prior fiscal year. This small increase resulted primarily from a decrease in grants expense offset by changes in federal capitalizations grants.

**Drinking Water State Revolving Fund** (\$225.3 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 \$225.3 million, an increase of \$8.2 million, or 3.8% in comparison with the prior fiscal year. This increase resulted primarily from operating revenues and federal capitalization grants exceeding operating expenses.

**Budgetary Highlights - General Fund**

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

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

**General Fund** The difference between the original and the final budget was a \$244.8 million net increase in appropriations comprised of two separate appropriation types: emergency special appropriations and net general bill adjustment appropriations (both increases and decreases). The net increase was due to actual sales and use tax, contractors excise tax, lottery revenues, and unclaimed property receipts exceeding previous estimates.

***Increases to the General Fund Budget***

**Emergency Specials.** During the 2022 Legislative Session, the Legislature approved emergency special appropriations to the General Fund of \$318.1 million in fiscal year 2022. They consisted of the following:

- \$150.0 million was appropriated to the South Dakota Housing Opportunity fund for construction of housing infrastructure.
- \$30.0 million was appropriated to the Higher Education to assist Dakota State University with their cyber program expansion.
- \$25.0 million was appropriated to the Department of Revenue for distributing to county rural access infrastructure funds.
- \$15.0 million was appropriated to the Higher Education for the purpose of providing grant funding for the design and construction of a new biomedical innovation facility on the grounds of the USD Discovery District research park in Sioux Falls.
- \$8.9 million was appropriated to the Department of Education for renovating and modernizing the Cultural Heritage Center.
- \$8.0 million was appropriated to the Department of Social Services for the purpose of providing a grant to assist in the construction of a specialty pediatric hospital.
- \$7.5 million was appropriated to the Board of Technical Education for the purpose of building an advance manufacturing laboratory space and classroom on the campus of Lake Area Technical College.
- \$6.5 million was appropriated to the Office of School and Public Lands to replace the Richmond Lake spillway and general maintenance and repair of other state-owned dams.
- \$6.0 million was appropriated to the Higher Education for contracting the design, renovation, and construction of a multi-purpose facility at the Cottonwood Field Station of the Agricultural Experiment Station, located in Jackson County, South Dakota.
- \$61.2 million total increase in appropriations to various state agencies for other increases.

**General Bill Increases.** The 2022 Legislature approved general bill adjustments that increased the General Fund original budget by \$7.3 million during fiscal year 2022. This increase consisted of the following:

- \$3.9 million increase in appropriations to the Department of Public Safety for programs in legal and regulatory services and emergency services.
- \$0.7 million increase in appropriations to the Department of Agriculture and Natural Resources related to financial and technical assistance.
- \$0.7 million increase in appropriations to the Department of Game, Fish, and Parks related to the state parks and recreation – development and improvement.
- \$2.0 million total increases in appropriations to various state agencies for other increases.

***Decreases to the General Fund Budget***

**General Bill Decreases.** The 2022 Legislature approved general bill adjustments that decreased the General Fund original budget by \$80.6 million during fiscal year 2022. These decreases consisted of the following:

- \$24.5 million decrease in appropriations to the Department of Corrections for programs in inmate services, women's prison, state penitentiary, the state prison, parole services, and the juvenile community corrections.
- \$23.8 million decrease in appropriations to the Department of Social Services for programs in medical services, behavioral health, and children's services.
- \$15.4 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.
- \$16.9 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 \$244.8 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 \$387.8 million below final budgeted estimates.



**CAPITAL ASSETS**

Investment in capital assets as of June 30, 2022 is \$4.7 billion (net of accumulated depreciation). This includes: land, land improvements, buildings, equipment, intangible assets, vehicles, infrastructure, right-to-use and construction in progress.

<b>State of South Dakota</b>						
<b>Capital Assets - Primary Government</b>						
<b>(Expressed in Thousands)</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>FY2022</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2021</b>
Land	\$ 127,054	\$ 125,026	\$ 295	\$ 295	\$ 127,349	\$ 125,321
Land Improvements	93,958	83,391	1,096	1,096	95,054	84,487
Land Improvements - Roads	645,218	639,139			645,218	639,139
Buildings	834,999	787,820	7,819	7,818	842,818	795,638
Equipment	282,768	275,832	3,867	3,576	286,635	279,408
Intangible Assets – Software	120,172	138,168	749	752	120,921	138,920
Vehicles	189,066	191,137			189,066	191,137
Infrastructure	4,662,465	4,475,432			4,662,465	4,475,432
Right-to-Use - Land	28				28	
Right-to-Use - Building	42,006		1,839		43,845	
Right-to-Use - Equipment	154				154	
Construction in Progress	272,613	296,532	1,678	290	274,291	296,822
<b>Total Capital Assets</b>	<b>7,270,501</b>	<b>7,012,477</b>	<b>17,343</b>	<b>13,827</b>	<b>7,287,844</b>	<b>7,026,304</b>
Accumulated Depreciation	(2,582,825)	(2,501,489)	(8,126)	(7,175)	(2,590,951)	(2,508,664)
<b>Total Capital Assets, Net</b>	<b>\$ 4,687,676</b>	<b>\$ 4,510,988</b>	<b>\$ 9,217</b>	<b>\$ 6,652</b>	<b>\$ 4,696,893</b>	<b>\$ 4,517,640</b>

The most significant capital asset the State reported in fiscal year 2022 is infrastructure. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure assets account for \$2.8 billion (net of accumulated depreciation), which is 59.6% of total net capital assets.

The State's Net Investment in Capital Assets (net of accumulated depreciation) increased \$152.2 million or 3.5% 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, 2022, all three rating agencies have reaffirmed South Dakota's AAA (Aaa) ratings with a stable outlook.

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

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

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

On June 30, 2022, 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 did not issue any revenue bonds for the primary government in fiscal year 2022. SDBA issued \$18.4 million of revenue bonds for Higher Education. The proceeds of these bonds were used to fund renovations projects and the refund and defeasance of previously issued bonds.

**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 issued \$54.4 million of refunding bonds in fiscal year 2022.

**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, 2022, 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.

SDCD did not issue any bonds in fiscal year 2022.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Revenue Bonds:						
South Dakota Building Authority	\$ 64,912	\$ 69,255	\$	\$	\$ 64,912	\$ 69,255
Educational Enhancement Funding Corporation	43,335	59,614			43,335	59,614
South Dakota Conservancy District			400,989	427,311	400,989	427,311
Notes Payable	102,502	108,922			102,502	108,922
Leases Payable	36,281		1,471		37,752	
<b>Total</b>	<b>\$ 247,030</b>	<b>\$ 237,791</b>	<b>\$ 402,460</b>	<b>\$ 427,311</b>	<b>\$ 649,490</b>	<b>\$ 665,102</b>

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

***ECONOMIC CONDITIONS AND OUTLOOK***

South Dakota has a strong, growing economy. The state recovered nonfarm employment losses more quickly than the United States, surpassing its February 2020 payroll level in November 2021 – nearly a year before the United States exceeded its February 2020 level. South Dakota nonfarm employment grew at 3.2% in 2021 and is projected to finish 2022 at 2.2%. The unemployment rate in South Dakota remained among the lowest in the nation in fiscal year 2022. The state's unemployment rate was 2.3% in June 2022, while the U.S. unemployment rate was 3.6% the same month. In calendar year 2021, the most recent annual data that is available, South Dakota's personal income grew 7.6%, higher than the U.S. growth rate of 7.5%. South Dakota's per capita personal income for the second quarter of 2022 increased to an annual rate of \$66,122, greater than the United States average of \$64,993. South Dakota's per capita personal income growth from the beginning of 2019 through the second quarter of 2022 leads the nation.

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

***REQUESTS FOR INFORMATION***

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

The State's discretely presented component units, 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 <https://legislativeaudit.sd.gov>.



## ***BASIC FINANCIAL STATEMENTS***

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

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

STATE OF SOUTH DAKOTA  
STATEMENT OF NET POSITION  
June 30, 2022  
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,621,558	\$ 448,453	\$ 3,070,011
Receivables, net	724,229	640,485	1,364,714
Due From Component Units	859	64	923
Due From Primary Government			0
Internal Balances	11,616	(11,616)	0
Investments	1,352,094	211,247	1,563,341
Securities Held as Escheat Property	965		965
Inventory	29,959	2,000	31,959
Other Assets	11,679	434	12,113
Assets Held for Resale		321	321
Restricted Assets:			
Cash and Cash Equivalents	29	215	244
Investments	12,092	267	12,359
Net Pension Asset	152,903	3,674	156,577
Other	7,500	714	8,214
Capital Assets:			
Land and Other Non-depreciable Assets	784,260	295	784,555
Infrastructure, net	2,797,962		2,797,962
Property, Plant, and Equipment, net	796,977	5,786	802,763
Right-to-use Leased Assets, net	35,864	1,458	37,322
Construction in Progress	272,613	1,678	274,291
<b>Total Assets</b>	<b>9,613,159</b>	<b>1,305,475</b>	<b>10,918,634</b>
<b>Deferred Outflows of Resources</b>			
Related to Pensions	210,659	5,052	215,711
Related to Forward Contracts			0
Related to Asset Retirement Obligations			0
Related to Debt Refunding	4,329	5,511	9,840
<b>Total Deferred Outflows of Resources</b>	<b>214,988</b>	<b>10,563</b>	<b>225,551</b>
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	452,067	10,125	462,192
Due To Primary Government			0
Due To Component Units	1,222		1,222
Accrued Interest Payable	1,710	6,877	8,587
Unearned Revenue	1,039,267	2,230	1,041,497
Noncurrent Liabilities:			
Due Within One Year	116,880	28,767	145,647
Due In More Than One Year	315,562	377,395	692,957
<b>Total Liabilities</b>	<b>1,926,708</b>	<b>425,394</b>	<b>2,352,102</b>
<b>Deferred Inflows of Resources</b>			
Related to Pensions	298,297	8,043	306,340
Related to Forward Contracts			0
Related to Gain on Debt Refunding			0
Related to Swaps			0
Related to Leases	1,657	998	2,655
<b>Total Deferred Inflows of Resources</b>	<b>299,954</b>	<b>9,041</b>	<b>308,995</b>
<b>Net Position</b>			
Net Investment in Capital Assets	4,485,267	8,008	4,493,275
Restricted for:			
Education	369,563		369,563
Highways	290,189		290,189
Railroads	76,701		76,701
Law, Justice, Public Protection, and Regulation	27,141		27,141
Agriculture and Natural Resources	97,063		97,063
Game and Fish	5,506		5,506
Parks and Recreation	2,125		2,125
Health and Public Assistance	32,824		32,824
Economic Development	81,261		81,261
Debt Service	30,775		30,775
Capital Projects	312		312
HOME and NSP Program			0
Energy Conservation Programs	12,045		12,045
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds Held as Permanent Investments:			
Expendable	311,852		311,852
Nonexpendable	638,228		638,228
Pensions	65,265	683	65,948
Disaster Relief Fund		10,497	10,497
Experiments			0
Mine Closure			0
Sanford Center for Science Education			0
Other Purposes	11,029	2,369	13,398
Unrestricted	1,064,339	860,046	1,924,385
<b>Net Position</b>	<b>\$ 7,601,485</b>	<b>\$ 881,603</b>	<b>\$ 8,483,088</b>

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

Component Units			
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 574,683	\$ 17,195	\$ 346,583	\$ 19,224
350,152	2,428	146,829	10,110
		1,222	
1,110,542		761,327	708
5,759	3,648	7,800	
88	9,904	43,272	75
			531
		39,354	6,943
		55,419	
1,283	4,731	103,354	
		16,614	
220	19,931	46,878	653
4,410	70,350	1,321,662	17,818
		4,258	
	4,119	58,244	8,521
<u>2,047,137</u>	<u>132,306</u>	<u>2,952,816</u>	<u>64,583</u>
1,760	6,513	142,067	
66			
2,183	1,130	13,874	
<u>4,009</u>	<u>7,643</u>	<u>155,941</u>	<u>0</u>
2,865	2,003	55,867	1,656
108		815	
4,732		3,001	153
112,755		93,410	1,395
22,215	782	90,490	2,778
1,241,283	7,912	556,318	25,414
<u>1,383,958</u>	<u>10,697</u>	<u>799,901</u>	<u>31,396</u>
2,493	9,300	199,689	
88			
9,806		881	
14,615			
<u>27,002</u>	<u>9,300</u>	<u>200,570</u>	<u>0</u>
(1,224)	94,400	949,224	9,907
386,727		3,233	5,000
84,890			
		327,254	
		598,761	
550	1,944	45,732	
	745		
	1,568		
	526		
169,243	7,500		
	13,269	184,082	18,280
<u>\$ 640,186</u>	<u>\$ 119,952</u>	<u>\$ 2,108,286</u>	<u>\$ 33,187</u>

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 248,754	\$ 278,558	\$ 8,586	\$
Education	379,799	8,094	293,720	
Education - State Support to Higher Education	242,751			
Health, Human, and Social Services	1,976,809	39,311	1,396,575	1,065
Law, Justice, Public Protection, and Regulation	301,083	112,366	70,968	
Agriculture and Natural Resources	157,552	95,757	45,311	
Economic Resources	200,463	210	5,316	
Transportation	649,898	16,496	485,550	2,721
Pandemic Response	329,736		329,731	
Intergovernmental - Payments to School Districts	595,640			
Intergovernmental - Revenue Sharing	236,275			
Unallocated Interest Expense	9,045			
Unallocated Depreciation	53			
<b>Total Governmental Activities</b>	<b>5,327,858</b>	<b>550,792</b>	<b>2,635,757</b>	<b>3,786</b>
<b>Business-type Activities:</b>				
Lottery	59,729	239,600	(461)	
Clean Water State Revolving	15,008	8,090	9,385	
Drinking Water State Revolving	11,024	5,264	13,968	
Revolving Economic Development and Initiative	166	539	(2,487)	
Unemployment Insurance	22,686	40,876	4,589	
Second Injury	185		(49)	
State Fair	3,804	3,402	103	
Federal Surplus Property	2,023	1,945	(18)	
Rural Rehabilitation	5	160	22	
Prison Industries	4,255	4,249	(17)	
S.D. Trust Company Captive Insurance Co.	27	(64)	(33)	
Professional and Licensing	9,325	9,580	(327)	
Banking and Insurance	5,148	5,593	(269)	
Other	3,477	3,320	(49)	
<b>Total Business-type Activities</b>	<b>136,862</b>	<b>322,554</b>	<b>24,357</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$ 5,464,720</b>	<b>\$ 873,346</b>	<b>\$ 2,660,114</b>	<b>\$ 3,786</b>
<b>Component Units:</b>				
Housing Authority	\$ 112,577	\$ 16,337	\$ 129,582	\$
Science and Technology Authority	33,698	885	38,477	3,980
Higher Education	800,035	425,644	193,105	4,071
Nonmajor	5,807	5,387	260	8,103
<b>Total Component Units</b>	<b>\$ 952,117</b>	<b>\$ 448,253</b>	<b>\$ 361,424</b>	<b>\$ 16,154</b>

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

Special Items - Impairment of Capital Asset

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
\$ 38,390	\$	\$ 38,390				
(77,985)		(77,985)				
(242,751)		(242,751)				
(539,858)		(539,858)				
(117,749)		(117,749)				
(16,484)		(16,484)				
(194,937)		(194,937)				
(145,131)		(145,131)				
(5)		(5)				
(595,640)		(595,640)				
(236,275)		(236,275)				
(9,045)		(9,045)				
(53)		(53)				
<b>(2,137,523)</b>	<b>0</b>	<b>(2,137,523)</b>				
	179,410	179,410				
	2,467	2,467				
	8,208	8,208				
	(2,114)	(2,114)				
	22,779	22,779				
	(234)	(234)				
	(299)	(299)				
	(96)	(96)				
	177	177				
	(23)	(23)				
	(124)	(124)				
	(72)	(72)				
	176	176				
	(206)	(206)				
<b>0</b>	<b>210,049</b>	<b>210,049</b>				
<b>(2,137,523)</b>	<b>210,049</b>	<b>(1,927,474)</b>				
			\$ 33,342	\$ 9,644	\$ (177,215)	\$ 7,943
			<b>33,342</b>	<b>9,644</b>	<b>(177,215)</b>	<b>7,943</b>
1,376,152		1,376,152				
199,880		199,880				
147,888		147,888				
50,949		50,949				
466,058		466,058				
(59,783)		(59,783)		171	44,123	(189)
		0			242,751	
5,352		5,352				90
77,023		77,023				
		0			43,084	
(5,289)		(5,289)				
180,436	(180,436)	0				
<b>2,438,666</b>	<b>(180,436)</b>	<b>2,258,230</b>	<b>0</b>	<b>171</b>	<b>329,958</b>	<b>(99)</b>
<b>301,143</b>	<b>29,613</b>	<b>330,756</b>	<b>33,342</b>	<b>9,815</b>	<b>152,743</b>	<b>7,844</b>
<b>7,300,342</b>	<b>851,990</b>	<b>8,152,332</b>	<b>606,844</b>	<b>110,137</b>	<b>1,955,543</b>	<b>25,343</b>
<b>\$ 7,601,485</b>	<b>\$ 881,603</b>	<b>\$ 8,483,088</b>	<b>\$ 640,186</b>	<b>\$ 119,952</b>	<b>\$ 2,108,286</b>	<b>\$ 33,187</b>

STATE OF SOUTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022  
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
<b>Assets</b>								
Cash and Cash Equivalents	\$ 918,105	\$ 225,323	\$	\$ 970,836	\$ 10	\$ 2,720	\$ 418,568	\$ 2,535,562
Restricted Cash							29	29
Investments					358,179	698,185	295,730	1,352,094
Restricted Investments							12,092	12,092
Restricted Other Assets							7,500	7,500
Securities Held as Escheat Property	965							965
Receivables from:								
Taxes, net	247,604	18,406					2,785	268,795
Interest and Dividends	9,871	595	2	50	455	1,147	1,435	13,555
Other Funds	78,444	5,244	5				12,382	96,075
Component Units	88						14	102
Other Governments	1,884	105,752	29,510	39,660			126,447	303,253
Loans and Notes, net	148	6,168					67,042	73,358
Other, net	13,855	1,166	15,958	1,914	7	10	27,589	60,499
Inventory	2,405	22,563	7	831			3,468	29,274
Other Assets	3,206	234	1,301	212			1,016	5,969
<b>Total Assets</b>	<b>\$ 1,276,575</b>	<b>\$ 385,451</b>	<b>\$ 46,783</b>	<b>\$ 1,013,503</b>	<b>\$ 358,651</b>	<b>\$ 702,062</b>	<b>\$ 976,097</b>	<b>\$ 4,759,122</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable and Other Liabilities Payable to:	\$ 164,708	\$ 74,968	\$ 41,910	\$ 10,543	\$	\$ 360	\$ 65,874	\$ 358,363
Other Funds	6,741	2,143	1,725	411		25,278	55,917	92,215
Component Units	85	48	147	102			773	1,155
Other Governments	33,252	2,696	87	30,163			70,175	136,373
Claims, Judgments, and Compensated Absences	266	24	14				71	375
Unearned Revenue	48,235	2,626	308	971,235			15,017	1,037,421
<b>Total Liabilities</b>	<b>253,287</b>	<b>82,505</b>	<b>44,191</b>	<b>1,012,454</b>	<b>0</b>	<b>25,638</b>	<b>207,827</b>	<b>1,625,902</b>
<b>Deferred Inflows of Resources:</b>								
Related to Leases	144						1,513	1,657
Unavailable Revenue	39,447						18,521	57,968
<b>Total Deferred Inflows of Resources</b>	<b>39,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,034</b>	<b>59,625</b>
<b>Fund Balances:</b>								
Nonspendable	5,611	22,797	1,308	1,043		431,660	210,070	672,489
Restricted		280,149		6	358,651	244,764	470,381	1,353,951
Committed							63,281	63,281
Assigned	469,146		1,284				17,385	487,815
Unassigned	508,940						(12,881)	496,059
<b>Total Fund Balances</b>	<b>983,697</b>	<b>302,946</b>	<b>2,592</b>	<b>1,049</b>	<b>358,651</b>	<b>676,424</b>	<b>748,236</b>	<b>3,073,595</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,276,575</b>	<b>\$ 385,451</b>	<b>\$ 46,783</b>	<b>\$ 1,013,503</b>	<b>\$ 358,651</b>	<b>\$ 702,062</b>	<b>\$ 976,097</b>	<b>\$ 4,759,122</b>

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, 2022  
(Expressed in Thousands)**

<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 3,073,595</b>
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>		
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	\$ 1,056,705	
Infrastructure	4,662,465	
Right-to-use Assets	39,257	
Other Capital Assets	1,400,161	
Accumulated Depreciation	<u>(2,506,776)</u>	
Total Capital Assets		4,651,812
Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds.		
		141,716
Deferred outflows of resources are not reported in the governmental funds:		
Related to Pension	195,291	
Related to Debt Refunding	<u>4,329</u>	
Total Deferred Outflows of Resources		199,620
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.		
		60,748
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	(198,996)	
Accrued Interest on Bonds, Leases, and Notes	(1,707)	
Leases	(33,612)	
Compensated Absences	(63,335)	
Pollution Remediation	<u>(12,535)</u>	
Total Long-Term Liabilities		(310,185)
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	57,968	
Related to Pensions	<u>(273,789)</u>	
Total Deferred Inflows of Resources		<u>(215,821)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 7,601,485</u></b>

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, 2022  
(Expressed in Thousands)**

	<b>General Fund</b>	<b>Transport- ation</b>	<b>Social Services Federal</b>	<b>COVID-19 Federal</b>	<b>Dakota Cement Trust</b>	<b>Education Enhancement Trust</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Revenue:</b>								
Taxes	\$ 1,799,122	\$ 348,597	\$	\$	\$	\$	\$ 121,686	\$ 2,269,405
Licenses, Permits, and Fees	14,168	12,557					325,332	352,057
Fines, Forfeits, and Penalties	675						22,161	22,836
Use of Money and Property	(32,246)	(5,162)	(9)	(423)	(4,722)	(8,986)	(5,219)	(56,767)
Sales and Services	20,739	694					23,667	45,100
Administering Programs		436,051	790,608	591,327			818,623	2,636,609
Tobacco Settlement							22,549	22,549
Other Revenue	63,827	1,521	6,750	1,296			17,485	90,879
<b>Total Revenue</b>	<b>1,866,285</b>	<b>794,258</b>	<b>797,349</b>	<b>592,200</b>	<b>(4,722)</b>	<b>(8,986)</b>	<b>1,346,284</b>	<b>5,382,668</b>
<b>Expenditures:</b>								
Current:								
General Government	79,964			1,444	1,165	2,234	42,272	127,079
Education	83,054			43,347			252,416	378,817
Education - Payments to School Districts	595,640							595,640
Education - State Support to Higher Education	242,751							242,751
Health, Human, and Social Services	584,588		802,073	156,899			482,415	2,025,975
Law, Justice, Public Protection, and Regulation	164,900	20,115		330			132,379	317,724
Agriculture and Natural Resources	18,757			1,637			160,181	180,575
Economic Resources	186,690			395			13,474	200,559
Transportation		725,095		57,534			2,085	784,714
Pandemic Response				329,736				329,736
State Shared Revenue Paid to Other Governments	57,974						178,301	236,275
Debt Service:								
Principal	2,124	36	671	5			20,215	23,051
Interest	259	1	111	1			7,782	8,154
Bond Issuance Costs							1,289	1,289
Payment to Refunded Bond Escrow Agent							7,319	7,319
Payment on Current Note Refunding							43,006	43,006
<b>Total Expenditures</b>	<b>2,016,701</b>	<b>745,247</b>	<b>802,855</b>	<b>591,328</b>	<b>1,165</b>	<b>2,234</b>	<b>1,343,134</b>	<b>5,502,664</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(150,416)</b>	<b>49,011</b>	<b>(5,506)</b>	<b>872</b>	<b>(5,887)</b>	<b>(11,220)</b>	<b>3,150</b>	<b>(119,996)</b>
<b>Other Financing Sources (Uses):</b>								
Lease Issuance	12,152	68	5,231	21			21,783	39,255
Proceeds from Sale of Capital Assets	150	3,288					860	4,298
Insurance Proceeds		352					2,063	2,415
Issuance of Refunding Bonds							54,370	54,370
Issuance of Refunding Notes							44,065	44,065
Payment to Refunded Bond Escrow Agent							(53,361)	(53,361)
Transfers In	302,610	6,454	33			10,896	61,861	381,854
Transfers Out	(44,880)	(7,977)	(160)	(1,436)	(13,982)	(25,278)	(110,727)	(204,440)
<b>Net Other Financing Sources (Uses)</b>	<b>270,032</b>	<b>2,185</b>	<b>5,104</b>	<b>(1,415)</b>	<b>(13,982)</b>	<b>(14,382)</b>	<b>20,914</b>	<b>268,456</b>
<b>Net Change in Fund Balances</b>	<b>119,616</b>	<b>51,196</b>	<b>(402)</b>	<b>(543)</b>	<b>(19,869)</b>	<b>(25,602)</b>	<b>24,064</b>	<b>148,460</b>
Fund Balances at Beginning of Year, as restated	864,081	251,750	2,994	1,592	378,520	702,026	724,172	2,925,135
<b>Fund Balances at End of Year</b>	<b>\$ 983,697</b>	<b>\$ 302,946</b>	<b>\$ 2,592</b>	<b>\$ 1,049</b>	<b>\$ 358,651</b>	<b>\$ 676,424</b>	<b>\$ 748,236</b>	<b>\$ 3,073,595</b>

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, 2022**  
**(Expressed in Thousands)**

**Net Change in Fund Balances - Governmental Funds** **\$ 148,460**

**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	\$ 338,980	
Depreciation Expense	(134,958)	
Excess of Capital Outlay Over Depreciation Expense		204,022

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (23,564)

Leases entered into during the fiscal year are reported as other financing sources in the governmental funds. However, it is not reported in the Statement of Activities as it is shown as an increase in long-term liabilities in the Statement of Net Position. (39,255)

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	75,628	
Note Principal Retirement	45,461	
Lease Principal Retirement	5,648	
Total Long-Term Debt Repayment		126,737

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. (16,412)

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. (29,612)

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

Bonds Issued	(54,370)	
Notes Issued	(44,065)	
Bond Refunding Costs	(725)	
Bond Premium	432	
Total Amounts Related to Bond Issuance		(98,728)

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	367	
(Increase) Decrease in Compensated Absences	(1,662)	
(Increase) Decrease in Net Pension Costs	36,454	
(Increase) Decrease in Pollution Remediation	(375)	
Total Additional Expenditures		34,784

Special Item - Impairment of Capital Asset (5,289)

**Change in Net Position of Governmental Activities** **\$ 301,143**

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, 2022  
(Expressed in Thousands)

Assets	Business-type Activities - Enterprise Funds					Governmental Activities
	Major				Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 12,715	\$ 82,372	\$ 20,319	\$ 333,047	\$ 448,453	\$ 85,996
Receivables:						
Interest and Dividends	49	3,311	1,885	396	5,641	246
Other Funds				263	263	9,466
Component Units				64	64	757
Other Governments		1,603	829	249	2,681	163
Loans, Notes, and Leases, net		23,028	9,891	6,143	39,062	
Other, net	6,773			13,418	20,191	4,086
Investments		50,402	4,924		55,326	
Inventory				2,000	2,000	685
Other Assets				434	434	5,710
<b>Total Current Assets</b>	<b>19,537</b>	<b>160,716</b>	<b>37,848</b>	<b>356,014</b>	<b>574,115</b>	<b>107,109</b>
Assets Held for Resale				321	321	
Restricted Assets:						
Restricted Cash	215				215	
Restricted Investments	267				267	
Net Pension Asset	509	84	141	2,940	3,674	11,187
Other	714				714	
Investments		96,042	59,879		155,921	
<b>Capital Assets:</b>						
Land and Other Non-depreciable Assets				295	295	
Property, Plant, and Equipment	1,713			11,819	13,532	108,815
Right-to-use Leased Assets	513			1,326	1,839	2,931
Accumulated Depreciation	(1,619)			(6,508)	(8,127)	(76,050)
Construction in Progress				1,678	1,678	168
<b>Total Capital Assets</b>	<b>607</b>	<b>0</b>	<b>0</b>	<b>8,610</b>	<b>9,217</b>	<b>35,864</b>
Other Noncurrent Assets		329,361	213,732	29,774	572,867	
<b>Total Assets</b>	<b>21,849</b>	<b>586,203</b>	<b>311,600</b>	<b>397,659</b>	<b>1,317,311</b>	<b>154,160</b>
<b>Deferred Outflows of Resources</b>						
Related to Pensions	699	114	190	4,049	5,052	15,368
Related to Debt Refunding		4,447	1,064		5,511	
<b>Total Deferred Outflows of Resources</b>	<b>699</b>	<b>4,561</b>	<b>1,254</b>	<b>4,049</b>	<b>10,563</b>	<b>15,368</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Liabilities	3,186	228	265	5,086	8,765	7,647
Payable to:						
Other Funds	11,512	1	2	339	11,854	1,531
Component Units					0	67
Other Governments				1,126	1,126	
Escrow Payable	216				216	
Bonds, Notes, and Leases Payable	106	18,606	8,766	249	27,727	4,246
Claims, Judgments, and Compensated Absences	153	18	31	838	1,040	21,363
Accrued Interest Payable	1	5,408	1,467	1	6,877	3
Unearned Revenue	239			1,991	2,230	1,846
<b>Total Current Liabilities</b>	<b>15,413</b>	<b>24,261</b>	<b>10,531</b>	<b>9,630</b>	<b>59,835</b>	<b>36,703</b>
<b>Noncurrent Liabilities:</b>						
Bonds, Notes, and Leases Payable	288	298,652	74,965	828	374,733	10,175
Claims, Judgments, and Compensated Absences	133	16	27	708	884	37,335
Other Noncurrent Liabilities		34	1,744		1,778	59
<b>Total Noncurrent Liabilities</b>	<b>421</b>	<b>298,702</b>	<b>76,736</b>	<b>1,536</b>	<b>377,395</b>	<b>47,569</b>
<b>Total Liabilities</b>	<b>15,834</b>	<b>322,963</b>	<b>87,267</b>	<b>11,166</b>	<b>437,230</b>	<b>84,272</b>
<b>Deferred Inflows of Resources</b>						
Related to Pensions	1,114	184	308	6,437	8,043	24,508
Related to Leases				998	998	
<b>Total Deferred Inflows of Resources</b>	<b>1,114</b>	<b>184</b>	<b>308</b>	<b>7,435</b>	<b>9,041</b>	<b>24,508</b>
<b>Net Position</b>						
Net Investment in Capital Assets	214			7,794	8,008	21,438
Restricted for:						
Disaster Relief Fund				10,497	10,497	
Pensions	94	14	23	552	683	2,047
Other	714			1,655	2,369	
Unrestricted	4,578	267,603	225,256	362,609	860,046	37,263
<b>Total Net Position</b>	<b>\$ 5,600</b>	<b>\$ 267,617</b>	<b>\$ 225,279</b>	<b>\$ 383,107</b>	<b>\$ 881,603</b>	<b>\$ 60,748</b>

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, 2022  
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental
	Major				Total	Internal
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		Service Funds
<b>Operating Revenue:</b>						
Licenses, Permits, and Fees	\$ 1,535	\$	\$	\$ 18,011	\$ 19,546	\$
Use of Money and Property		5,709	4,189	1,503	11,401	9
Sales and Services	237,925	2,381	1,075	8,518	249,899	253,400
Administering Programs				1,105	1,105	
Assessments				40,876	40,876	
Other Revenue	5			679	684	5,460
<b>Total Operating Revenue</b>	<b>239,465</b>	<b>8,090</b>	<b>5,264</b>	<b>70,692</b>	<b>323,511</b>	<b>258,869</b>
<b>Operating Expenses:</b>						
Personal Services and Benefits	2,064	360	571	13,231	16,226	45,888
Travel	174	10	9	879	1,072	779
Contractual Services	13,006	630	942	8,717	23,295	62,957
Supplies and Materials	1,152	3	3	4,673	5,831	14,669
Grant and Other	218	3,599	6,018	264	10,099	19
Interest		10,372	3,200		13,572	533
Provision for Loan Loss (Recovery)				(622)	(622)	
Depreciation/Amortization	166			905	1,071	6,487
Lottery Prizes	42,934				42,934	
Insurance Claims				22,858	22,858	145,034
<b>Total Operating Expenses</b>	<b>59,714</b>	<b>14,974</b>	<b>10,743</b>	<b>50,905</b>	<b>136,336</b>	<b>276,366</b>
<b>Operating Income (Loss)</b>	<b>179,751</b>	<b>(6,884)</b>	<b>(5,479)</b>	<b>19,787</b>	<b>187,175</b>	<b>(17,497)</b>
<b>Nonoperating Revenue (Expenses):</b>						
Gain on Disposal of Assets				13	13	644
Loss on Disposal of Assets				(12)	(12)	(278)
Investment Income	(461)	3,614	2,803	225	6,181	(2,431)
Other Expense	(15)	(34)	(281)	(184)	(514)	(17)
Grant and Other Income	135	5,771	11,165	135	17,206	138
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(341)</b>	<b>9,351</b>	<b>13,687</b>	<b>177</b>	<b>22,874</b>	<b>(1,944)</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>179,410</b>	<b>2,467</b>	<b>8,208</b>	<b>19,964</b>	<b>210,049</b>	<b>(19,441)</b>
<b>Transfers:</b>						
Capital Contributions					0	7
Transfers In				93	93	3,031
Transfers Out	(179,250)	(34)	(52)	(1,193)	(180,529)	(9)
<b>Net Transfers</b>	<b>(179,250)</b>	<b>(34)</b>	<b>(52)</b>	<b>(1,100)</b>	<b>(180,436)</b>	<b>3,029</b>
<b>Change in Net Position</b>	<b>160</b>	<b>2,433</b>	<b>8,156</b>	<b>18,864</b>	<b>29,613</b>	<b>(16,412)</b>
Net Position at Beginning of Year	5,440	265,184	217,123	364,243	851,990	77,160
<b>Net Position at End of Year</b>	<b>\$ 5,600</b>	<b>\$ 267,617</b>	<b>\$ 225,279</b>	<b>\$ 383,107</b>	<b>\$ 881,603</b>	<b>\$ 60,748</b>

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, 2022  
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Lottery	Major Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ 239,346	\$ 2,110	\$ 1,059	\$ 61,960	\$ 304,475	\$ 87,720
Receipts from Interfund Services Provided				3,783	3,783	164,269
Receipts from Federal Agencies				5,347	5,347	
Receipts from Loan Payments		44,558	14,949	11,488	70,995	
Payments to Suppliers and for Benefits and Claims	(13,471)	(3,094)	(1,639)	(34,817)	(53,021)	(219,372)
Payments for Employee Services	(2,064)	(337)	(511)	(13,055)	(15,967)	(45,507)
Payments for Interfund Services Used	(825)			(3,169)	(3,994)	(10,079)
Payments for Lottery Prizes	(46,125)				(46,125)	
Payments for Principal Forgiveness		(1,630)	(5,295)		(6,925)	
Payments for Loans Originated		(66,135)	(40,729)	(2,239)	(109,103)	
Other Receipts (Payments)	97	(3)	(3)	133	224	12,455
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>176,958</b>	<b>(24,531)</b>	<b>(32,169)</b>	<b>29,431</b>	<b>149,689</b>	<b>(10,514)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Purchases of Capital Assets	(218)			(202)	(420)	(8,600)
Construction in Progress				(1,388)	(1,388)	
Sale or Disposition of Capital Assets				30	30	4,256
Payments for Lease, Notes, and Installment Obligations				(654)	(654)	(6,069)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(218)</b>	<b>0</b>	<b>0</b>	<b>(2,214)</b>	<b>(2,432)</b>	<b>(10,413)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Transfers In				210	210	3,290
Transfers Out	(176,029)	(34)	(52)	(1,323)	(177,438)	(268)
Principle Payments on Bonds and Notes		(14,685)	(7,740)		(22,425)	
Interest Payments on Bonds and Notes		(13,271)	(3,653)		(16,924)	
Receipts for Administering Program		5,346	10,856		16,202	
Services Provided to Others				(176)	(176)	
Grants and Other Noncapital Financing Activities		211	103	(814)	(500)	138
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(176,029)</b>	<b>(22,433)</b>	<b>(486)</b>	<b>(2,103)</b>	<b>(201,051)</b>	<b>3,160</b>
<b>Cash Flows from Investing Activities:</b>						
Investment Income	(475)	3,681	2,770	152	6,128	(2,456)
Investment Expense	(3)			(22)	(25)	(27)
Purchase of Investment Securities		(95,738)	(17,227)		(112,965)	
Proceeds from the Sale and Maturity of Investments		111,455	29,145	10	140,610	
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(478)</b>	<b>19,398</b>	<b>14,688</b>	<b>140</b>	<b>33,748</b>	<b>(2,483)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year</b>	<b>233</b>	<b>(27,566)</b>	<b>(17,967)</b>	<b>25,254</b>	<b>(20,046)</b>	<b>(20,250)</b>
Cash and Cash Equivalents at Beginning of Year	12,697	109,938	38,286	307,793	468,714	106,246
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,930</b>	<b>\$ 82,372</b>	<b>\$ 20,319</b>	<b>\$ 333,047</b>	<b>\$ 448,668</b>	<b>\$ 85,996</b>

Continued on next page



**STATE OF SOUTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental
	Major				Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 179,751	\$ (6,884)	\$ (5,479)	\$ 19,787	187,175	\$ (17,497)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	166			905	1,071	6,487
Interest Expense		10,372	3,200		13,572	549
Miscellaneous Nonoperating Items	137				137	
Decrease/(Increase) in Assets:						
Accounts Receivable	(183)			(3,255)	(3,438)	3,229
Bonds and Notes Receivable		(27,286)	(29,969)	8,188	(49,067)	
Due From Other Funds				20	20	(701)
Due From Component Units				(36)	(36)	(29)
Due From Other Governments		(271)	(17)	4,559	4,271	42
Inventory				(412)	(412)	113
Other Assets				(175)	(175)	(113)
Other Restricted Assets	(34)				(34)	
Restricted Net Pension Asset	(506)	(83)	(140)	(2,923)	(3,652)	(11,126)
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows - Related to Pensions	(233)	(34)	(63)	(1,280)	(1,610)	(5,156)
Increase/(Decrease) in Liabilities:						
Accounts Payable	(3,145)	(495)	27	(598)	(4,211)	876
Accrued Liabilities	11	13	24	192	240	142
Compensated Absences Payable	(14)	18	42	123	169	162
Due To Other Funds	(4)			(73)	(77)	346
Due To Component Units						23
Due To Other Governments	(6)			3	(3)	(62)
Unearned Revenue	30			45	75	(785)
Escrow Payable	25			1	26	
Policy Claim Liabilities						(3,246)
Other Liabilities	222			152	374	
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows - Related to Pensions	741	119	206	4,208	5,274	16,232
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 176,958</b>	<b>\$ (24,531)</b>	<b>\$ (32,169)</b>	<b>\$ 29,431</b>	<b>\$ 149,689</b>	<b>\$ (10,514)</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Gain (Loss) on Disposal of Capital Assets	\$	\$	\$	\$	\$	\$ 556
Transfers In (Out) of Capital Assets						7
Lease Obligations Entered Into	513			1,347	1,860	2,930

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, 2022**  
**(Expressed in Thousands)**

<b>Assets</b>	<b>South Dakota Retirement System Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
Cash and Cash Equivalents	\$ 9,928	\$ 894	\$ 26,794
<b>Receivables:</b>			
Employer	3,067		
Employee	3,178		
Benefits	147		
Unsettled Investment Sales	7,326		
Taxes Receivable, net			58,940
Due From Other Funds			113
Investment Income	37,171	374	
Other		39	1,300
<b>Total Receivables</b>	<b>50,889</b>	<b>413</b>	<b>60,353</b>
<b>Investments, at Fair Value:</b>			
Fixed Income	6,037,374		
Equities	4,850,942		
Real Estate	1,624,060		
Private Equity	1,549,402		
Pooled Investment Funds		297,618	
<b>Total Investments</b>	<b>14,061,778</b>	<b>297,618</b>	<b>0</b>
Due From Brokers - Futures Transactions	16,469		
Properties, at Cost	2,078	14,213	
Accumulated Depreciation	(1,380)		
Other Assets	21	12	
<b>Total Assets</b>	<b>14,139,783</b>	<b>313,150</b>	<b>87,147</b>
<b>Liabilities</b>			
<b>Payables:</b>			
Accounts Payable and Other Liabilities	3,014	25	5,036
Due To Other Funds	95	29	193
Due To Other Governments			65,917
Compensated Absences Payable	435		
Unsettled Investment Purchases	10,169		
<b>Total Liabilities</b>	<b>13,713</b>	<b>54</b>	<b>71,146</b>
<b>Net Position</b>			
Restricted for Pension Benefits	14,126,070		
Restricted for Others		313,096	16,001
<b>Total Net Position</b>	<b>\$ 14,126,070</b>	<b>\$ 313,096</b>	<b>\$ 16,001</b>

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, 2022**  
**(Expressed in Thousands)**

<b>Additions</b>	<b>South Dakota Retirement System Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Contributions:</b>			
Employee	\$ 143,042	\$	\$
Employer	143,271		
From Clients and Inmates		539	
Other		4,483	
<b>Total Contributions</b>	<b>286,313</b>	<b>5,022</b>	<b>0</b>
<b>Investment Income:</b>			
<i>From Investing Activities</i>			
Net Increase (Decrease) in Fair Value of Investments	(301,301)	(4,990)	
Interest	81,243		
Dividends	149,775		
Real Estate	30,469	237	
Pooled Interest and Dividends		1,716	
<b>Total Investment Activity Income</b>	<b>(39,814)</b>	<b>(3,037)</b>	<b>0</b>
Less Investment Activity Expenses	(52,167)		
<b>Net Investment Income (Loss)</b>	<b>(91,981)</b>	<b>(3,037)</b>	<b>0</b>
<i>From Security Lending Activities</i>			
Securities Lending Income	631	2	
Securities Lending Expenses	(189)		
Tax and Fee Collections for Other Governments			530,793
Child Support Collections			113,527
Collections from Defendants and Inmates			26,667
Collections for Other Governments			33,701
Collections from Participants			2,963
Assessments			14,665
Miscellaneous Income		31	
<b>Total Additions</b>	<b>194,774</b>	<b>2,018</b>	<b>722,316</b>
<b>Deductions</b>			
Benefits	665,067		
Refunds of Contributions	30,973		
Distribution to School Districts		9,840	
Tax and Fee Distributions to Other Governments			530,793
Child Support Distributions			113,527
Payments Made for Custodial or Trust Purposes		582	16,462
Payments Made to Other Governments			41,276
Forfeiture Returns			7,301
Required Distributions			10,650
Administrative Expenses	4,862	10	
<b>Total Deductions</b>	<b>700,902</b>	<b>10,432</b>	<b>720,009</b>
<b>Change in Net Position</b>	<b>(506,128)</b>	<b>(8,414)</b>	<b>2,307</b>
Net Position at Beginning of Year	14,632,198	321,510	13,694
<b>Net Position at End of Year</b>	<b>\$ 14,126,070</b>	<b>\$ 313,096</b>	<b>\$ 16,001</b>

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



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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

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

### B. Reporting Entity

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

#### Blended Component Units

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

The State's blended component units are:

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

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

**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 <https://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, 2022, there was \$42.2 million of bank tax receipts that were not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

***Governmental Fund Financial Statements***

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

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

***Proprietary, Fiduciary, and Similar Component Units Financial Statements***

The financial statements of the proprietary funds, fiduciary funds, and similar component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the Government-wide Financial

Statements described above. Proprietary funds include both enterprise and internal service fund types.

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

**Financial Statement Presentation**

The State reports the following major governmental funds:

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

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

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

In addition, the State reports the following fund types:

**Governmental Funds:**

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

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

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

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

**Proprietary Funds:**

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

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

**Fiduciary Funds:**

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

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

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

**E. Budgetary Accounting**

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

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

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

The State’s annual budget is prepared on the cash basis of accounting. Encumbrance accounting is utilized to reserve a portion of the budget to future periods for payment of purchase orders, contracts, and other commitments. Encumbrances at June 30, 2022, totaled \$72.5 million. The encumbrance amount is broken down by major fund and nonmajor fund below (Expressed in Thousands):

<u>Fund</u>	<u>Amount Encumbered</u>
Major Funds:	
General Fund	\$ 31,444
Transportation	8,453
COVID-19 Federal	490
Non-Major Funds:	
Non-Major Funds Total	32,082
<b>Total</b>	<b>\$ 72,469</b>

***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, 2022. 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, 2022, the commodities inventory was reported in the amount of \$0.7 million.

***Capital Assets***

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

All land is capitalized regardless of cost. Land improvements are capitalized when the cost of the improvement is \$50,000 or more. Buildings and building improvements are capitalized when the cost is \$100,000 or more. Equipment is capitalized when the cost of individual items is \$5,000 or more. Infrastructure assets are capitalized when the cost of

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

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

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

The State owns works of art and historical treasures that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Works of art and historical treasures include items such as statues, monuments, historical documents, paintings, artifacts, etc. Higher Education, a business-type activity discretely presented component unit, adopted the State's policy on capitalizing historical treasures and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair market value at the time of donation. The reported capitalized value of these collections was \$10.3 million, as of June 30, 2022. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

### **Leases**

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

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

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

### **Lessee**

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

### **Lessor**

On a more limited basis, the State also serves as a lessor providing leases of state-owned assets. The financial statements recognize a lease receivable and a deferred inflow of resources, based on the present value of the future

lease payments expected to be received during noncancellable period of the lease contract, and the deferred inflow of resources is amortized evenly over the life of the lease. The lease receivable is reduced by the principal portion of the fixed lease payments received.

**Leases Receivable**

During the fiscal year, the State had 18 lessor lease agreements for the use of land, buildings, and equipment. The terms of these lease agreements range between 1 and 20 years with a weighted average interest rate of 2.69%. The State recognized \$0.2 million in lease revenue and \$77.0 thousand in interest revenue during the current fiscal year related to leases. As of June 30, 2022, the receivable for lease payments was \$2.7 million.

**Deferred Outflows of Resources**

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

**Long-term Obligations**

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

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

**Deferred Inflows of Resources**

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

**Net Position and Fund Balances**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***H. Lottery Security Deposits***

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2022, the amount of certificate of deposits and deposits in cash being held by the Lottery was \$0.5 million and is included in restricted cash and investments on the balance sheet. The amount of \$8.9 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, 2022, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

**GASB Statement 87, Leases.** This Statement establishes a single model for lease accounting based on the foundational principle that leases are a financing arrangement for the right to use a third party's underlying asset.

This statement had the following effects on the State:

Beginning fund balance for the Vocational Education Fund, reported as a Nonmajor Special Revenue Fund, decreased by \$8.6 million.

Beginning fund balance in the Vocational Education Facilities Fund, reported as a Nonmajor Debt Service Fund increased by \$18.2 million.

The beginning net position reported for governmental activities in the Government-wide Statement of Activities increase by \$7.7 million.

**GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period.** This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

This Statement had no effect on the State.

**GASB Statement 92, Omnibus 2020.** This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

This Statement had no effect on the State.

**GASB Statement 93, Replacement of Interstate Offered Rates.** This Statement establishes accounting and financial reporting requirements related to the replacement of IBOR.

This Statement had no effect on the State.

**GASB Statement 99, Omnibus 2022.** This Statement 1) clarifies financial reporting issues for a number of practices identified during implementation and application of certain GASB statements, and 2) provides guidance for accounting and financial reporting for financial guarantees. The State has implemented the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The remaining provisions will be implemented in future fiscal years.

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

*For the fiscal years ended June 30, 2019, 2020, 2021, and 2022 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- Primary Government***

Beginning fund balance for the General Fund increased by \$19.2 million for an error in reporting tax revenues and receivables in the prior fiscal year. The beginning net position reported for governmental activities in the Government-wide Statement of Activities increased by \$20.4 million.

Beginning fund balance for the Department of Agriculture and Natural Resources Corn Check-Off fund, reported as a non-major governmental fund, increased by \$0.6 million for an error in reporting revenues in the prior fiscal year. The beginning net position reported for governmental activities in the Government-wide Statement of Activities increased by the same amount.

The beginning balance of accumulated depreciation for equipment in the business-type activities in *Note 6. Capital Assets* of the Notes to the Financial Statement increased by \$2.3 million. The beginning balance of accumulated amortization for intangible assets decreased by \$2.3 million for accounting errors. This will have no effect on the Government-wide Statement of Net Position or Statement of Activities.

### ***Restatements – Component Units***

The beginning net position balance reported for South Dakota Science and Technology Authority, reported as a major discretely presented component unit, increased by \$2.3 million for errors in reporting Construction in Progress in the prior fiscal year. This restatement will have the same effect on the Government-wide financial statements.

The beginning net position balance reported for Higher Education, reported as a major discretely presented component unit, increased by \$10.5 million for errors in the reporting of receivables, capital assets, and other miscellaneous reporting errors in the prior fiscal year. This restatement will have the same effect on the Government-wide financial statements.

### 3. CASH, DEPOSITS, AND INVESTMENTS

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

Negative cash balances in funds participating in the Cash Flow Portfolio are reclassified at year-end as interfund payables. The cash and cash equivalents balance in the General Fund was reduced by \$32.7 million for deficit cash balances that existed in various state funds at June 30, 2022, 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, 2022, the securities, for which cost at the time of acquisition is not readily available, have a fair value of \$1.0 million and are shown as securities held as escheat property in the General Fund.

#### A. Primary Government

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

#### Deposits

**Custodial Credit Risk.** Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of June 30, 2022, pledged collateral for all depositories equaled at least 100 percent of the total public deposits in excess of depository insurance. As a result, none 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, 2022 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 \$3.9 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, 2022, 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 \$60.0 thousand.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2022, 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 \$2.3 million.

### **Investments**

**Securities Lending.** State statutes and SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. All securities loans can be terminated on demand by either the SDIC or the borrower. As of June 30, 2022, the fair value of securities on loan was \$98.2 million, and the collateral held on the same date was \$100.2 million. At year-end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC.

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

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

**Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The SDIC's securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2022, the Cash Flow portfolio does not have custodial credit risk with regard to securities lending. The Other Funds do not have a policy for custodial credit risk. The Other Funds had custodial credit risk totaling \$234.4 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, 2022.

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

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

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

Investment Type	Cash Flow Portfolio		Retirement Portfolio		Trust Portfolios		Other Funds	
	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	\$ 42,333	1.85	\$ 287,730	5.96	\$		\$ 25,207	0.43
U.S. Treasury Bills	1,395,161	0.23	979,872	0.16				
U.S. Treasury STRIPS	107,911	7.40	367,806	7.40	61,690	7.40		
U.S. Treasury Inflation Protected Securities								
U.S. Agencies	316,444	2.00	31,408	4.79	5,260	4.79	50,115	0.51
U.S. Agency Discount Notes								
FDIC's Temporary Liquidity Guarantee Program								
U.S. Government-backed Loans								
Federated Hermes U.S. Treasury Cash Reserves							2,025	
Investment Grade Corporates	633,491	2.97	401,410	5.63	64,704	5.69		
Total Bond Market Mutual Fund					7,448	6.70		
High-yield Corporates			421,579	4.33				
High-yield Bond Mutual Fund					57,170	4.30		
Agency Mortgage-backed Securities	69,642	6.30	241,365	6.29	41,373	6.27		
Non-agency Mortgage-backed Securities			61,208	1.47	6,286	1.43		
Municipal Bonds					37,560	4.00		
Term Loans			3,448					
Investment Agreements							146,186	3.66
<b>Total</b>	<b>\$ 2,564,982</b>		<b>\$ 2,795,826</b>		<b>\$ 281,491</b>		<b>\$ 223,533</b>	
Portfolio Modified Duration		1.62		3.73		5.38		2.56

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

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

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

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

As of June 30, 2022, the portfolios held the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government which are not considered to have credit risk. The investments are grouped as rated by Moody's Investors Service (Expressed in Thousands):

Moody's Rating	Cash Flow Portfolio Fair Value	Retirement Portfolios Fair Value	Trust Portfolios Fair Value	Other Funds Fair Value
Aaa	\$ 1,084,380	\$ 3,022,892	\$ 741,180	\$ 52,384
Aa	70,813	102,362	33,562	
A	414,008	137,913	32,533	
Baa	99,930	139,498	20,414	146,186
Ba		183,204	74	
B		215,421	225	
Caa		25,495	800	
Ca		11,622	762	
C				
Unrated		51,001	75,920	
<b>Total</b>	<b>\$ 1,669,131</b>	<b>\$ 3,889,408</b>	<b>\$ 905,470</b>	<b>\$ 198,570</b>

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

The Retirement and Trust Portfolios’ exposure to foreign currency risk at June 30, 2022, are as follows (Expressed in Thousands):

Currency	Retirement Portfolio			Trust Portfolios		
	Equities	Cash	Total	Equities	Cash	Total
	U.S. Dollar	U.S. Dollar		U.S. Dollar	U.S. Dollar	
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value		
Australian Dollar	\$ 13,695	\$ 65	\$ 13,760	\$ 579	\$ 579	\$ 579
British Pound	199,113	806	199,919	15,073	9	15,082
Canadian Dollar	92,733	280	93,013	6,465	1	6,466
Danish Kroner	5,204		5,204	218		218
Euro	325,794	591	326,385	22,601		22,601
Hong Kong Dollar	8,472	60	8,532	469		469
Hungarian Forint		33	33			
Japanese Yen	136,350	2,091	138,441	9,836	50	9,886
South Korean Won	65,724		65,724	4,564		4,564
Norwegian Krone	911		911	180		180
Singapore Dollar	888		888			
Swedish Krona	10,805		10,805	697		697
Swiss Franc	145,200		145,200	10,094		10,094
Thai Baht	851		851			
<b>Total Fair Value</b>	<b>\$1,005,740</b>	<b>\$ 3,926</b>	<b>\$ 1,009,666</b>	<b>\$ 70,776</b>	<b>\$ 60</b>	<b>\$ 70,836</b>

Investments with limited partnerships and certain global equity investments with external managers, which are not included in the table above, may expose the State to additional foreign currency risk. For the Trust Portfolios, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2022, was \$307.1 million. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2022, was \$3.2 billion. The total fair value of hedge funds and high-yield fixed income investments managed by external managers was \$137.2 million, and \$11.5 thousand, 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 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 portfolio that comprises 5% of the overall portfolio as of June 30, 2022.

**Derivative Financial Instruments in Primary Government**

**Retirement Portfolio and Trust Portfolios.** Derivatives are generally defined as contracts whose values depend on, or derive from, the value of an underlying asset, reference rate, or index. The Retirement Portfolio is exposed to various derivative products through the investment management of the SDIC and its external managers. The Trust Portfolios utilized no derivative instruments in SDIC’s internally managed portfolios, however they may be exposed to various derivative products through the investment management of the SDIC and its external managers. The following notes detail the derivative instruments used in the SDIC’s internally managed portfolios. 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, 2022, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, SDRS pledges to the broker cash or U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, SDRS receives or pays a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The change in fair value of the futures contracts is presented in the statement of changes in fiduciary net position as “Net appreciation in fair value of investments.” The net change in fair value from futures contracts for fiscal year ended June 30, 2022 was \$(191.8) million.

At June 30, 2022, 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 2022	Long	2,250	\$100,000 par value 6% 10-year U.S. Treasury note	\$ 266,695,313
S&P 500 Index Future Due September 2022	Short	8,935	\$50 x S&P 500 index	\$ (1,692,959,125)

**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, 2022, the net change in fair value from foreign currency forward contracts was \$(1.2) million. At June 30, 2022, 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	\$ (1,077,070) CHF	08/05/2022	\$ (19,160)
Forward Buy	\$ 5,775,000,000 JPY	08/05/2022	\$ (1,305,084)
Forward Buy	\$ 236,000,000 JPY	08/18/2022	\$ (103,597)

**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, 2022, the net fair value of foreign currency forward contracts was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

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

**Foreign Currency Risk.** SDRS is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is \$(1.4) million.

**Fair Value Measurement**

Investments are reported at fair value as of June 30, 2022 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, 2022, (Expressed in Thousands):

**Cash Flow Portfolio:**

	Cash Flow Fund Portfolio			
	Total	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
U.S. Treasuries	\$ 42,333	\$	\$ 42,333	\$
U.S. Treasury Bills	1,395,161		1,395,161	
U.S. Treasury STRIPS	107,911		107,911	
U.S. Agencies	316,444		316,444	
Investment Grade Corporates	633,491		633,491	
Agency Mortgage-backed securities	69,643		69,643	
Total Fixed Income Securities	2,564,983	0	2,564,983	0
<b>Total Investments by Fair Value Level</b>	2,564,983	\$ 0	\$ 2,564,983	\$ 0
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Short-term Investment Funds	719,196			
Total Investments Measured at the NAV	719,196			
<b>Total Investments Measured at the Fair Value</b>	<b>\$ 3,284,179</b>			

**Retirement Portfolio:**

	Retirement Portfolio			
	Total	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
Fixed Income Securities				
U.S. Treasuries	\$ 287,730	\$	\$ 287,730	\$
U.S. Treasury Bills	979,872		979,872	
U.S. Treasury STRIPS	367,806		367,806	
U.S. Agencies	31,408		31,408	
Investment Grade Corporates	401,410		401,410	
Term Loans	4,338			4,338
High Yield Corporates	421,579		421,579	
Agency Mortgage-backed Securities	241,365		241,365	
Non-Agency Mortgage-backed Securities	61,208		61,208	
Total Fixed Income Securities	2,796,716	0	2,792,378	4,338
Equity Securities				
Domestic Stock	3,286,372	3,286,372		
Depository Receipts	53,052	53,052		
ETF - Exchange Traded Funds	831,533	831,533		
International Stock	1,005,740	1,005,740		
Preferred Stock	449		449	
Stock Warrants	1,162	1,162		
Total Equity Securities	5,178,308	5,177,859	449	0
<b>Total Investments by Fair Value Level</b>	7,975,024	\$ 5,177,859	\$ 2,792,827	\$ 4,338
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Short-term Investment Funds	2,777,022			
Multi Strategy Hedge Funds	137,154			
Alternative Investments				
Real Estate Funds	1,624,060			
Private Equity Funds	1,549,402			
Other Funds	12			
Total Alternative Investments	3,173,474			
Total Investments Measured at the NAV	6,087,650			
Total Investments Measured at the Fair Value	14,062,674			
Plus: Cash Held by Fund Managers	4,139			
Less: G/L on FX Transactions	(1,728)			
Less: Accrued Monthly Interest	(3,306)			
<b>Total</b>	<b>\$ 14,061,779</b>			
<b>Investment Derivative Instruments</b>				
Futures Contracts	\$ 16,469	\$ 16,469	\$	
Foreign Exchange Forward Contracts (liability)	(1,428)		(1,428)	
<b>Total Investment Derivative Instruments</b>	<b>\$ 15,041</b>	<b>\$ 16,469</b>	<b>\$ (1,428)</b>	



**Trust Portfolios:**

	Trust Portfolios			
	Total	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
Fixed Income Securities				
U.S. Treasury STRIPS	\$ 61,690	\$	\$ 61,690	\$
U.S. Agencies	5,260		5,260	
Investment Grade Corporates	64,704		64,704	
Agency Mortgage-backed Securities	41,373		41,373	
Non-Agency Mortgage-backed Securities	6,286		6,286	
Municipal Bonds	37,560		37,561	
<b>Total Fixed Income Securities</b>	<b>216,873</b>	<b>0</b>	<b>216,874</b>	<b>0</b>
Equity Securities				
Domestic Stock	221,935	221,935		
Depository Receipts	3,951	3,951		
ETF - Exchange Traded Funds	54,508	54,508		
International Stock	70,776	70,776		
Stock Warrants	154	154		
<b>Total Equity Securities</b>	<b>351,324</b>	<b>351,324</b>	<b>0</b>	<b>0</b>
<b>Total Investments by Fair Value Level</b>	<b>568,197</b>	<b>\$ 351,324</b>	<b>\$ 216,874</b>	<b>\$ 0</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Short-term Investment Funds	693,921			
High Yield Bond Mutual Funds	69,227			
Alternative Investments				
Real Estate Funds	165,903			
Private Equity Funds	141,212			
Other Funds	1			
<b>Total Alternative Investments</b>	<b>307,116</b>			
<b>Total Investments Measured at the NAV</b>	<b>1,070,264</b>			
<b>Total Investments Measured at the Fair Value</b>	<b>\$ 1,638,461</b>			

**Other Funds:**

	Other Funds			
	Total	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
U.S. Treasuries	\$ 38,079	\$	\$ 38,079	\$
U.S. Agencies	50,115		50,115	
<b>Total Fixed Income Securities</b>	<b>88,194</b>	<b>0</b>	<b>88,194</b>	<b>0</b>
<b>Total Investments by Fair Value Level</b>	<b>88,194</b>	<b>\$ 0</b>	<b>\$ 88,194</b>	<b>\$ 0</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Short-term investment funds	2,026			
<b>Total Investments Measured at the NAV</b>	<b>2,026</b>			
<b>Total Investments Measured at the Fair Value</b>	<b>\$ 90,220</b>			

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

Debt securities classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. The prices are determined by the use of matrix pricing techniques maintained by various pricing vendors/brokers for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Securities classified in Level 3 of the fair value hierarchy include valuations determined by management based on unobservable inputs.

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, 2022.

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, 2022.

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.

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The following table summarizes the fair value, unfunded commitments, and redemption rules of those investments as of June 30, 2022, (Expressed in Thousands):

**Investments Measured at the NAV**

	<u>Fair Value</u>	<b>Cash Flow Fund Portfolio</b>		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 719,196	\$	Daily	0 days
<b>Investments Measured at the Net Asset Value (NAV)</b>	<b><u>\$ 719,196</u></b>			

**Investments Measured at the NAV**

	<u>Fair Value</u>	<b>Trust Portfolios</b>		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 693,921	\$	Daily	0 days
High Yield Bond Mutual Funds (b)	69,227		Daily	1 day
Alternative Investments				
Real Estate Funds (c)	165,903	114,079		
Private Equity Funds (d)	141,212	36,134		
Other Funds (e)	1			
Total Alternative Investments	<u>307,116</u>			
<b>Investments Measured at the Net Asset Value (NAV)</b>	<b><u>\$ 1,070,264</u></b>			

**Investments Measured at the NAV**

	<u>Fair Value</u>	<b>Retirement Portfolio</b>		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 2,777,022	\$	Daily	0 days
Mutual Funds (f)			Daily	1 day
Multi Strategy Hedge Funds (g)	137,154		Monthly	5-30 days
Alternative Investments				
Real Estate Funds (c)	1,624,060	1,115,792		
Private Equity Funds (d)	1,549,402	446,660		
Other Funds (e)	12			
Total Alternative Investments	<u>3,173,474</u>			
<b>Investments Measured at the Net Asset Value (NAV)</b>	<b><u>\$ 6,087,650</u></b>			

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

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

e. *Other Funds.* This type includes one other alternative investment that is a hybrid private equity hedge fund that invests primarily in a broad range of debt, debt-related, and/or real estate-related investments. The fair values of the investment have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. This investment can never be redeemed from the funds. Distributions from the fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the fund 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. *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, 2022, 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, 2022, investments in the amount of \$8.9 million were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

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

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

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

As of June 30, 2022, 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	\$ 123,793	\$ 5,841	\$ 89,362	\$ 28,208	\$ 382
U.S. Treasury Notes	30	30			
U.S. Agencies	974,500	2,873	26,692	6,388	938,547
Investment Grade Corporates	2,633		10	865	1,758
Certificates of Deposit	1,922	1,495	428		
Mutual Funds	341,794	341,795			
Municipal Bonds	245		245		
State Obligations	8,127		5,706	2,420	
<b>Total</b>	<b>\$ 1,453,044</b>	<b>\$ 352,034</b>	<b>\$ 122,443</b>	<b>\$ 37,881</b>	<b>\$ 940,687</b>

**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, 2022, the Economic Development Finance Authority investments had the following ratings:

Moody’s Rating	Fair Value
Aaa	\$ 244,717
<b>Total Fair Value</b>	<b>\$ 244,717</b>

As of June 30, 2022, 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	\$ 341,794	23.4%
Certificates of Deposit	NR	1,489	0.1%
Corporate-Backed Obligations	NR	2,633	0.2%
U.S. Agencies	Aaa	3,855	0.3%
U.S. Treasuries	Aaa	123,793	8.5%
State and Municipal Securities	A1 to Aaa	8,127	0.6%
Mortgage-backed Securities:			
GNMA	NR	631,164	43.5%
FNMA	NR	315,964	21.8%
FHLMC	NR	23,517	1.6%
		<b>\$1,452,336</b>	<b>100.0%</b>

**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, 2022, 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, 2022, are contained in the table below. The initial notional amounts of the swaps match the principal amounts of the associated debt. The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally 10 years after the date of issuance of the related bonds (Dollars Expressed in Thousands).

Bond Series	Notional Amount	Effective Date	Termination Date	Fixed Payable Rate	Variable Rate Received	Credit Rating*	Fair Value
<b>Wells Fargo Bank</b>							
2015 E-1	\$ 25,000	12/17/2015	11/01/2037	2.11%	66.4% of LIBOR plus 0.22%	Aa1	\$ 892
2016 E-1	50,000	11/01/2016	05/01/2037	2.21%	66.4% of LIBOR plus 0.23%	Aa1	1,603
2020 D	33,000	05/01/2029	05/01/2043	0.93%	100% SIFMA	Aa1	6,118
MPB 2020a	14,540	09/29/2020	05/01/2060	1.31%	100% SIFMA	Aa1	2,064
<b>Bank of America, N.A.</b>							
2022 D	33,000	06/23/2022	11/01/2046	2.3490%	70.0% of SOFR plus 0.08%	Aa2	762
<b>Bank of New York Mellon</b>							
2020 B	33,000	02/12/2020	11/01/2041	1.6525%	100% SIFMA	Aa1	3,176

\* 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, 2022. 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, 2022, neither the Authority nor any counterparty had been required to post collateral.

**Basis Risk.** The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds; but, under the terms of its swaps, receives a variable rate based upon either the one-month taxable LIBOR rate or the SIFMA rate. Basis risk will vary over time due to inter-market conditions. For the year ended June 30, 2022, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.07% per annum, while the weighted average interest rate on the swaps was 1.15% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax-exempt rates and the applicable swap index.

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

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

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

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

**Swap Payments and Associated Debt.** Variable-rate bond interest payments and net swap payments will vary during their term. Future debt service requirements of the variable-rate debt and net swap payments as of June 30, 2022 were as follows, (Expressed in Thousands):

Year-end June 30	Variable-rate Bond		Interest Rate	Total
	Principal	Interest	Swap – Net	
2023	\$ 270	\$ 1,870	\$ 1,227	\$ 3,367
2024	320	1,910	1,279	3,509
2025	325	1,907	1,277	3,509
2026	340	1,904	1,276	3,520
2027	340	1,900	1,275	3,515
2028-2032	34,285	8,951	5,287	48,523
2033-2037	77,250	5,796	3,043	86,089
2038-2042	48,025	2,502	1,549	52,076
2043-2047	22,980	743	548	24,271
2048-2052	1,500	186	21	1,707
2053-2057	1,325	119	13	1,457
2058-2062	1,580	38	4	1,622
<b>Total</b>	<b>\$ 188,540</b>	<b>\$ 27,826</b>	<b>\$ 16,799</b>	<b>\$ 233,165</b>

**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, 2022.

**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, 2022, 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	Standard & Poor's Short Term Issuer Credit
<b>Bank of America Securities</b>						
FNMA	\$ 1,000,000	04/12/2022	07/14/2022	4.50%	\$ 10,000	A-1
FNMA	4,000,000	04/22/2022	07/14/2022	5.50%	625	A-1
FNMA	1,600,000	05/09/2022	07/14/2022	5.00%	(3,250)	A-1
FNMA	1,000,000	05/13/2022	08/11/2022	6.00%	1,250	A-1
GNMAII	1,000,000	05/18/2022	07/21/2022	5.00%	(5,781)	A-1
FNMA	1,000,000	06/08/2022	07/14/2022	5.00%	2,656	A-1
GNMAII	1,000,000	06/09/2022	08/18/2022	5.00%	(2,344)	A-1
GNMAII	(289,900)	06/16/2022	07/21/2022	5.00%	2,944	A-1
FNMA	(2,600,000)	06/27/2022	07/14/2022	5.00%	15,031	A-1
FNMA	1,000,000	06/27/2022	07/14/2022	6.00%	(3,281)	A-1
<b>Bank of New York Mellon</b>						
FNMA	1,000,000	04/13/2022	07/14/2022	5.00%	5,469	Not rated
FNMA	500,000	04/29/2022	07/14/2022	5.00%	781	Not rated
GNMAII	500,000	04/29/2022	07/21/2022	4.50%	(3,281)	Not rated
FNMA	500,000	05/02/2022	07/14/2022	5.00%	(527)	Not rated
GNMAII	500,000	05/03/2022	07/21/2022	4.00%	(1,016)	Not rated
FNMA	500,000	05/11/2022	08/11/2022	5.00%	2,031	Not rated
GNMAII	600,000	05/20/2022	07/21/2022	5.00%	(6,000)	Not rated
FNMA	30,400	06/08/2022	07/14/2022	4.50%	119	Not rated
FNMA	400,000	06/08/2022	07/14/2022	5.00%	688	Not rated
GNMAII	963,790	06/16/2022	07/21/2022	4.50%	(10,541)	Not rated
GNMAII	(500,000)	06/17/2022	07/21/2022	4.00%	5,781	Not rated
<b>Bank of Oklahoma</b>						
FNMA	2,500,000	04/18/2022	07/14/2022	5.00%	3,125	BBB+
FNMA	1,400,000	04/28/2022	07/14/2022	105.00%	(219)	BBB+
FNMA	(3,700,000)	06/27/2022	07/14/2022	5.00%	20,813	BBB+
<b>Daiwa Capital Markets</b>						
FNMA	1,000,000	05/04/2022	07/14/2022	5.00%	(1,094)	Not rated
FNMA	600,000	06/08/2022	08/11/2022	4.50%	2,063	Not rated
GNMAII	115,300	06/16/2022	07/21/2022	3.50%	(1,459)	Not rated
<b>Jefferies</b>						
FNMA	1,200,000	05/03/2022	07/14/2022	5.00%	(3,750)	A-2
GNMAII	1,000,000	05/05/2022	07/21/2022	4.50%	(10,625)	A-2
FNMA	500,000	05/10/2022	07/14/2022	5.00%	703	A-2
GNMAII	600,000	05/17/2022	07/21/2022	4.50%	(2,906)	A-2
FNMA	600,000	05/17/2022	08/11/2022	4.50%	1,313	A-2
FNMA	265,000	06/08/2022	07/14/2022	3.50%	2,733	A-2
FNMA	208,200	06/08/2022	07/14/2022	4.00%	1,366	A-2
GNMAII	360,000	06/16/2022	07/21/2022	4.00%	(4,669)	A-2
<b>Piper Sandler</b>						
FNMA	500,000	04/27/2022	07/14/2022	4.00%	3,359	Not rated
GNMAII	500,000	05/06/2022	07/21/2022	5.00%	(3,516)	Not rated
GNMAII	500,000	05/10/2022	07/21/2022	4.50%	(1,719)	Not rated
FNMA	1,000,000	06/02/2022	08/11/2022	5.00%	5,000	Not rated
GNMAII	700,000	06/02/2022	08/18/2022	5.00%	(438)	Not rated
	<b>\$ 23,552,790</b>				<b>\$ 21,434</b>	

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**Fair Value Measurement**

Investments are reported at fair value as of June 30, 2022, 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, 2022, (Expressed in Thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by Fair Value Level</b>				
U.S. Treasuries	\$ 123,823	\$	\$ 123,823	\$
U.S. Agencies	974,500		974,500	
Corporate-Backed Obligations	2,633		2,633	
Money Market Mutual Funds	341,794	341,794		
Municipal Bonds	245		245	
Certificates of Deposit	1,923		1,923	
State Obligations	8,127		8,127	
<b>Total Investments by Fair Value Level</b>	<b><u>\$ 1,453,045</u></b>	<b><u>\$ 341,794</u></b>	<b><u>\$ 1,111,251</u></b>	<b><u>\$ 0</u></b>
<b>Hedging Derivative Instruments</b>				
Interest Rate Swaps	\$ 14,615	\$	\$ 14,615	\$
Forward MBS Contracts	21		21	
<b>Total Hedging Derivative Instruments</b>	<b><u>\$ 14,636</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 14,636</u></b>	<b><u>\$ 0</u></b>

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.

**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	\$ 262,737	\$ 18,434	\$	\$	\$	\$	\$ 2,786	\$	\$ 283,957
Allowance	(15,133)	(28)					(1)		(15,162)
Accounts Receivable	18,773	1,933	15,958	1,914	7	10	27,677	4,086	70,358
Allowance	(4,918)	(767)					(88)		(5,773)
Due From Other Governments	1,884	105,752	29,510	39,660			126,447	163	303,416
Interest Receivable	9,871	595	2	50	455	1,147	1,435	246	13,801
Current Debt, Notes, and Leases Receivables	13	369					7,069		7,451
Allowance									
Non-current Debt, Notes, and Leases Receivables	135	5,799					60,617		66,551
Allowance							(644)		(644)
Due From Fiduciary Funds	178							96	274
<b>Receivables, net</b>	<b>\$ 273,540</b>	<b>\$ 132,087</b>	<b>\$ 45,470</b>	<b>\$ 41,624</b>	<b>\$ 462</b>	<b>\$ 1,157</b>	<b>\$ 225,298</b>	<b>\$ 4,591</b>	<b>\$ 724,229</b>

	Business-type Activities				Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	
Accounts Receivable	\$ 6,786	\$	\$	\$ 29,850	\$ 36,636
Allowance	(13)			(16,432)	(16,445)
Due From Other Governments		1,603	829	249	2,681
Interest Receivable	49	3,311	1,885	396	5,641
Current Debt, Notes, and Leases Receivables		23,028	9,891	6,396	39,315
Allowance				(253)	(253)
Non-current Debt, Notes, and Leases Receivables		329,361	213,732	42,487	585,580
Allowance				(12,713)	(12,713)
Due From Fiduciary Funds				43	43
<b>Receivables, net</b>	<b>\$ 6,822</b>	<b>\$ 357,303</b>	<b>\$ 226,337</b>	<b>\$ 50,023</b>	<b>\$ 640,485</b>

**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	Educational Enhancement Trust	Non-major Governmental Funds	Internal Service Funds	
Payroll and Withholdings	\$ 16,917	\$ 6,288	\$ 2,040	\$ 196	\$	\$ 11,178	\$ 2,914	\$ 39,533
Accounts Payable	49,516	68,680	8,252	5,664	360	30,109	4,526	167,107
Medicaid and CHIP Claims	25,337		31,618	4,683		24,587		86,225
Due to Other Governments	2,340	2,696	87	30,163		35,683	148	71,117
Bank Tax Refund	10,902							10,902
Shared Revenue Distribution	30,912					34,492		65,404
Claims Payable							11,684	11,684
Due to Fiduciary Funds	95							95
<b>Total</b>	<b>\$ 136,019</b>	<b>\$ 77,664</b>	<b>\$ 41,997</b>	<b>\$ 40,706</b>	<b>\$ 360</b>	<b>\$ 136,049</b>	<b>\$ 19,272</b>	<b>\$ 452,067</b>

	Business-type Activities				Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	
Payroll and Withholdings	\$ 137	\$ 20	\$ 32	\$ 843	\$ 1,032
Accounts Payable	2,567	208	233	4,013	7,021
Due to Fiduciary Funds				18	18
Escrow Payable	216				216
Other Liabilities	482			1,356	1,838
<b>Total</b>	<b>\$ 3,402</b>	<b>\$ 228</b>	<b>\$ 265</b>	<b>\$ 6,230</b>	<b>\$ 10,125</b>

**5. INTERFUND TRANSACTIONS**

The composition of interfund balances at June 30, 2022, is as follows (Expressed in Thousands):

**A. Interfund Receivables and Payables**

Due From	Due To							Total
	General Fund	Transportation Fund	Social Services Federal Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$	\$ 3,262	\$	\$ 516	\$ 29	\$ 2,839	\$ 95	\$ 6,741
Transportation Fund				773	2	1,368		2,143
Social Services Federal Fund	506			308		911		1,725
COVID-19 Federal	47			180		184		411
Education Enhancement Trust Fund	25,278							25,278
Non-major Governmental Funds	41,790	1,259	5	9,708	144	3,011		55,917
Lottery Fund	10,635	270		534		73		11,512
Clean Water State Revolving						1		1
Drinking Water State Revolving						2		2
Non-major Enterprise Funds	7			134	1	179	18	339
Internal Service Funds	3	453		229	44	802		1,531
Fiduciary Funds	178				43	96		317
<b>Total</b>	<b>\$ 78,444</b>	<b>\$ 5,244</b>	<b>\$ 5</b>	<b>\$ 12,382</b>	<b>\$ 263</b>	<b>\$ 9,466</b>	<b>\$ 113</b>	<b>\$ 105,917</b>

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in *Note 3 Cash, Deposits, and Investments* in the Notes to the Financial Statements; 3) other payables existing between funds. Advances between funds, which come due beyond a year, are also included in the table above. Advances for fiscal year 2022 include, \$6.3 million between non-major governmental funds for maintenance and repair and energy conservation projects and \$3.3 million between the general fund and transportation fund for a new visitor center and rest area.

**B. Interfund Transfers**

Transferred From	Transferred To						Total	
	General Fund	Transportation Fund	Social Services Federal Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Non-major Enterprise Funds		Internal Service Funds
General Fund	\$	\$ 39	\$	\$	\$ 41,783	\$ 27	\$ 3,031	\$ 44,880
Transportation Fund	4,115				3,862			7,977
Social Services Federal Fund					160			160
COVID-19 Federal			33		1,398	5		1,436
Dakota Cement Trust Fund	13,982							13,982
Education Enhancement Trust Fund	25,278							25,278
Non-major Governmental Funds	83,994	5,061		10,896	10,715	61		110,727
Lottery Fund	175,241	1,354			2,655			179,250
Clean Water State Revolving Fund					34			34
Drinking Water State Revolving Fund					52			52
Non-major Enterprise Funds					1,193			1,193
Internal Service Funds					9			9
<b>Total</b>	<b>\$ 302,610</b>	<b>\$ 6,454</b>	<b>\$ 33</b>	<b>\$ 10,896</b>	<b>\$ 61,861</b>	<b>\$ 93</b>	<b>\$ 3,031</b>	<b>\$ 384,978</b>

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

**6. CAPITAL ASSETS**

**A. Primary Government**

Capital Assets consisted of the following for fiscal year 2022 (Expressed in Thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 125,026	\$ 2,497	\$ 469	\$ 127,054
Land Improvements	11,720	268		11,988
Land & Improvements - Roads	639,139	6,079		645,218
Construction in Progress	296,532	272,322	296,241	272,613
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,072,417</b>	<b>281,166</b>	<b>296,710</b>	<b>1,056,873</b>
<b>Capital Assets Being Depreciated/Amortized:</b>				
Land Improvements	71,671	11,114	815	81,970
Buildings	787,820	47,460	281	834,999
Equipment	275,832	23,752	16,816	282,768
Intangible Assets - Software	138,168	8,754	26,750	120,172
Vehicles	191,137	10,140	12,211	189,066
Infrastructure	4,475,432	217,166	30,133	4,662,465
Right-to-use Leased Land	0	28		28
Right-to-use Leased Buildings	0	42,006		42,006
Right-to-use Leased Equipment	0	154		154
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>5,940,060</b>	<b>360,574</b>	<b>87,006</b>	<b>6,213,628</b>
<b>Less Accumulated Depreciation/Amortization:</b>				
Land Improvements	22,935	3,027	37	25,925
Buildings	299,107	19,770	253	318,624
Equipment	174,349	17,687	12,416	179,620
Intangible Assets - Software	86,206	8,331	14,947	79,590
Vehicles	106,430	11,587	9,778	108,239
Infrastructure	1,812,462	74,719	22,678	1,864,503
Right-to-use Leased Land	0	6		6
Right-to-use Leased Buildings	0	6,281		6,281
Right-to-use Leased Equipment	0	37		37
<b>Total Accumulated Depreciation/Amortization</b>	<b>2,501,489</b>	<b>141,445</b>	<b>60,109</b>	<b>2,582,825</b>
<b>Total Capital Assets Being Depreciated/Amortized, Net</b>	<b>3,438,571</b>	<b>219,129</b>	<b>26,897</b>	<b>3,630,803</b>
<b>Total Governmental Activities, Net</b>	<b>\$ 4,510,988</b>	<b>\$ 500,295</b>	<b>\$ 323,607</b>	<b>\$ 4,687,676</b>

Continued on next page

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 295	\$	\$	\$ 295
Construction in Progress	290	1,388		1,678
<b>Total Capital Assets Not Being Depreciated</b>	<b>585</b>	<b>1,388</b>	<b>0</b>	<b>1,973</b>
<b>Capital Assets Being Depreciated/Amortized:</b>				
Land Improvements	1,096			1,096
Buildings	7,818	1		7,819
Equipment	3,576	434	143	3,867
Intangible Assets - Software	752		3	749
Right-to-use Leased Buildings	0	1,839		1,839
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>13,242</b>	<b>2,274</b>	<b>146</b>	<b>15,370</b>
<b>Less Accumulated Depreciation/Amortization:</b>				
Land Improvements	711	17		728
Buildings	3,199	193		3,392
Equipment, as restated	2,994	287	120	3,161
Intangible Assets - Software, as restated	271	193		464
Right-to-use Leased Buildings	0	381		381
<b>Total Accumulated Depreciation/Amortization</b>	<b>7,175</b>	<b>1,071</b>	<b>120</b>	<b>8,126</b>
<b>Total Capital Assets Being Depreciated/Amortized, Net</b>	<b>6,067</b>	<b>1,203</b>	<b>26</b>	<b>7,244</b>
<b>Total Business-type Activities, Net</b>	<b>\$ 6,652</b>	<b>\$ 2,591</b>	<b>\$ 26</b>	<b>\$ 9,217</b>

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

<b>Governmental Activities</b>	<b>Amount</b>
Unallocated	\$ 53
General Government	11,708
Health, Human, and Social Services	11,971
Law, Justice, Public Protection, and Regulation	12,642
Agriculture and Natural Resources	8,263
Transportation	92,478
Education	4,329
Economic Resources	1
<b>Total Governmental Activities</b>	<b>\$141,445</b>
<b>Business-type Activities</b>	
Enterprise Funds	<b>\$ 1,071</b>

**B. Component Units**

Capital Assets for Higher Education consisted of the following for fiscal year 2022 (Expressed in Thousands):

Higher Education*:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 31,829	\$	\$ 135	\$ 31,694
Construction in Progress, as restated	120,047	66,077	127,880	58,244
Works of Art and Historical Treasures	10,091	18		10,109
<b>Total Capital Assets Not Being Depreciated, as restated</b>	<u>161,967</u>	<u>66,095</u>	<u>128,015</u>	<u>100,047</u>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	66,695	18,162		84,857
Infrastructure	104,402	6,025	200	110,227
Buildings, as restated	1,613,754	102,034	1,569	1,714,219
Equipment and Other Assets, as restated	299,070	18,773	6,898	310,945
Right-to-use Leased Buildings	0	5,976		5,976
<b>Total Capital Assets Being Depreciated, as restated</b>	<u>2,083,921</u>	<u>150,970</u>	<u>8,667</u>	<u>2,226,224</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	31,664	3,652		35,316
Infrastructure	39,756	3,725	200	43,281
Buildings, as restated	549,352	45,437	385	594,404
Equipment and Other Assets, as restated	245,545	12,719	5,797	252,467
Right-to-use Leased Buildings	0	1,718		1,718
<b>Total Accumulated Depreciation, as restated</b>	<u>866,317</u>	<u>67,251</u>	<u>6,382</u>	<u>927,186</u>
<b>Total Capital Assets Being Depreciated, Net, as restated</b>	<u>1,217,604</u>	<u>83,719</u>	<u>2,285</u>	<u>1,299,038</u>
<b>Total Higher Education Capital Assets, Net, as restated</b>	<u>\$ 1,379,571</u>	<u>\$ 149,814</u>	<u>\$ 130,300</u>	<u>\$ 1,399,085</u>

\* Higher Education amounts do not include their foundations.

Capital Asset breakouts for the Housing Development Authority, Science and Technology Authority, and the Ellsworth Development Authority previously disclosed in this Note have been removed and can be found within their separately issued reports.

**C. Construction in Progress**

The State has entered into contracts for the renovation and construction of buildings, structures, and infrastructure (highway projects). Construction in Progress as of June 30, 2022, are as follows (Expressed in Thousands):

	<u>Amount</u>
<b>Primary Government</b>	
<b>Governmental Activities</b>	
Land Improvements	\$ 7,779
Buildings and Structures	12,857
Equipment	6,051
Vehicles	4,048
Intangibles - Computer Software	37,525
Infrastructure	204,353
<b>Total Governmental Activities</b>	<u>272,613</u>
<b>Business - Type Activities</b>	
Intangibles - Computer Software	1,678
<b>Total Business - Type Activities</b>	<u>1,678</u>
<b>Total Primary Government</b>	<u>\$ 274,291</u>
<b>Discretely Presented Component Units</b>	
Higher Education*	
Land Improvements	\$ 2,219
Buildings and Structures	52,904
Infrastructure	2,510
Intangibles - Computer Software	419
Equipment	192
<b>Total Higher Education</b>	<u>\$ 58,244</u>

\* Higher Education amounts do not include their foundations.

**D. Special Item – Impairment of Capital Asset**

The State has abandoned construction on a computer software project. This has resulted in an impairment of \$5.3 million of assets previously reported as Construction in Progress – Intangibles (computer software). This impairment is reported as a Special Item in the Government-wide Statement of Activities.

**7. RETIREMENT PLANS**

**South Dakota Retirement System**

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

SDRS is considered a fiduciary component unit of the State and is included in the State’s financial report as a fiduciary pension trust fund. More information about this relationship can be found in *Note 1. Summary of Significant Accounting Policies* in the Notes to the Financial Statements. Authority for establishing, administering, and amending plan provisions is found in South Dakota Codified Law (SDCL) 3-12C. Copies of the audited SDRS financial statements are available at <https://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, 2022. Therefore, no provision for income taxes has been included in SDRS's financial statements.

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

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

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

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

The arithmetically calculated money-weighted return net of fees was -0.64% in 2022. 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, 2022, 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 2022 were \$29.5 million, during fiscal year 2021 were \$27.8 million, and during fiscal year 2020 were \$27.2 million. Contributions for the State's component units during 2022 were \$19.8 million, during fiscal year 2021 were \$19.4 million, and during fiscal year 2020 were \$19.7 million.

**State's Proportionate Share of SDRS.** For fiscal year 2022, the State and its component units used a July 1, 2020, to June 30, 2021, measurement date for reporting purposes.

The State's proportionate share of SDRS's collective net pension asset is 20.4% or \$156.6 million using a June 30, 2021, measurement date. This percentage was measured based on all employer contributions from July 1, 2020, through June 30, 2021. Pension expense (reduction of pension expense) for the State was (\$6.9) million and contributions subsequent to the measurement date were \$29.5 million. The State's proportionate share decreased by 0.3% over 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 14.3% or \$109.4 million using a June 30, 2021, measurement date. This percentage was measured based on all employer contributions from

July 1, 2020, through June 30, 2021. Pension expense (reduction of pension expense) for component units was (\$7.9) million and contributions subsequent to the measurement date were \$19.8 million. The State's component unit's proportionate share decreased by 0.6% over the prior fiscal year's proportionate share of 14.9%.

The components of the net pension asset of the System at June 30, 2021, were as follows (Dollars Expressed in Thousands):

	State of South Dakota Proportionate Allocation 20.4%	Discretely Presented Component Units Proportionate Allocation 14.3%
<b>Total Pension Liability</b>	\$ 2,835,034	\$ 1,980,251
<b>Plan Fiduciary Net Position</b>	(2,991,611)	(2,089,619)
<b>Net Pension (Asset) Liability</b>	<u>\$ (156,577)</u>	<u>\$ (109,368)</u>
<b>Fiduciary Net Position as a Percentage of Net Pension Liability</b>	105.5%	105.5%

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of June 30, 2021, 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. This is composed of an average inflation rate of 2.25% and real returns of 4.25%.
- Future COLAs: 2.25% FY22 and 2.10% FY23

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, 2021, 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, 2021, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58%	4.3%
Fixed Income	30%	1.6%
Real Estate	10%	4.6%
Cash	2%	0.9%
<b>Total</b>	<u><b>100%</b></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 \$156.6 million using a June 30, 2021, 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	\$ 253,537	\$ (156,577)	\$ (489,493)
Discretely Presented Component units Proportionate Share of SDRS Net Pension (Asset) Liability	177,094	(109,368)	(341,908)

**Deferred Outflows and Inflows of Resources Related to Pensions.** The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2022, were as follows (Expressed in Thousands):

<u>Source</u>	State of South Dakota Deferred Outflows and Inflows of Resources Related to Pensions			
	<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	\$ 5,622	\$ 411	\$ 3,927	\$ 286
Changes in Assumptions	180,061	78,411	125,771	54,769
Net Differences between Projected and Actual Earnings on Pension Plan Investments		223,670		156,236
Changes in Proportionate Share and Differences between Contributions and Proportionate Share of Contributions	576	3,848	865	191
Contributions Subsequent to the Measurement Date	29,452		19,777	
<b>Total</b>	<u>\$ 215,711</u>	<u>\$ 306,340</u>	<u>\$ 150,340</u>	<u>\$ 211,482</u>

The \$29.5 million and the \$19.8 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, 2021. 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>
2023	\$ (32,253)	\$ (19,662)
2024	(19,428)	(13,516)
2025	(5,476)	(3,787)
2026	(62,924)	(43,954)
<b>Total</b>	<u>\$ (120,081)</u>	<u>\$ (80,919)</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, 2022, (Expressed in Thousands):

	<u>General</u>	<u>Trans- portation</u>	<u>Social Services Federal</u>	<u>COVID-19 Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Nonspendable</b>								
Inventory	\$ 2,405	\$ 22,563	\$ 7	\$ 831	\$	\$	\$ 2,751	\$ 28,557
Prepays	3,206	234	1,301	212			751	5,704
Permanent Fund Principal						431,660	206,568	638,228
<b>Total Nonspendable Fund Balances</b>	<b>5,611</b>	<b>22,797</b>	<b>1,308</b>	<b>1,043</b>	<b>0</b>	<b>431,660</b>	<b>210,070</b>	<b>672,489</b>
<b>Restricted</b>								
Education					358,651	244,764	10,941	614,356
Health and Public Assistance							99,213	99,213
Law , Justice, and Public Protection							27,836	27,836
Economic Development							81,237	81,237
Transportation		280,149						280,149
Agriculture and Natural Resources							106,798	106,798
Energy Conservation or Development							12,047	12,047
Game and Fish							8,028	8,028
Parks and Recreation							2,965	2,965
Public Buildings							1,239	1,239
Public Broadcasting							309	309
Railroads							76,700	76,700
Pandemic Response				6				6
Debt Service							33,085	33,085
Capital Projects							312	312
Other							9,671	9,671
<b>Total Restricted Fund Balances</b>	<b>0</b>	<b>280,149</b>	<b>0</b>	<b>6</b>	<b>358,651</b>	<b>244,764</b>	<b>470,381</b>	<b>1,353,951</b>
<b>Committed</b>								
Education							284	284
Health and Public Assistance							3,825	3,825
Law , Justice, and Public Protection							20,814	20,814
Agriculture and Natural Resources							9,065	9,065
Environmental Cleanup							6,737	6,737
Energy Conservation or Development							937	937
Public Buildings							2,016	2,016
Railroads							515	515
Other							19,088	19,088
<b>Total Committed Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,281</b>	<b>63,281</b>
<b>Assigned</b>								
Education	18,118						562	18,680
Higher Education	102,854							102,854
Health and Public Assistance	81,468		1,284				6,276	89,028
Law , Justice, and Public Protection	46,531						4,197	50,728
Agriculture and Natural Resources	15,732						630	16,362
Game and Fish	7,041							7,041
Tourism Promotion	5,080							5,080
Public Buildings	27,795						3,066	30,861
Economic Development	86,704							86,704
School Districts	17,000							17,000
Other	60,823						2,654	63,477
<b>Total Assigned Fund Balances</b>	<b>469,146</b>	<b>0</b>	<b>1,284</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,385</b>	<b>487,815</b>
<b>Unassigned Fund Balances *</b>	508,940						(12,881)	496,059
<b>Total Fund Balances</b>	<b>\$ 983,697</b>	<b>\$ 302,946</b>	<b>\$ 2,592</b>	<b>\$ 1,049</b>	<b>\$ 358,651</b>	<b>\$ 676,424</b>	<b>\$ 748,236</b>	<b>\$ 3,073,595</b>

\* This amount includes \$176.8 million of equity from the Budget Reserve established by the 1991 South Dakota Legislature and \$245.8 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, 2022, was \$176.8 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, 2022, was \$245.8 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, 2022, the following equity balances are included within the State's General Fund in accordance with GASB 54 (Expressed in Thousands):

<b>Fund Balance - June 30, 2022 as reported</b>	<b>\$ 983,697</b>
<b>Less Statutorily Created Funds Combined with the General Fund:</b>	
Tourism Promotion - assigned for Tourism Promotion	5,238
Investment Council Operating - assigned for Other	2,552
Private Activity Bond - assigned for Other	322
Teen Court - assigned for Other	21
Proof of Concept - assigned for Economic Development	23
Fine Arts - assigned for Other	1,081
Economic Development - assigned for Economic Development	257
Local Infrastructure Improvement - assigned for Economic Development	6,014
Workforce Education - assigned for Education	2,238
Extraordinary Litigation Expense - assigned for Other	926
IT Modernization Fund	8,712
Incarceration Construction Fund	16,640
Legislative Contingency Fund - unassigned	1,545
<b>Fund Balance - June 30, 2022 excluding GASB 54 combinations</b>	<b><u>\$ 938,128</u></b>

**Net Position Restricted by Enabling Legislation**

The Government-wide Statement of Net Position reports \$2.1 billion of restricted net position for the primary government of which \$256.4 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, 2022, 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, 2022, are summarized as follows (Expressed in Thousands):

<u>Fund</u>	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total Restriction</u>
Education Enhancement Trust	\$ 244,764	\$ 431,660	\$ 676,424
Health Care Trust	69,362	135,631	204,993
Permanent	(2,274)	70,937	68,663
<b>Total</b>	<b>\$ 311,852</b>	<b>\$ 638,228</b>	<b>\$ 950,080</b>

**Individual Fund Deficits**

The following individual funds had deficit fund equity at June 30, 2022, (Expressed in Thousands):

<u>Fund Type/Fund</u>	<u>Deficit</u>
Internal Service:	
State Worker's Compensation	\$ 27,386
Special Revenue:	
State Fire Suppression	8,441
Law Enforcement Revolving	970
Public Broadcasting	97
Public Utilities Commission Federal	85
Animal Damage Control	68

## 9. COMMITMENTS

At June 30, 2022, the Primary Government had operating commitments of \$2.3 billion and the State's discretely presented component units had operating commitments of \$185.5 million. The Primary Government also had uncalled capital commitments of \$1.8 billion. These commitments are broken down as follows:

### Primary Government

#### Major Governmental Funds

**General Fund:** The total amount committed for the General Fund is \$223.7 million broken down by departments as follows:

- Department of Social Services has commitments totaling \$96.0 million for alcohol and drug services, community mental health services, food services, janitorial services, lease arrangements, and various other contractual commitments.
- Governor's Office of Economic Development has commitments totaling \$62.8 million for Connect SD projects, marketing contracts, and reinvestment payment program projects.
- Department of Education has commitments totaling \$17.9 million for grants, computer systems maintenance, and various K-12 programs.
- Department of Human Services has commitments totaling \$10.9 million for various equipment and systems update, maintenance services, and lease arrangements.
- Bureau of Administration has commitments totaling \$10.6 million for multiple statewide maintenance and repair projects.
- Bureau of Information and Telecommunications has commitments totaling \$7.4 million for various service contracts and encumbered purchase orders.
- Department of Tourism has commitments totaling \$5.7 million for marketing contracts.
- Department of Corrections has commitments totaling \$3.3 million for security fencing.
- Department of Agriculture and Natural Resources has commitments totaling \$3.0 million for lease arrangements.
- Department of Public Safety has commitments totaling \$1.8 million for grants, encumbrances, and maintenance services.
- Department of Veteran's Affairs has road construction commitments totaling \$1.7 million for the South Dakota Cemetery in Minnehaha County.
- Department of Military has commitments totaling \$0.8 million for numerous building renovation projects.
- Department of Revenue has commitments totaling \$0.6 million for software services.
- Unified Judicial System has commitments totaling \$0.6 million for various programs relating to drug and DUI courts.
- Attorney General's Office has commitments totaling \$0.6 million for lease arrangements.

**Transportation Fund:** The total amount committed for the Transportation Fund is \$584.5 million broken down as follows:

- Department of Transportation has commitments totaling \$582.5 million for various highway projects, maintenance projects, bridge repairs, pavement markings, drainage projects, deer and debris pickup, snow plowing, and street sweeping.
- Department of Public Safety has commitments totaling \$2.0 million for maintenance costs for software systems.

**Social Services Federal Fund:** Department of Social Services has commitments totaling \$133.7 million for lease arrangements and various other contractual commitments.



**COVID-19 Federal Fund:** The total amount committed for the COVID-19 Federal Fund is \$723.5 million broken down as follows:

- Department of Agriculture and Natural Resources has commitments totaling \$591.3 million for American Rescue Plan Act (ARPA) contracts.
- Bureau of Administration has commitments totaling \$58.0 million for multiple ARPA contracts for maintenance and repair projects.
- Governor's Office of Economic Development has commitments totaling \$37.6 million for Connect SD projects.
- Department of Education has commitments totaling \$21.0 million for programs, grants, and reimbursing costs incurred pursuant to Coronavirus Relief Fund.
- Department of Social Services has commitments totaling \$11.1 million for community services block grants, Medicaid dental claims, food services, and community mental health services.
- Bureau of Finance and Management has commitments totaling \$3.3 million for various service contracts relating CARES Act.
- Department of Labor and Regulation has commitments totaling \$1.2 million for multiple service systems and programs.

### **Nonmajor Governmental Funds**

**Education Federal Fund:** Department of Education has commitments totaling \$59.3 million for various grants and programs.

**Human Services Fund:** Department of Human Services has commitments totaling \$13.0 million for various equipment and systems updates and lease arrangements.

**Labor Fund:** Department of Labor and Regulation has commitments totaling \$2.5 million for equipment, leases, and other contractual arrangements.

**Governor's Office and State Development Federal Fund:** Governor's Office of Economic Development has commitments totaling \$18.5 million for Community Development Block Grants.

**Public Safety Emergency Management Fund:** Department of Public Safety has commitments totaling \$42.2 million for grant payments and various contracts.

**Natural Resources Federal Fund:** Department of Agriculture and Natural Resources has commitments totaling \$1.6 million in federal subgrant outstanding obligations.

**Health Fund:** Department of Health has commitments totaling \$10.1 million for lease arrangements.

**Motor Vehicle Fund:** Department of Public Safety has commitments totaling \$4.7 million for encumbrances and contracts. In addition, Department of Revenue has commitments totaling \$3.7 million for lease arrangements and various contracts relating to motor vehicle programs.

**Revenue Fund:** Department of Revenue has commitments totaling \$22.7 million for the production and distribution of license plates, lease arrangements, and various contracts for motor vehicle registration and self-service kiosks.

**Future Fund:** Governor's Office of Economic Development has commitments totaling \$10.0 million for South Dakota Community Foundation and Sioux Falls Development Foundation grants.

**Water and Environment Fund:** Department of Agriculture and Natural Resources has commitments totaling \$32.9 million in subgrants and subawards.

**Military Federal Fund:** Department of Military has commitments totaling \$5.7 million for numerous building renovations, maintenance, and repair projects.

**Other Nonmajor Governmental Funds:** The total amount committed for the Other Nonmajor Special Revenue Funds is \$108.9 million broken down by agency as follows:

- Department of Public Safety has commitments totaling \$89.5 million for highway safety grant payments, emergency management grants, highway safety messages, conducting surveys, various service contracts, a new 911 system design and maintenance, and motorcycle safety courses.
- Department of Education has commitments totaling \$5.4 million for various grants and contractual commitments.
- Governor's Office of Economic Development has commitments totaling \$3.7 million for local infrastructure improvement program grants.
- Department of Social Services has commitments totaling \$1.3 million for substance use disorder services, community mental health services, and various other contractual commitments.
- Department of Agriculture and Natural Resources has commitments totaling \$0.9 million for subgrants and subawards.
- Department of Revenue has commitments totaling \$0.9 million for software services.
- Unified Judicial System has commitments totaling \$0.8 million for rural attorney contracts and various service contracts.
- South Dakota Soybean Research and Promotion Council has commitments totaling \$4.7 million for various contractual projects.
- South Dakota Corn Council has commitments totaling \$1.7 million for the operation and infrastructure of the bioprocessing center to be located within the State.

### **Major Proprietary Funds**

**Clean Water State Revolving Fund:** Department of Agriculture and Natural Resources has commitments totaling \$109.4 million for loan commitments with borrowers.

**Drinking Water State Revolving Fund:** Department of Agriculture and Natural Resources has commitments totaling \$64.8 million for loan commitments with borrowers.

### **Nonmajor Proprietary Funds**

**Revolving Economic Development and Initiative Fund:** Governor's Office of Economic Development has commitments totaling \$42.5 million for loan commitments with borrowers.

**Prison Industries Fund:** Department of Corrections has commitments totaling \$5.1 million for license plate reissuance.

**Self-Insurance Fund:** Bureau of Human Resources has commitments totaling \$17.8 million for claims administration, medical management, and wellness services.

**Information Services Fund:** The Bureau of Information and Telecommunications has commitments totaling \$4.5 million for encumbrances, software, and services contracts.

**Telecommunications Fund:** The Bureau of Information and Telecommunications has commitments totaling \$2.8 million for lease arrangements, encumbrances and services contracts.

**Accounting and Payroll Fund:** The Bureau of Finance and Management has commitments totaling \$0.6 million for computer hardware, subscription, and service contracts.

**Fleet and Travel Management Fund:** The Bureau of Administration has commitments totaling \$1.1 million for vehicles.

**Other Nonmajor Proprietary Funds:** The total amount committed for the Other Nonmajor Proprietary Funds is \$4.6 million broken down by agency as follows:

- Bureau of Information and Telecommunications has commitments totaling \$4.6 million for radio communication upgrades.

**Discretely Presented Component Units**

**Higher Education:** Higher Education has commitments totaling \$102.2 million of construction, renovation, and coaching contract commitments.

**South Dakota Housing Development Authority:** South Dakota Housing Development Authority has commitments totaling \$74.6 million to fund the Homeownership Mortgage Program.

**South Dakota Science and Technology Authority:** South Dakota Science and Technology Authority has commitments totaling \$7.5 million for building maintenance and repair projects.

**South Dakota Ellsworth Development Authority:** South Dakota Ellsworth Development Authority has commitments totaling \$1.2 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 \$1.8 billion. The commitments may be called at the discretion of the general partner or may never be called. As capital is called, it is funded from capital and earnings returned by the limited partnerships or from other assets. Approximate uncalled capital commitments as of June 30, 2022, is broken down as follows (Expressed in Thousands):

	Special Revenue			Fiduciary Component Unit	Permanent	TOTAL
	Dakota Cement Trust	Education Enhancement Trust	Health Care Trust	South Dakota Retirement System Pension Trust Fund	Permanent Fund	
Real Estate Funds	\$ 34,381	\$ 67,137	\$ 17,781	\$ 1,115,792	\$ 35,780	\$ 1,270,871
Private Equity Funds	8,585	15,599	3,749	446,660	8,201	482,794
Total	\$ 42,966	\$ 82,736	\$ 21,530	\$ 1,562,452	\$ 43,981	\$ 1,753,665

**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 \$27.4 million at June 30, 2022.

The Workers' Compensation Fund liability at June 30, 2022, and the changes to the liability during fiscal years ended June 30, 2022 and 2021 were as follows (Expressed in Thousands):

	<u>FY2022</u>	<u>FY2021</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 33,930	\$ 32,194
<b>Incurred claims and claim adjustment expenses</b>		
Provision for insured events of current fiscal year	6,290	6,793
Changes in provision for insured events of prior fiscal years	110	483
<b>Total incurred claims and claim adjustment expenses</b>	<u>6,400</u>	<u>7,276</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,124	1,455
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	4,191	4,085
<b>Total payments</b>	<u>5,315</u>	<u>5,540</u>
<b>Unpaid claims and claim adjustment expenses at end of fiscal year</b>	<u>\$ 35,015</u>	<u>\$ 33,930</u>

**B. Health Insurance**

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

The health insurance program liability at June 30, 2022 and the changes to the liability during fiscal years ended June 30, 2022 and 2021 were as follows (Expressed in Thousands):

	<u>FY2022</u>	<u>FY2021</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 16,574	\$ 17,220
Incurred claims and claim adjustment expenses	131,186	135,495
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	120,028	118,921
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	16,574	17,220
<b>Total payments</b>	<u>136,602</u>	<u>136,141</u>
<b>Unpaid claims and claim adjustment expenses at end of fiscal year</b>	<u>\$ 11,158</u>	<u>\$ 16,574</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 limits claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The State claims sovereign immunity for all other tort liabilities. A State Supreme Court opinion allows noneconomic damages against employees of the State while they are performing ministerial acts; therefore, the PEPL Fund coverage document provides liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance is purchased. For the current fiscal year, the State purchased reinsurance for claims costs over \$500,000 with 100% of the remaining \$500,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated and unallocated claim adjustment expenses are included in the determination of claims payable. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2022, \$4.4 million of the net position balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2022, and the changes to the liability during fiscal years ended June 30, 2022, and 2021 were as follows (Expressed in Thousands):

	<u>FY2022</u>	<u>FY2021</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 4,401	\$ 4,794
<b>Incurring claims and claim adjustment expenses</b>		
Provision for insured events of current fiscal year	2,129	1,650
Changes in provision for insured events of prior fiscal years	842	(657)
<b>Total incurring claims and claim adjustment expenses</b>	<u>2,971</u>	<u>993</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	272	474
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	1,661	912
<b>Total payments</b>	<u>1,933</u>	<u>1,386</u>
<b>Unpaid claims and claim adjustment expenses at end of fiscal year</b>	<u>\$ 5,439</u>	<u>\$ 4,401</u>

**D. Risk Management**

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

**11. LONG-TERM LIABILITIES**

Long-term obligations at June 30, 2022, and changes to long-term liabilities during the fiscal year then ended are as follows (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities *</b>					
Revenue Bonds	\$ 119,274	\$ 54,370	\$ (70,801)	\$ 102,843	\$ 15,501
Add Unamortized Premium	9,595		(4,191)	5,404	432
<b>Net Revenue Bonds</b>	<b>128,869</b>	<b>54,370</b>	<b>(74,992)</b>	<b>108,247</b>	<b>15,933</b>
Compensated Absences	68,320	51,488	(49,543)	70,265	37,683
Policy Claims Liability	4,401	2,971	(1,933)	5,439	1,998
Workers Compensation	33,935	6,400	(5,314)	35,021	4,147
Leases Payable		42,155	(5,874)	36,281	4,940
Notes Payable, as reclassified	108,922	44,065	(50,485)	102,502	7,125
Pollution Remediation Obligation	12,160	375		12,535	450
Escheat Property	48,723	33,073	(19,760)	62,036	44,545
Other Long Term Liabilities	112	60	(56)	116	59
<b>Total Governmental Activities</b>	<b>\$ 405,442</b>	<b>\$ 234,957</b>	<b>\$ (207,957)</b>	<b>\$ 432,442</b>	<b>\$ 116,880</b>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 363,840	\$	\$ (22,425)	\$ 341,415	\$ 23,475
Add Unamortized Premium	63,470		(3,896)	59,574	3,897
<b>Net Revenue Bonds</b>	<b>427,310</b>		<b>(26,321)</b>	<b>400,989</b>	<b>27,372</b>
Leases Payable		1,837	(366)	1,471	355
Compensated Absences	1,754	1,248	(1,078)	1,924	1,040
Other Noncurrent Liabilities	1,464	314		1,778	
<b>Total Business-type Activities</b>	<b>\$ 430,528</b>	<b>\$ 3,399</b>	<b>\$ (27,765)</b>	<b>\$ 406,162</b>	<b>\$ 28,767</b>
<b>Component Units</b>					
Revenue Bonds, as reclassified	\$ 1,644,685	\$ 387,960	\$ (395,349)	\$ 1,637,296	\$ 51,733
Less Unamortized Discount	(75)		4	(71)	(4)
Add Unamortized Premium	63,899	14,749	(12,172)	66,476	3,185
Direct Placement Bonds	100,220	9,259	(40,040)	69,439	1,697
<b>Net Revenue Bonds</b>	<b>1,808,729</b>	<b>411,968</b>	<b>(447,557)</b>	<b>1,773,140</b>	<b>56,611</b>
Compensated Absences	47,664	21,747	(20,769)	48,642	17,069
Leases Payable		5,976	(1,579)	4,397	1,688
Notes Payable, as reclassified	6,750	3,318	(2,008)	8,060	1,789
Rural Development Loans	1,217		(83)	1,134	86
Federal Contributions for Education Loan Programs	32,286		(3,615)	28,671	
Advances from Primary Government, as reclassified	13,120		(13,120)		
<b>Total Component Units</b>	<b>\$ 1,909,766</b>	<b>\$ 443,009</b>	<b>\$ (488,731)</b>	<b>\$ 1,864,044</b>	<b>\$ 77,243</b>

\* Governmental Activities Other Long-Term Obligations - The General Fund, special revenue, and internal service funds in which the leases are recorded will liquidate the 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 Agriculture and Natural Resources – Other Fund. The escheat property obligation will be liquidated by the State's General Fund.

**Revenue Bonds and Trust Certificates**

**A. Governmental Activities**

**1. South Dakota Building Authority**

The SDBA issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of state departments and institutions. Bonds and certificates of participation are payable from revenues generated through 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, 2022, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2013D	2023	4.130%	\$ 145
2014A	2024	5.000%	265
2014D	2027	5.000%	3,467
2014E	2024	5.000%	703
2015A	2023	3.063%	745
2017A	2040	4.000%-5.000%	38,645
2019B	2038	2.012%-3.201%	6,455
2020A	2039	0.606%-2.619%	9,083
Add Unamortized Premium			5,404
<b>Total</b>			<b>\$ 64,912</b>

As of June 30, 2022, debt service requirements for principal and interest for the SDBA were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,051	\$ 2,357	\$ 6,408
2024	4,218	2,213	6,431
2025	4,051	2,070	6,121
2026	4,188	1,927	6,115
2027	4,352	1,775	6,127
2028-2032	16,500	6,893	23,393
2033-2037	14,247	3,996	18,243
2038-2040	7,901	694	8,595
<b>Total</b>	<b>\$ 59,508</b>	<b>\$ 21,925</b>	<b>\$ 81,433</b>

**2. Educational Enhancement Funding Corporation**

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

Following are EEFC bonds outstanding at June 30, 2022, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2021	2026	.706-1.495%	\$ 43,335
<b>Total</b>			<b>\$ 43,335</b>

As of June 30, 2022, debt service requirements for principal and interest for the EEFC were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,450	\$ 472	\$ 11,922
2024	10,985	391	11,376
2025	10,780	286	11,066
2026	10,120	151	10,271
<b>Total</b>	<b>\$ 43,335</b>	<b>\$ 1,300</b>	<b>\$ 44,635</b>

**B. Business-type Activities**

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

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

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



The following is a schedule of outstanding bonds as of June 30, 2022, (Expressed in Thousands):

<b>Bond Series</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Clean Water State Revolving Fund</b>			
2010AB	2030-2031	4.684%-5.646%	\$ 23,519
2012A	2027	2.633%-3.183%	13,725
2012B	2023-2031	5.000%	5,225
2014B	2035	5.000%	33,530
2017A	2023	2.149%	1,575
2017B	2030-2038	5.000%	60,160
2018	2039	5.000%	52,420
2020	2043	5.000%	76,310
Add Unamortized Premium			50,794
<b>Total</b>			<b>317,258</b>
<b>Drinking Water State Revolving Fund</b>			
2010AB	2030-2031	4.684%-5.646%	12,106
2012A	2027	2.633%-3.183%	8,840
2014B	2035	5.000%	4,470
2017A	2023	2.149%	1,995
2017B	2030-2038	5.000%	11,795
2018	2039	5.000%	35,745
Add Unamortized Premium			8,780
<b>Total</b>			<b>83,731</b>
<b>Total Revenue Bonds</b>			<b>\$ 400,989</b>

As of June 30, 2022, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (Expressed in Thousands):

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Clean Water State Revolving Fund</b>			
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	16,853	9,536	26,389
2028-2032	77,871	35,773	113,644
2033-2037	61,835	18,118	79,953
2038-2042	37,195	5,352	42,547
2043	5,965	149	6,114
<b>Total</b>	<b>266,464</b>	<b>115,087</b>	<b>381,551</b>
<b>Drinking Water State Revolving Fund</b>			
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	4,817	2,376	7,193
2028-2032	21,304	8,355	29,659
2033-2037	16,795	3,763	20,558
2038-2039	6,600	316	6,916
<b>Total</b>	<b>74,951</b>	<b>26,751</b>	<b>101,702</b>
<b>Total</b>	<b>\$ 341,415</b>	<b>\$ 141,838</b>	<b>\$ 483,253</b>

**C. Component Units**

**1. South Dakota Housing Development Authority**

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

Following is a schedule of bonds, consolidated by category, outstanding at June 30, 2022, (Expressed in Thousands):

	<u>Maturity</u>	<u>Interest</u>	<u>Amount</u>
<b>Home-Ownership Mortgage Program Bonds</b>	2022-2053	0.025%-5.000%	
Serial Bonds			\$ 429,395
Term Bonds			713,724
Term Direct Placement Bonds			50,000
Add Unamortized Premium			31,862
<b>Total</b>			<u><u>1,224,981</u></u>
<b>Single Family Mortgage Bonds</b>	2023-2041	2.294%-3.500%	
Serial Bonds			5,330
Term Bonds			10,820
Add Unamortized Premium			144
<b>Total</b>			<u><u>16,294</u></u>
<b>Multiple Purpose Bonds</b>	2022-2062	0.920%-3.650%	
Term Bonds			20,545
<b>Total</b>			<u><u>20,545</u></u>
<b>Total Bonds</b>			<u><u>\$ 1,261,820</u></u>

As of June 30, 2022, debt service requirements for principal and interest for the HDA were as follows (Expressed in Thousands):

<b>Year Ended</b>	<b>Bonds</b>		<b>Direct Placement Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
<b>June 30</b>					
2023	\$ 21,795	\$ 30,646	\$	\$ 630	\$ 53,071
2024	59,625	30,473		630	90,728
2025	59,380	29,230		630	89,240
2026	49,840	27,986		630	78,456
2027	45,755	27,042		630	73,427
2028-2032	222,400	117,198	18,115	2,868	360,581
2033-2037	160,595	92,533	31,885	1,097	286,110
2038-2042	156,090	75,582			231,672
2043-2047	253,759	48,675			302,434
2048-2052	142,885	12,948			155,833
2053-2057	6,110	140			6,250
2058-2062	1,470	5			1,475
2063-2067	110				110
<b>Total</b>	<u><u>\$ 1,179,814</u></u>	<u><u>\$ 492,458</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 7,115</u></u>	<u><u>\$ 1,729,387</u></u>

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

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

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

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2022, 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, 2022, (Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2013A	2033	4.650%-5.800%	\$ 6,700
<b>Total</b>			<b>\$ 6,700</b>

As of June 30, 2022, 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>
2023	\$ 455	\$ 383	\$ 838
2024	480	362	842
2025	505	335	840
2026	535	305	840
2027	565	274	839
2028-2032	3,365	838	4,203
2033	795	46	841
<b>Total</b>	<b>\$ 6,700</b>	<b>\$ 2,543</b>	<b>\$ 9,243</b>

**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 2022 equaled \$32.3 million. Following are revenue bonds outstanding at June 30, 2022, (Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
<b>School of Mines and Technology</b>			
2008B Direct Placement	2028	4.550%	\$ 1,700
2014A	2039	4.000%-5.000%	5,405
2014B	2033	5.000%	4,325
2017A	2042	4.000%-5.000%	14,720
Add Unamortized Premium			2,469
<b>University of South Dakota</b>			
2013A	2028	3.000%-4.000%	5,675
2015	2030	4.000%-5.000%	6,085
2017A	2039	4.000%-5.000%	28,880
Add Unamortized Premium			4,842
<b>South Dakota State University</b>			
2006 Direct Placement	2026	3.920%	2,125
2014A	2025	5.000%	7,525
2015	2030	4.000%-5.000%	1,215
2016	2041	4.000%-5.000%	11,135
2017A	2042	4.000%-5.000%	33,285
2021	2036	3.000%-4.000%	36,570
Less Unamortized Discount			(71)
Add Unamortized Premium			11,058
<b>Northern State University</b>			
2008B Direct Placement	2028	4.550%	450
2014B	2029	5.000%	2,050
2016	2041	4.000%-5.000%	5,885
2017A	2034	4.000%-5.000%	785
2019B	2036	2.400%-3.350%	4,250
Add Unamortized Premium			675
<b>Dakota State University</b>			
2007 Direct Placement	2029	3.880%	170
2008 Direct Placement	2028	3.880%	1,825
2014B	2025	5.000%	540
2015	2040	4.000%-5.000%	9,360
2019A	2044	3.000%-5.000%	11,480
Add Unamortized Premium			2,210
<b>Black Hills State University</b>			
2006 Direct Placement	2026	3.920%	345
2007 Direct Placement	2029	3.880%	3,590
2014A	2039	4.000%-5.000%	6,565
2014B	2026	5.000%	710
Add Unamortized Premium			396
<b>Total</b>			<b>\$ 228,229</b>

As of June 30, 2022, 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	
2023	\$ 12,740	\$ 8,600	\$ 1,650	\$ 402	\$ 23,392
2024	12,995	8,025	1,725	335	23,080
2025	13,580	7,438	1,795	266	23,079
2026	11,245	6,822	1,865	193	20,125
2027	11,720	6,303	1,255	117	19,395
2028-2032	59,040	23,457	1,915	78	84,490
2033-2037	50,010	10,382			60,392
2038-2042	23,595	2,567			26,162
2043-2047	1,520	69			1,589
<b>Total</b>	<b>\$ 196,445</b>	<b>\$ 73,663</b>	<b>\$ 10,205</b>	<b>\$ 1,391</b>	<b>\$ 281,704</b>

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

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

Following is a schedule of bonds outstanding at June 30, 2022, (Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
<b>Revenue Bonds</b>			
2012A	2022	4.000%	\$ 750
2013B	2023	5.000%	2,820
2014A	2024	5.000%	2,245
2014B	2025	5.000%	2,395
2014D	2026	5.000%	693
2014E	2024	5.000%	3,677
2014F	2024	3.300%-3.700%	1,000
2015B	2025	5.000%	1,010
2017A	2042	4.000%-5.000%	10,040
2018A	2040	4.000%-5.000%	26,235
2019A	2034	4.000%-5.000%	12,310
2019B	2038	2.012%-3.201%	63,430
2020A	2040	0.606%-2.619%	67,537
2020B	2029	0.581%-1.732%	9,805
2020C	2045	3.000%-4.000%	24,245
2022A	2046	4.000%	9,155
2022B Direct Placement	2035	2.170%	9,234
Add Unamortized Premium			12,820
<b>Total Revenue Bonds</b>			<b>\$ 259,401</b>

As of June 30, 2022, debt service requirements for principal and interest for the SDBA (Higher Ed portion) were as follows (Expressed in Thousands):

Year Ended June 30	Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2023	\$ 15,628	\$ 7,299	\$ 47	\$ 200	\$ 23,174
2024	16,227	6,710	48	199	23,184
2025	17,049	6,173	49	198	23,469
2026	16,973	5,764	50	197	22,984
2027	15,548	5,350	702	196	21,796
2028-2032	70,065	21,167	5,052	690	96,974
2033-2037	53,198	11,651	3,286	144	68,279
2038-2042	26,629	3,502			30,131
2043-2047	6,030	534			6,564
<b>Total</b>	<b>\$ 237,347</b>	<b>\$ 68,150</b>	<b>\$ 9,234</b>	<b>\$ 1,824</b>	<b>\$ 316,555</b>

**4. South Dakota Ellsworth Development Authority**

The EDA was established to protect and promote the economic impact of Ellsworth Air Force Base and associated industry, and to promote the health and safety of those living or working near the base. No obligation issued by the EDA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision. Debt payments will be paid with pledged user fees from operating the waste water treatment plant. Following is a schedule of bonds outstanding at June 30, 2022, (Expressed in Thousands):

Bond Series	Maturity Through	Interest Rate	Amount
2012A	2036	2.390%	\$ 5,519
2012B	2036	2.390%	5,519
2013A	2036	2.390%	1,212
2013B	2036	2.390%	3,673
2013C	2036	2.390%	521
2013D	2036	2.390%	545
<b>Total</b>			<b>\$ 16,989</b>

As of June 30, 2022, debt service requirements for principal and interest for the EDA were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2023	\$ 1,162	\$ 399	\$ 1,561
2024	1,190	371	1,561
2025	1,219	342	1,561
2026	1,248	313	1,561
2027	1,278	283	1,561
2028-2032	6,866	941	7,807
2033-2036	4,026	156	4,182
<b>Total</b>	<b>\$ 16,989</b>	<b>\$ 2,805</b>	<b>\$ 19,794</b>

**Leases Payable**

During the fiscal year the State had 286 lessee lease agreements for the use of land, buildings, and equipment. The terms of the leases range from 1 to 40 years. The leases have a weighted average interest rate of 2.72%. The following schedule is a summary of the future minimum principal and interest lease payments under leases, together with the present value of the net minimum lease payments as of June 30, 2022, (Expressed in Thousands):

Year Ended June 30	Primary Government		Component Units	
	Principal	Interest	Principal	Interest
2023	\$ 5,295	\$ 956	\$ 1,688	\$ 162
2024	4,487	827	1,731	86
2025	4,397	706	524	33
2026	4,211	588	331	15
2027	3,607	480	119	3
2028-2032	10,028	1,323	4	1
2033-2037	3,337	522	0	0
2038-2042	1,715	188	0	0
2043-2047	261	73	0	0
2048-2052	206	42	0	0
2053-2057	163	18	0	0
2058-2062	45	1	0	0
<b>Total Lease Payments</b>	<b>\$ 37,752</b>	<b>\$ 5,724</b>	<b>\$ 4,397</b>	<b>\$ 300</b>

**Notes Payable and Installment Purchases**

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

Following is a schedule of the Vocational Education Program notes payable outstanding at June 30, 2022, (Expressed in Thousands):

Note Series	Maturity Through	Interest Rates	Amount
2015A	2039	3.000%-5.000%	\$ 20,250
2015B	2036	3.000%-5.000%	12,575
2015C	2036	3.000%-5.000%	13,860
2021	2041	2.290%	30,316
2022	2042	3.380%	13,749
<b>Total</b>			<b>\$ 90,750</b>

Following is a schedule of the installment purchases payable outstanding at June 30, 2022, (Expressed in Thousands):

<u>Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2017A	2023	3.634%	\$ 601
2017B	2024	3.900%	1,518
2018A	2025	3.460%	2,610
2018B	2023	10.430%	5
2019A	2025	4.779%	56
2019B	2024	4.779%	85
2020A	2026	2.680%	2,610
2020B	2024	3.400%	321
2020C	2024	3.350%	140
2021A	2027	2.400%	664
2021B	2027	2.300%	3,141
<b>Total</b>			<b>\$ 11,751</b>

The State also enters into purchase agreements for various facilities and equipment. The following schedule is a summary of the future minimum payments under notes and installment purchases, together with the present value of the net minimum lease payments as of June 30, 2022, (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 7,125	\$ 3,557	\$ 1,887	\$ 237
2024	6,617	3,448	1,457	201
2025	6,231	3,265	1,061	169
2026	6,026	3,012	818	143
2027	5,420	2,798	320	118
2028-2032	26,312	11,010	1,544	370
2033-2037	29,310	5,277	502	141
2038-2042	15,461	903	212	74
2043-2047			259	27
<b>Total</b>	<b>\$ 102,502</b>	<b>\$ 33,270</b>	<b>\$ 8,060</b>	<b>\$ 1,480</b>

**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**

The EDFFA provides low interest financing to agricultural enterprises in the State of South Dakota. The loans can be used to acquire agricultural property. The EDFFA 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, 2022, there were 112 Beginning Farmer Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2022, could not be determined; however, the original issue amount totaled \$23.5 million.

As of June 30, 2022, there were 7 Agribusiness Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2022, could not be determined; however, the original issue amount totaled \$18.6 million.

As of June 30, 2022, there were 23 Livestock Nutrient Management Bond Program Series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2022, could not be determined; however, the original issue amount totaled \$61.9 million.

## **2. South Dakota Housing Development Authority**

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

As of June 30, 2022, the aggregate principal amount of conduit debt outstanding totaled \$14.6 million.

## **Refunded and Defeased Bonds**

### **1. South Dakota Building Authority**

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

On January 31, 2022, the SDBA issued \$9.3 million in Tax-Exempt Revenue Bonds Series 2022B to current refund the Series 2010B bonds. The refunding portion with an average interest rate of 2.2% was used to refund \$9.0 million of outstanding Series 2010B bonds with an average interest rate of 6.0%. The net proceeds of the refunding portion of \$9.1 million were used to escrow the refunded Series 2010B bonds (after payment of \$0.2 million in underwriting fees and other issuance costs). As a result, the refunded Series 2010B 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 \$49.6 thousand. This difference is being charged to operations through fiscal year 2035 using the effective-interest method. The SDBA completed the advance refunding for a net economic gain of \$0.7 million. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$0.9 million reduction in debt service payments. There was no actual cash amount realized for this refunding as the payment was amended.

Fully defeased bonds not yet paid to bondholders as of June 30, 2022, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Original Amount Defeased</u>
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
<b>Total</b>		<b>\$ 127,185</b>

The Series 2011A bonds were called on September 1, 2021. The Series 2010B bonds were called on February 18, 2022. 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 August 2021, the HDA issued \$20.3 million of fixed rate Homeownership Mortgage Bonds, 2021 Series B (the Refunding Bonds). The Refunding Bonds, totaling \$20.3 million were used to refund \$14.2 million of Single Family Mortgage Bonds, 2011 Series 2 and 2009 Series 1-D and \$6.1 million of Homeownership Mortgage Bonds, 2012 Series B (collectively the Refunded bonds). The purpose of the refunding was to reduce the HDA’s borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately \$4.0 million. Assuming a mortgage prepayment speed of 100% FHA, 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 and negative arbitrage, will result in an economic gain of approximately \$1.4 million.

In February 2022, the HDA issued \$16.5 million of fixed rate Homeownership Mortgage Bonds, 2022 Series A (the Refunding Bonds). The Refunding Bonds, along with the premium generated from the bond sale, were used to refund \$17.6 million of Homeownership Mortgage bonds, 2012 Series EF (the Refunded bonds). The purpose of the refunding was to reduce the HDA’s borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately \$3.0 million. Assuming a mortgage prepayment speed of 100% FHA, 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 and negative arbitrage, will result in an economic gain of approximately \$2.5 million.

During the year ended June 30, 2022, the HDA issued Homeownership Mortgage Bonds Series 2021BC, 2022AB and 2022CD in the aggregate principal amounts of \$139.3 million, \$115.5 million and \$99 million, respectively, of which \$87.4 million, \$72.7 million and \$67.4 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, 2022, are as follows (Expressed in Thousands):

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

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, 2022, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Original Amount Defeased</u>
Series 2012B (01)	2018	\$ 790
<b>Total</b>		<b>\$ 790</b>

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

**4. Educational Enhancement Funding Corporation**

On September 16, 2021, the EEFC issued the Series 2021 bonds in an aggregate principal amount of \$54.4 million with an average interest rate of 1.0% to current refund \$9.2 million and advance refund \$46.6 million of outstanding maturities within the Series 2013A and Series 2013B issuances, respectively. The net proceeds of approximately \$9.5 million including other sources of funds and after bond issuance costs, were used to retire the Series 2013A bonds on September 29, 2021. The net proceeds of approximately \$51.2 million including other sources of funds and after bond issuance costs, were used to purchase U.S. Treasury securities which will provide for all future debt service payments on the defeased Series 2013B bonds. The refundings resulted in a difference between the reacquisition prices and the net carrying amount of the old debts of \$3.6 million. This difference is being charged to operations through fiscal year 2026 using the effective-interest method. The EEFC completed the refunding for a net economic gain of \$1.2 million. The difference between the cash flows of the Series 2013A and Series 2013B refunded bonds and the Series 2021 refunding bonds is a \$2.0 million reduction in debt service payments.

Fully defeased bonds not yet paid to bondholders as of June 30, 2022, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Original Amount Defeased</u>
Series 2013B	2022	\$ 46,635
<b>Total</b>		<b>\$ 46,635</b>

Series 2013B bonds will be called on June 1, 2023.

**5. Vocational Educational Program**

Funding of the Vocational Education Program is obtained through the bonds issued by the HEFA. The HEFA issues bonds and enters into an agreement with the State for the construction of vocational education facilities. The agreements are recorded as notes payable by the State. The gains, losses and economic benefits of HEFA current refunding /advance refunding bonds revert back to the State. The following HEFA current refunding/advance refunding bonds were made.

On November 13, 2021, the HEFA issued \$30.3 million of Vocational Education Program Series 2021 bonds, all of which were used to current refund \$10.0 million and \$19.5 million of outstanding maturities within the Vocational Education Program Series 2010C and 2011A bonds, respectively. The net proceeds of approximately \$30.1 million after payment of issuance costs, current refunded the Series 2010C and 2011A on December 29, 2021.

On May 6, 2022, the HEFA issued \$13.7 million of Vocational Education Program Series 2022 bonds, all of which were used to current refund \$13.3 million of outstanding maturities within the Vocational Education Program Series 2012A bonds. The net proceeds of approximately \$13.6 million after payment of issuance costs, will current refund the Series 2012A bonds on August 1, 2022.

**Pollution Remediation Obligations**

The State has pollutions remediation obligation liabilities as of June 30, 2022 of \$12.5 million.

**1. Gilt Edge Superfund Site**

The State of South Dakota, acting through the Department of Agriculture and Natural Resources, has contracted with the United States Environmental Protection Agency (EPA) for participation in the remediation of the Gilt Edge Mine Superfund Site in Lawrence County. The State is required by law to pay a 10.0% cost share for the total EPA costs for remediation of the site. The total state costs to be paid to EPA is estimated to be \$15.9 million. The State has spent approximately \$6.6 million with an estimated remaining outstanding liability as of June 30, 2022 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, 2022 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, 2022, PRCF was currently involved with 34 active cases, 18 active/monitoring cases, and 12 pending cases (spill report not yet filed), for a total of 64 cases. The estimated cost remaining for sites that have received at least one payment is \$448.5 thousand, the estimated cost for sites that haven't received any payments is \$2.2 million and the estimated cost for the Abandoned Tank Removal Program is \$600.0 thousand. The total liability as of June 30, 2022 for this program is \$3.2 million. The cash balance in the PRCF on June 30, 2022 is approximately \$6.4 million.

**12. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES**

The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented in natural classifications. The following table presents those same expenses in functional classifications for Higher Education (excluding Foundations) as of June 30, 2022, as recommended by NACUBO (Expressed in Thousands):

Function	Personal			Supplies &	Grants &	Interest &	Depreciation &	Total
	Services	Travel	Contractual	Noncapitalized Equipment	Subsidies	Other Expenses	Amortization	
Instruction	\$ 174,214	\$ 2,563	\$ 11,013	\$ 8,491	\$ 563	\$ 133	\$ 5,608	\$ 202,585
Research	42,479	1,751	6,686	11,225	9,193	1	4,608	75,943
Public Service	30,830	1,541	7,900	5,561	1,026	673	543	48,074
Academic Support	41,602	489	10,670	8,456	190		1,138	62,545
Student Services	43,740	9,060	10,368	8,284	364	(2)	1,194	73,008
Institutional Support	45,445	804	22,666	5,295	838	870	3,106	79,024
O&M of Plant	25,756	269	16,186	8,897	6	12	42,715	93,841
Scholarships and Fellowships	988	5	121	80	41,213	302		42,709
Auxilliary Enterprises	10,707	67	41,609	9,972	5		1,961	64,321
Other						146	6,380	6,526
	<u>\$ 415,761</u>	<u>\$ 16,549</u>	<u>\$ 127,219</u>	<u>\$ 66,261</u>	<u>\$ 53,398</u>	<u>\$ 2,135</u>	<u>\$ 67,253</u>	<u>\$ 748,576</u>

**13. POSTSECONDARY TECHNICAL INSTITUTE SYSTEM**

The primary government has an ongoing financial responsibility for funding the four postsecondary technical institutes. The postsecondary technical institutes are considered part of the local school districts or local education authority in the district where they are located. The oversight of the postsecondary technical institutes resides within the primary government through the South Dakota Board of Technical Education (SDBTE). The SDBTE provides overall policies, goals, and objectives for the management of the postsecondary technical institutes. The SDBTE consists of nine members appointed by the Governor. The SDBTE may adopt rules governing the operation of the postsecondary technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2022, the State provided \$31.7 million in General Fund state aid payments to the postsecondary technical institutes.

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

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

## 14. TAX ABATEMENTS

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

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

During fiscal year 2022, the State abated \$8.0 million of sales and use tax as estimated reimbursement amounts for approved projects that have not met all the reimbursement criteria. The State reimbursed \$17.2 million of sales and use tax during fiscal year 2022, all of which was abated in prior fiscal years.

## 15. RELATED PARTY TRANSACTIONS

*The following transactions occurred between the State and external entities:*

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

SDCUC has a management agreement with South Dakota Corn Growers Association (SDCGA). Under the agreement SDCGA shares employees with SDCUC and provides utilities, insurance and building maintenance, taxes, accounting services, clerical services, office equipment, office supplies, and internet and telephone services. For the fiscal year ended June 30, 2022, SDCUC paid \$1.0 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. SDCUC also had accounts receivable due from SDCGA for reimbursement on expenses paid on their behalf of \$0.9 million, which relate to funds expended under a SDCGA grant program.

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

ADASD contracted with Midwest Dairy, a related organization through similar control and management, to implement and administer programs intended to contribute to the betterment of South Dakota's dairy farmers and the State's dairy industry. Such programs include, but are not limited to strategic initiatives, wellness, farmer relations, consumer demand, economic and dairy product research and innovation, farmer communications, and consumer confidence. Under the terms of the contracts, Midwest Dairy also provides administrative, financial, and reporting services. Payments under these contracts amounted to \$3.7 million for the year ended June 30, 2022.

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

**Higher Education** consists of six state public universities (Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and University of South Dakota), two schools serving special K-12 populations (South Dakota School for the Deaf and South

Dakota School for the Blind and Visually Impaired), and the governing board, South Dakota Board of Regents (BOR). Higher Education is considered a discretely presented component unit of the State.

Higher Education received State appropriations of \$242.8 million to support Higher Education universities.

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

**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.

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. GOED distributed \$0.5 million to SDEDA in fiscal year 2021 and \$2.7 million in fiscal year 2022.

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

SDHDA administers the Housing Opportunity Program. This program provides funding for new construction or the purchase and rehabilitation of rental or homeownership housing, housing preservation, including home repair grants and grants to make homes more accessible to individuals with disabilities, homelessness prevention activities, and community land trusts. During fiscal year 2022, the following transactions occurred between SDHDA and the GOED for the Housing Opportunity Program:

- GOED received a \$1.0 million General Fund Appropriation for the Housing Opportunity Program.
- GOED received \$1.5 million from SDHDA.
- GOED distributed \$0.3 million from private activity bond fees to the Housing Opportunity Program.
- GOED received \$0.3 million in private activity bond fees from SDHDA.
- GOED disbursed \$3.0 million of Housing Opportunity Program funds to SDHDA.

SDHDA received fiscal year 2022 legislative appropriations of \$150 million from the state General Fund and \$50 million of American Rescue Plan Act federal grants for the purpose of providing loans and grants for the construction of housing infrastructure. The \$150 million of General funds was disbursed to SDHDA in fiscal year 2022. The \$50 million of federal funds will be disbursed to SDHDA on a reimbursement basis.

*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 loan amounts are used for the purchase of xenon for future experiments. The loans will be repaid at the end of the experiment from the sale of the xenon previously purchased. SDSTA pays the Foundations interest quarterly at a rate of 2.5% per annum per year. The notes mature December 31, 2026.

## 16. SUBSEQUENT EVENTS

### **Primary Government**

#### **South Dakota Conservancy District**

In October 2022, the South Dakota Conservancy District, a blended component unit of the State, issued State Revolving Fund Program Bonds totaling approximately \$165.8 million. Approximately \$85.8 million will be deposited into the Drinking Water State Revolving Fund and \$80.0 million will be deposited into the Clean Water State Revolving Fund.

#### **Attorney General**

In September 2022, JUUL Labs entered into a Consent Judgement with South Dakota and a broad coalition of other states for an investigation into the e-cigarette manufacturer's marketing and sales practices. South Dakota will receive \$6.1 million to be paid over 5, 7, or 9 years. Payments will be deposited into the Consumer Protection Fund and used for the benefit and education of South Dakota consumers and for the enforcement of consumer protection laws.

In November 2022, Google, LLC entered into an Assurance of Voluntary Compliance with South Dakota and a broad coalition of other states for its location tracking practices relating to Google account settings. South Dakota will receive \$4.2 million. Installments will be deposited into the Consumer Protection Fund and used for the benefit and education of South Dakota consumers and for the enforcement of consumer protection laws.

#### **Department of Social Services**

South Dakota, along with a broad coalition of other states, has reached settlement agreements with several companies to resolve legal claims for their role in the opioid crisis. South Dakota's overall share is approximately \$54.0 million to be received over 18 years. Installments will be deposited into the Opioid Abatement and Remediation Fund. The State will receive 70% of the funds with the remaining 30% being distributed to counties and cities with populations over 10,000. All funds must be used for opioid abatement and remediation.

#### **Department of Public Safety**

The State of South Dakota has received two storm related Presidential Disaster Declarations allowing for Federal Emergency Management Agency disaster assistance. Total damage is estimated at \$9.6 million.

### **Component Units**

#### **South Dakota Housing Development Authority**

In October 2022, the South Dakota Housing Development Authority, a discretely presented component unit of the State, issued \$50.0 million of Homeownership Mortgage bonds.

#### **South Dakota Science and Technology Authority**

In November 2022, the South Dakota Science and Technology Authority, a discretely presented component unit of the State, negotiated the sale of 45,274 liters of Xenon for \$2.9 million. On June 30, 2022, the book value of the Xenon being sold was \$266.2 thousand. Proceeds from this sale will be used to satisfy part of the long-term notes payable. The remaining balance of the long-term notes payable has been renegotiated and the due date of these notes has been extended by two years.

## 17. CONTINGENCIES AND LITIGATION

The State of South Dakota and its component units are defendants to various legal proceedings. Substantial litigation includes three claims related to property damage and one related to employment law. The State and its component units intend to vigorously defend against any of the plaintiffs' actions. The outcome of these lawsuits is not presently determinable. In the plaintiffs' court filings, they are seeking damages of \$409.3 million. If a liability exists, the State believes the damages will be significantly less than the amounts the Plaintiffs are seeking. Any damages awarded would be paid from the Extraordinary Litigation Fund which is reported as part of the State's General Fund. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the State.



## ***REQUIRED SUPPLEMENTARY INFORMATION***

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – 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, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>RESOURCES (inflows) AVAILABLE FOR APPROPRIATION</b>				
<b>ONGOING RESOURCES</b>				
Sales and Use Tax	\$ 1,157,607	\$ 1,320,226	\$ 1,356,844	\$ 36,618
Lottery	139,393	167,015	171,610	4,595
Contractor's Excise Tax	141,634	148,510	155,824	7,314
Insurance Company Tax	97,376	98,181	103,995	5,814
Unclaimed Property Receipts	45,343	63,732	65,098	1,366
Licenses, Permits, and Fees	70,353	71,531	75,077	3,546
Tobacco Taxes	52,484	51,411	49,385	(2,026)
Trust Funds	43,053	43,495	43,495	0
Net Transfers In	20,700	23,131	28,340	5,209
Alcohol Beverage Tax	8,708	8,971	9,204	233
Bank Franchise Tax	14,941	16,753	22,512	5,759
Charges for Goods and Services	15,226	15,140	14,803	(337)
Telecommunications Tax	4,568	2,901	2,688	(213)
Severance Taxes	7,855	7,790	8,034	244
Investment Income and Interest	11,424	19,701	19,649	(52)
Alcohol Beverage 2% Wholesale Tax	2,648	2,764	2,910	146
<b>TOTAL ONGOING</b>	<b>1,833,313</b>	<b>2,061,252</b>	<b>2,129,468</b>	<b>68,216</b>
<b>ONE-TIME RESOURCES</b>				
Expenditures Moved to Coronavirus Relief Fund Based on Guidance from the Federal Government	0	0	5,333	5,333
Unexpended Carryovers and Specials	0	0	2,900	2,900
Bank Franchise Tax Prior Year Revenue	0	416	1,568	1,152
One-Time Sales and Use Tax	25,000	28,306	28,307	1
Prior Year Carryover and Encumbered	66,507	66,507	66,507	0
<b>TOTAL ONE-TIME RESOURCES</b>	<b>91,507</b>	<b>95,229</b>	<b>104,615</b>	<b>9,386</b>
<b>TOTAL RESOURCES AVAILABLE FOR APPROPRIATION</b>	<b>\$ 1,924,820</b>	<b>\$ 2,156,481</b>	<b>\$ 2,234,083</b>	<b>\$ 77,602</b>
<b>CHARGES TO APPROPRIATIONS (outflows)</b>				
<b>OFFICE OF THE GOVERNOR</b>				
Personal Services	\$ 2,072	\$ 2,072	\$ 2,072	\$ 0
Operating Expenses	483	483	483	0
<b>TOTAL</b>	<b>2,555</b>	<b>2,555</b>	<b>2,555</b>	<b>0</b>
<b>GOVERNOR'S CONTINGENCY FUND</b>				
Personal Services	0	0	0	0
Operating Expenses	75	75	74	1
<b>TOTAL</b>	<b>75</b>	<b>75</b>	<b>74</b>	<b>1</b>
<b>GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT</b>				
Personal Services	2,808	2,308	2,091	217
Operating Expenses	87,542	88,042	9,707	78,335
<b>TOTAL</b>	<b>90,350</b>	<b>90,350</b>	<b>11,798</b>	<b>78,552</b>
<b>SD HOUSING DEVELOPMENT AUTHORITY</b>				
Personal Services	0	0	0	0
Operating Expenses	0	150,000	150,000	0
<b>TOTAL</b>	<b>0</b>	<b>150,000</b>	<b>150,000</b>	<b>0</b>
<b>SD ELLSWORTH DEVELOPMENT AUTHORITY</b>				
Personal Services	0	0	0	0
Operating Expenses	2,673	2,673	2,673	0
<b>TOTAL</b>	<b>2,673</b>	<b>2,673</b>	<b>2,673</b>	<b>0</b>
<b>SCIENCE AND TECHNOLOGY AUTHORITY</b>				
Personal Services	0	0	0	0
Operating Expenses	1,470	1,470	1,470	0
<b>TOTAL</b>	<b>1,470</b>	<b>1,470</b>	<b>1,470</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>SD HOUSING OPPORTUNITY</b>				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	1,040	1,040	1,040	0
<b>TOTAL</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>	<b>0</b>
<b>WORKFORCE EDUCATION</b>				
Personal Services	0	0	0	0
Operating Expenses	490	490	490	0
<b>TOTAL</b>	<b>490</b>	<b>490</b>	<b>490</b>	<b>0</b>
<b>LIEUTENANT GOVERNOR</b>				
Personal Services	24	24	24	0
Operating Expenses	14	14	14	0
<b>TOTAL</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>0</b>
<b>BUREAU OF FINANCE AND MANAGEMENT</b>				
Personal Services	786	834	833	1
Operating Expenses	50,563	50,515	50,295	220
<b>TOTAL</b>	<b>51,349</b>	<b>51,349</b>	<b>51,128</b>	<b>221</b>
<b>ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION</b>				
Personal Services	0	0	0	0
Operating Expenses	1	1	0	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>CENTRAL SERVICES</b>				
Personal Services	216	216	205	11
Operating Expenses	217	217	217	0
<b>TOTAL</b>	<b>433</b>	<b>433</b>	<b>422</b>	<b>11</b>
<b>STATEWIDE MAINTENANCE AND REPAIR</b>				
Personal Services	0	0	0	0
Operating Expenses	31,717	32,217	20,817	11,400
<b>TOTAL</b>	<b>31,717</b>	<b>32,217</b>	<b>20,817</b>	<b>11,400</b>
<b>OFFICE OF HEARING EXAMINERS</b>				
Personal Services	299	299	295	4
Operating Expenses	85	85	85	0
<b>TOTAL</b>	<b>384</b>	<b>384</b>	<b>380</b>	<b>4</b>
<b>EXTRAORDINARY LITIGATION FUND</b>				
Personal Services	0	0	0	0
Operating Expenses	400	1,900	1,900	0
<b>TOTAL</b>	<b>400</b>	<b>1,900</b>	<b>1,900</b>	<b>0</b>
<b>SOUTH DAKOTA PUBLIC BROADCASTING</b>				
Personal Services	3,225	3,225	3,220	5
Operating Expenses	1,316	1,316	1,316	0
<b>TOTAL</b>	<b>4,541</b>	<b>4,541</b>	<b>4,536</b>	<b>5</b>
<b>STATE RADIO ENGINEERING</b>				
Personal Services	964	964	912	52
Operating Expenses	9,679	10,429	6,778	3,651
<b>TOTAL</b>	<b>10,643</b>	<b>11,393</b>	<b>7,690</b>	<b>3,703</b>
<b>PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS</b>				
Personal Services	240	240	240	0
Operating Expenses	65	65	65	0
<b>TOTAL</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>0</b>

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT</b>				
Personal Services	\$ 10,634	\$ 10,182	\$ 9,892	\$ 290
Operating Expenses	187,830	341,032	247,424	93,608
<b>TOTAL</b>	<b>198,464</b>	<b>351,214</b>	<b>257,316</b>	<b>93,898</b>
<b>SECRETARIAT</b>				
Personal Services	947	947	147	800
Operating Expenses	1,025	1,025	15	1,010
<b>TOTAL</b>	<b>1,972</b>	<b>1,972</b>	<b>162</b>	<b>1,810</b>
<b>MOTOR VEHICLE</b>				
Personal Services	0	0	0	0
Operating Expenses	6,000	31,000	3,000	28,000
<b>TOTAL</b>	<b>6,000</b>	<b>31,000</b>	<b>3,000</b>	<b>28,000</b>
<b>AUDIT</b>				
Personal Services	644	580	555	25
Operating Expenses	1,407	1,921	1,413	508
<b>TOTAL</b>	<b>2,051</b>	<b>2,501</b>	<b>1,968</b>	<b>533</b>
<b>DEPARTMENT TOTAL, REVENUE</b>				
Personal Services	1,591	1,527	702	825
Operating Expenses	8,432	33,946	4,428	29,518
<b>TOTAL</b>	<b>10,023</b>	<b>35,473</b>	<b>5,130</b>	<b>30,343</b>
<b>ADMINISTRATION, SECRETARY OF AGRICULTURE &amp; NATURAL RESOURCES</b>				
Personal Services	1,023	887	887	0
Operating Expenses	576	712	695	17
<b>TOTAL</b>	<b>1,599</b>	<b>1,599</b>	<b>1,582</b>	<b>17</b>
<b>AGRICULTURAL AND ENVIRONMENTAL SERVICES</b>				
Personal Services	4,396	4,396	4,396	0
Operating Expenses	1,059	977	977	0
<b>TOTAL</b>	<b>5,455</b>	<b>5,373</b>	<b>5,373</b>	<b>0</b>
<b>AGRICULTURAL DEVELOPMENT AND PROMOTION</b>				
Personal Services	1,557	1,499	1,490	9
Operating Expenses	3,504	6,662	3,659	3,003
<b>TOTAL</b>	<b>5,061</b>	<b>8,161</b>	<b>5,149</b>	<b>3,012</b>
<b>ANIMAL INDUSTRY BOARD</b>				
Personal Services	2,046	2,046	1,995	51
Operating Expenses	492	492	449	43
<b>TOTAL</b>	<b>2,538</b>	<b>2,538</b>	<b>2,444</b>	<b>94</b>
<b>STATE FAIR</b>				
Personal Services	0	0	0	0
Operating Expenses	12,436	12,436	436	12,000
<b>TOTAL</b>	<b>12,436</b>	<b>12,436</b>	<b>436</b>	<b>12,000</b>
<b>FINANCIAL AND TECHNICAL ASSISTANCE</b>				
Personal Services	1,751	1,730	1,730	0
Operating Expenses	320	1,016	1,016	0
<b>TOTAL</b>	<b>2,071</b>	<b>2,746</b>	<b>2,746</b>	<b>0</b>
<b>DEPARTMENT TOTAL, AGRICULTURE &amp; NATURAL RESOURCES</b>				
Personal Services	10,773	10,558	10,498	60
Operating Expenses	18,387	22,295	7,232	15,063
<b>TOTAL</b>	<b>29,160</b>	<b>32,853</b>	<b>17,730</b>	<b>15,123</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>ARTS</b>				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	250	250	144	106
<b>TOTAL</b>	<b>250</b>	<b>250</b>	<b>144</b>	<b>106</b>
<b>DEPARTMENT TOTAL, TOURISM</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services	0	0	0	0
Operating Expenses	250	250	144	106
<b>TOTAL</b>	<b>250</b>	<b>250</b>	<b>144</b>	<b>106</b>
<b>ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS</b>				
Personal Services	160	43	43	0
Operating Expenses	823	6,413	936	5,477
<b>TOTAL</b>	<b>983</b>	<b>6,456</b>	<b>979</b>	<b>5,477</b>
<b>STATE PARKS AND RECREATION</b>				
Personal Services	3,090	3,153	3,153	0
Operating Expenses	2,462	2,526	2,462	64
<b>TOTAL</b>	<b>5,552</b>	<b>5,679</b>	<b>5,615</b>	<b>64</b>
<b>DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION</b>				
Personal Services	0	0	0	0
Operating Expenses	898	1,564	665	899
<b>TOTAL</b>	<b>898</b>	<b>1,564</b>	<b>665</b>	<b>899</b>
<b>DEPARTMENT TOTAL, GAME, FISH, &amp; PARKS</b>	<b>3,250</b>	<b>3,196</b>	<b>3,196</b>	<b>0</b>
Personal Services	3,250	3,196	3,196	0
Operating Expenses	4,183	10,503	4,063	6,440
<b>TOTAL</b>	<b>7,433</b>	<b>13,699</b>	<b>7,259</b>	<b>6,440</b>
<b>OFFICE OF TRIBAL RELATIONS</b>				
Personal Services	574	574	574	0
Operating Expenses	213	213	175	38
<b>TOTAL</b>	<b>787</b>	<b>787</b>	<b>749</b>	<b>38</b>
<b>DEPARTMENT TOTAL, TRIBAL RELATIONS</b>	<b>574</b>	<b>574</b>	<b>574</b>	<b>0</b>
Personal Services	574	574	574	0
Operating Expenses	213	213	175	38
<b>TOTAL</b>	<b>787</b>	<b>787</b>	<b>749</b>	<b>38</b>
<b>ADMINISTRATION, SECRETARY OF SOCIAL SERVICES</b>				
Personal Services	5,850	5,850	5,850	0
Operating Expenses	5,938	5,938	5,938	0
<b>TOTAL</b>	<b>11,788</b>	<b>11,788</b>	<b>11,788</b>	<b>0</b>
<b>ECONOMIC ASSISTANCE</b>				
Personal Services	9,523	9,523	9,523	0
Operating Expenses	20,686	20,805	19,564	1,241
<b>TOTAL</b>	<b>30,209</b>	<b>30,328</b>	<b>29,087</b>	<b>1,241</b>
<b>MEDICAL AND ADULT SERVICES</b>				
Personal Services	1,543	1,543	1,370	173
Operating Expenses	247,986	246,462	237,839	8,623
<b>TOTAL</b>	<b>249,529</b>	<b>248,005</b>	<b>239,209</b>	<b>8,796</b>
<b>CHILDREN'S SERVICES</b>				
Personal Services	14,025	14,025	14,025	0
Operating Expenses	37,952	36,933	33,248	3,685
<b>TOTAL</b>	<b>51,977</b>	<b>50,958</b>	<b>47,273</b>	<b>3,685</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>BEHAVIORAL HEALTH</b>				
Personal Services	\$ 36,865	\$ 25,074	\$ 23,540	\$ 1,534
Operating Expenses	80,376	83,893	71,822	12,071
<b>TOTAL</b>	<b>117,241</b>	<b>108,967</b>	<b>95,362</b>	<b>13,605</b>
<b>DEPARTMENT TOTAL, SOCIAL SERVICES</b>				
Personal Services	67,806	56,015	54,308	1,707
Operating Expenses	392,938	394,031	368,411	25,620
<b>TOTAL</b>	<b>460,744</b>	<b>450,046</b>	<b>422,719</b>	<b>27,327</b>
<b>ADMINISTRATION, SECRETARY OF HEALTH</b>				
Personal Services	844	844	844	0
Operating Expenses	228	228	228	0
<b>TOTAL</b>	<b>1,072</b>	<b>1,072</b>	<b>1,072</b>	<b>0</b>
<b>HEALTH SYSTEMS DEVELOPMENT AND REGULATION</b>				
Personal Services	3,133	2,923	2,447	476
Operating Expenses	4,643	5,737	4,252	1,485
<b>TOTAL</b>	<b>7,776</b>	<b>8,660</b>	<b>6,699</b>	<b>1,961</b>
<b>FAMILY AND COMMUNITY HEALTH</b>				
Personal Services	2,942	2,942	2,942	0
Operating Expenses	3,381	3,381	3,356	25
<b>TOTAL</b>	<b>6,323</b>	<b>6,323</b>	<b>6,298</b>	<b>25</b>
<b>LABORATORY SERVICES</b>				
Personal Services	0	0	0	0
Operating Expenses	42	42	39	3
<b>TOTAL</b>	<b>42</b>	<b>42</b>	<b>39</b>	<b>3</b>
<b>DEPARTMENT TOTAL, HEALTH</b>				
Personal Services	6,919	6,709	6,233	476
Operating Expenses	8,294	9,388	7,875	1,513
<b>TOTAL</b>	<b>15,213</b>	<b>16,097</b>	<b>14,108</b>	<b>1,989</b>
<b>ADMINISTRATION, SECRETARY OF LABOR</b>				
Personal Services	62	62	62	0
Operating Expenses	915	915	784	131
<b>TOTAL</b>	<b>977</b>	<b>977</b>	<b>846</b>	<b>131</b>
<b>UNEMPLOYMENT INSURANCE SERVICES</b>				
Personal Services	0	0	0	0
Operating Expenses	0	1,500	1	1,499
<b>TOTAL</b>	<b>0</b>	<b>1,500</b>	<b>1</b>	<b>1,499</b>
<b>FIELD OPERATIONS</b>				
Personal Services	611	611	611	0
Operating Expenses	334	334	325	9
<b>TOTAL</b>	<b>945</b>	<b>945</b>	<b>936</b>	<b>9</b>
<b>STATE LABOR LAW ADMINISTRATION</b>				
Personal Services	691	691	691	0
Operating Expenses	109	109	109	0
<b>TOTAL</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>0</b>
<b>DEPARTMENT TOTAL, LABOR AND REGULATION</b>				
Personal Services	1,364	1,364	1,364	0
Operating Expenses	1,358	2,858	1,219	1,639
<b>TOTAL</b>	<b>2,722</b>	<b>4,222</b>	<b>2,583</b>	<b>1,639</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>GENERAL OPERATIONS</b>				
Personal Services	\$ 580	\$ 565	\$ 498	\$ 67
Operating Expenses	4,926	4,941	4,742	199
<b>TOTAL</b>	<b>5,506</b>	<b>5,506</b>	<b>5,240</b>	<b>266</b>
<b>CONSTRUCTION CONTRACTS</b>				
Personal Services	0	0	0	0
Operating Expenses	20,000	20,000	20,000	0
<b>TOTAL</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>
<b>DEPARTMENT TOTAL, TRANSPORTATION</b>				
Personal Services	580	565	498	67
Operating Expenses	24,926	24,941	24,742	199
<b>TOTAL</b>	<b>25,506</b>	<b>25,506</b>	<b>25,240</b>	<b>266</b>
<b>ADMINISTRATION, SECRETARY OF EDUCATION</b>				
Personal Services	2,055	2,173	2,173	0
Operating Expenses	1,657	1,877	1,876	1
<b>TOTAL</b>	<b>3,712</b>	<b>4,050</b>	<b>4,049</b>	<b>1</b>
<b>STATE AID TO GENERAL EDUCATION</b>				
Personal Services	0	0	0	0
Operating Expenses	510,411	501,646	501,630	16
<b>TOTAL</b>	<b>510,411</b>	<b>501,646</b>	<b>501,630</b>	<b>16</b>
<b>STATE AID TO SPECIAL EDUCATION</b>				
Personal Services	0	0	0	0
Operating Expenses	77,998	77,998	63,480	14,518
<b>TOTAL</b>	<b>77,998</b>	<b>77,998</b>	<b>63,480</b>	<b>14,518</b>
<b>SPARSITY PAYMENTS</b>				
Personal Services	0	0	0	0
Operating Expenses	2,099	2,064	2,062	2
<b>TOTAL</b>	<b>2,099</b>	<b>2,064</b>	<b>2,062</b>	<b>2</b>
<b>NATIONAL BOARD CERTIFIED TEACHERS</b>				
Personal Services	0	0	0	0
Operating Expenses	88	88	48	40
<b>TOTAL</b>	<b>88</b>	<b>88</b>	<b>48</b>	<b>40</b>
<b>TECHNOLOGY AND INNOVATION IN SCHOOLS</b>				
Personal Services	0	0	0	0
Operating Expenses	13,308	13,308	13,306	2
<b>TOTAL</b>	<b>13,308</b>	<b>13,308</b>	<b>13,306</b>	<b>2</b>
<b>POSTSECONDARY VOCATIONAL EDUCATION</b>				
Personal Services	234	234	225	9
Operating Expenses	29,467	46,286	29,003	17,283
<b>TOTAL</b>	<b>29,701</b>	<b>46,520</b>	<b>29,228</b>	<b>17,292</b>
<b>POSTSECONDARY VOCATIONAL EDUCATION TUITION ASSISTANCE</b>				
Personal Services	0	0	0	0
Operating Expenses	1,832	1,832	1,832	0
<b>TOTAL</b>	<b>1,832</b>	<b>1,832</b>	<b>1,832</b>	<b>0</b>
<b>POSTSECONDARY INSTRUCTOR SALARY ENHANCEMENTS</b>				
Personal Services	0	0	0	0
Operating Expenses	3,244	3,244	3,244	0
<b>TOTAL</b>	<b>3,244</b>	<b>3,244</b>	<b>3,244</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EDUCATION RESOURCES</b>				
Personal Services	\$ 2,017	\$ 1,878	\$ 1,809	\$ 69
Operating Expenses	11,844	10,995	10,747	248
<b>TOTAL</b>	<b>13,861</b>	<b>12,873</b>	<b>12,556</b>	<b>317</b>
<b>HISTORY</b>				
Personal Services	1,083	1,104	1,104	0
Operating Expenses	1,395	10,276	1,363	8,913
<b>TOTAL</b>	<b>2,478</b>	<b>11,380</b>	<b>2,467</b>	<b>8,913</b>
<b>OFFICE OF STATE LIBRARY</b>				
Personal Services	1,176	1,176	997	179
Operating Expenses	1,027	1,027	982	45
<b>TOTAL</b>	<b>2,203</b>	<b>2,203</b>	<b>1,979</b>	<b>224</b>
<b>DEPARTMENT TOTAL, EDUCATION</b>				
Personal Services	6,565	6,565	6,308	257
Operating Expenses	654,370	670,641	629,573	41,068
<b>TOTAL</b>	<b>660,935</b>	<b>677,206</b>	<b>635,881</b>	<b>41,325</b>
<b>ADMINISTRATION, SECRETARY OF PUBLIC SAFETY</b>				
Personal Services	368	345	345	0
Operating Expenses	702	942	942	0
<b>TOTAL</b>	<b>1,070</b>	<b>1,287</b>	<b>1,287</b>	<b>0</b>
<b>HIGHWAY PATROL</b>				
Personal Services	670	516	514	2
Operating Expenses	972	950	948	2
<b>TOTAL</b>	<b>1,642</b>	<b>1,466</b>	<b>1,462</b>	<b>4</b>
<b>EMERGENCY SERVICES AND HOMELAND SECURITY</b>				
Personal Services	2,323	2,438	2,438	0
Operating Expenses	5,189	8,118	7,264	854
<b>TOTAL</b>	<b>7,512</b>	<b>10,556</b>	<b>9,702</b>	<b>854</b>
<b>EMERGENCY DISASTER</b>				
Personal Services	0	0	0	0
Operating Expenses	0	4,006	4,006	0
<b>TOTAL</b>	<b>0</b>	<b>4,006</b>	<b>4,006</b>	<b>0</b>
<b>LEGAL AND REGULATORY SERVICES</b>				
Personal Services	215	219	219	0
Operating Expenses	661	8,626	3,626	5,000
<b>TOTAL</b>	<b>876</b>	<b>8,845</b>	<b>3,845</b>	<b>5,000</b>
<b>DEPARTMENT TOTAL, PUBLIC SAFETY</b>				
Personal Services	3,576	3,518	3,516	2
Operating Expenses	7,524	22,642	16,786	5,856
<b>TOTAL</b>	<b>11,100</b>	<b>26,160</b>	<b>20,302</b>	<b>5,858</b>
<b>REGENTS CENTRAL OFFICE</b>				
Personal Services	5,015	5,015	5,012	3
Operating Expenses	32,909	32,909	18,044	14,865
<b>TOTAL</b>	<b>37,924</b>	<b>37,924</b>	<b>23,056</b>	<b>14,868</b>
<b>SOUTH DAKOTA SCHOLARSHIPS</b>				
Personal Services	0	0	0	0
Operating Expenses	6,481	6,181	6,117	64
<b>TOTAL</b>	<b>6,481</b>	<b>6,181</b>	<b>6,117</b>	<b>64</b>



**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>RESEARCH POOL</b>				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	1,600	1,600	1,600	0
<b>TOTAL</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>0</b>
<b>UNIVERSITY OF SOUTH DAKOTA LAW SCHOOL</b>				
Personal Services	1,708	1,708	1,708	0
Operating Expenses	206	206	206	0
<b>TOTAL</b>	<b>1,914</b>	<b>1,914</b>	<b>1,914</b>	<b>0</b>
<b>UNIVERSITY OF SOUTH DAKOTA PROPER</b>				
Personal Services	35,010	35,010	35,010	0
Operating Expenses	6,386	23,604	6,604	17,000
<b>TOTAL</b>	<b>41,396</b>	<b>58,614</b>	<b>41,614</b>	<b>17,000</b>
<b>UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE</b>				
Personal Services	21,255	21,255	21,255	0
Operating Expenses	3,665	3,665	3,665	0
<b>TOTAL</b>	<b>24,920</b>	<b>24,920</b>	<b>24,920</b>	<b>0</b>
<b>SOUTH DAKOTA STATE UNIVERSITY PROPER</b>				
Personal Services	46,632	46,608	46,608	0
Operating Expenses	33,206	35,630	12,007	23,623
<b>TOTAL</b>	<b>79,838</b>	<b>82,238</b>	<b>58,615</b>	<b>23,623</b>
<b>SDSU EXTENSION</b>				
Personal Services	8,856	8,856	8,856	0
Operating Expenses	305	355	305	50
<b>TOTAL</b>	<b>9,161</b>	<b>9,211</b>	<b>9,161</b>	<b>50</b>
<b>AGRICULTURAL EXPERIMENT STATION</b>				
Personal Services	12,729	12,729	12,729	0
Operating Expenses	1,081	7,656	1,081	6,575
<b>TOTAL</b>	<b>13,810</b>	<b>20,385</b>	<b>13,810</b>	<b>6,575</b>
<b>SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY</b>				
Personal Services	17,662	17,662	17,662	0
Operating Expenses	19,842	25,289	2,595	22,694
<b>TOTAL</b>	<b>37,504</b>	<b>42,951</b>	<b>20,257</b>	<b>22,694</b>
<b>NORTHERN STATE UNIVERSITY</b>				
Personal Services	15,079	15,077	15,077	0
Operating Expenses	1,014	1,266	1,265	1
<b>TOTAL</b>	<b>16,093</b>	<b>16,343</b>	<b>16,342</b>	<b>1</b>
<b>BLACK HILLS STATE UNIVERSITY</b>				
Personal Services	9,867	10,064	10,064	0
Operating Expenses	720	1,049	861	188
<b>TOTAL</b>	<b>10,587</b>	<b>11,113</b>	<b>10,925</b>	<b>188</b>
<b>DAKOTA STATE UNIVERSITY</b>				
Personal Services	10,262	28,517	10,199	18,318
Operating Expenses	804	13,306	775	12,531
<b>TOTAL</b>	<b>11,066</b>	<b>41,823</b>	<b>10,974</b>	<b>30,849</b>
<b>SOUTH DAKOTA SCHOOL FOR THE DEAF</b>				
Personal Services	2,039	1,809	1,807	2
Operating Expenses	1,082	704	676	28
<b>TOTAL</b>	<b>3,121</b>	<b>2,513</b>	<b>2,483</b>	<b>30</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED</b>				
Personal Services	\$ 2,808	\$ 2,615	\$ 2,612	\$ 3
Operating Expenses	565	588	576	12
<b>TOTAL</b>	<b>3,373</b>	<b>3,203</b>	<b>3,188</b>	<b>15</b>
<b>DEPARTMENT TOTAL, BOARD OF REGENTS</b>				
Personal Services	188,922	206,925	188,599	18,326
Operating Expenses	109,866	154,008	56,377	97,631
<b>TOTAL</b>	<b>298,788</b>	<b>360,933</b>	<b>244,976</b>	<b>115,957</b>
<b>ADJUTANT GENERAL</b>				
Personal Services	501	501	498	3
Operating Expenses	300	300	200	100
<b>TOTAL</b>	<b>801</b>	<b>801</b>	<b>698</b>	<b>103</b>
<b>ARMY GUARD</b>				
Personal Services	435	435	429	6
Operating Expenses	5,294	11,681	3,060	8,621
<b>TOTAL</b>	<b>5,729</b>	<b>12,116</b>	<b>3,489</b>	<b>8,627</b>
<b>AIR GUARD</b>				
Personal Services	242	224	222	2
Operating Expenses	284	307	307	0
<b>TOTAL</b>	<b>526</b>	<b>531</b>	<b>529</b>	<b>2</b>
<b>DEPARTMENT TOTAL, MILITARY</b>				
Personal Services	1,178	1,160	1,149	11
Operating Expenses	5,878	12,288	3,567	8,721
<b>TOTAL</b>	<b>7,056</b>	<b>13,448</b>	<b>4,716</b>	<b>8,732</b>
<b>VETERANS' BENEFITS AND SERVICES</b>				
Personal Services	1,401	1,401	1,399	2
Operating Expenses	1,525	1,525	596	929
<b>TOTAL</b>	<b>2,926</b>	<b>2,926</b>	<b>1,995</b>	<b>931</b>
<b>STATE VETERANS' HOME</b>				
Personal Services	2,692	2,462	2,461	1
Operating Expenses	186	186	136	50
<b>TOTAL</b>	<b>2,878</b>	<b>2,648</b>	<b>2,597</b>	<b>51</b>
<b>STATE VETERANS' CEMETERY</b>				
Personal Services	81	81	81	0
Operating Expenses	1,803	1,803	457	1,346
<b>TOTAL</b>	<b>1,884</b>	<b>1,884</b>	<b>538</b>	<b>1,346</b>
<b>DEPARTMENT TOTAL, VETERANS' AFFAIRS</b>				
Personal Services	4,174	3,944	3,941	3
Operating Expenses	3,514	3,514	1,189	2,325
<b>TOTAL</b>	<b>7,688</b>	<b>7,458</b>	<b>5,130</b>	<b>2,328</b>
<b>ADMINISTRATION, CENTRAL OFFICE</b>				
Personal Services	1,972	2,022	1,963	59
Operating Expenses	2,413	2,439	2,430	9
<b>TOTAL</b>	<b>4,385</b>	<b>4,461</b>	<b>4,393</b>	<b>68</b>
<b>MIKE DURFEE STATE PRISON</b>				
Personal Services	13,371	7,527	7,442	85
Operating Expenses	8,754	11,196	11,195	1
<b>TOTAL</b>	<b>22,125</b>	<b>18,723</b>	<b>18,637</b>	<b>86</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>STATE PENITENTIARY</b>				
Personal Services	\$ 20,991	\$ 11,077	\$ 11,003	\$ 74
Operating Expenses	10,483	12,551	11,796	755
<b>TOTAL</b>	<b>31,474</b>	<b>23,628</b>	<b>22,799</b>	<b>829</b>
<b>WOMEN'S PRISON</b>				
Personal Services	4,755	2,587	2,450	137
Operating Expenses	3,013	7,290	4,526	2,764
<b>TOTAL</b>	<b>7,768</b>	<b>9,877</b>	<b>6,976</b>	<b>2,901</b>
<b>INMATE SERVICES</b>				
Personal Services	3,355	2,515	2,387	128
Operating Expenses	31,022	25,379	25,371	8
<b>TOTAL</b>	<b>34,377</b>	<b>27,894</b>	<b>27,758</b>	<b>136</b>
<b>PAROLE SERVICES</b>				
Personal Services	5,125	2,971	2,811	160
Operating Expenses	2,199	2,324	2,320	4
<b>TOTAL</b>	<b>7,324</b>	<b>5,295</b>	<b>5,131</b>	<b>164</b>
<b>JUVENILE COMMUNITY CORRECTIONS</b>				
Personal Services	1,826	1,270	1,127	143
Operating Expenses	9,190	6,690	6,673	17
<b>TOTAL</b>	<b>11,016</b>	<b>7,960</b>	<b>7,800</b>	<b>160</b>
<b>DEPARTMENT TOTAL, CORRECTIONS</b>				
Personal Services	51,395	29,969	29,183	786
Operating Expenses	67,074	67,869	64,311	3,558
<b>TOTAL</b>	<b>118,469</b>	<b>97,838</b>	<b>93,494</b>	<b>4,344</b>
<b>ADMINISTRATION, SECRETARY OF HUMAN SERVICES</b>				
Personal Services	954	1,014	1,008	6
Operating Expenses	347	347	346	1
<b>TOTAL</b>	<b>1,301</b>	<b>1,361</b>	<b>1,354</b>	<b>7</b>
<b>DEVELOPMENTAL DISABILITIES</b>				
Personal Services	859	874	867	7
Operating Expenses	84,090	78,658	77,565	1,093
<b>TOTAL</b>	<b>84,949</b>	<b>79,532</b>	<b>78,432</b>	<b>1,100</b>
<b>SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD</b>				
Personal Services	8,323	6,353	5,732	621
Operating Expenses	2,291	2,004	1,818	186
<b>TOTAL</b>	<b>10,614</b>	<b>8,357</b>	<b>7,550</b>	<b>807</b>
<b>LONG-TERM SERVICES AND SUPPORT</b>				
Personal Services	2,791	2,876	2,876	0
Operating Expenses	115,166	107,547	92,040	15,507
<b>TOTAL</b>	<b>117,957</b>	<b>110,423</b>	<b>94,916</b>	<b>15,507</b>
<b>REHABILITATION SERVICES</b>				
Personal Services	987	987	973	14
Operating Expenses	4,170	3,949	3,134	815
<b>TOTAL</b>	<b>5,157</b>	<b>4,936</b>	<b>4,107</b>	<b>829</b>
<b>SERVICES TO THE BLIND AND VISUALLY IMPAIRED</b>				
Personal Services	564	564	564	0
Operating Expenses	472	472	145	327
<b>TOTAL</b>	<b>1,036</b>	<b>1,036</b>	<b>709</b>	<b>327</b>

STATE OF SOUTH DAKOTA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2022  
 (Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEPARTMENT TOTAL, HUMAN SERVICES</b>				
Personal Services	\$ 14,478	\$ 12,668	\$ 12,020	\$ 648
Operating Expenses	206,536	192,977	175,048	17,929
<b>TOTAL</b>	<b>221,014</b>	<b>205,645</b>	<b>187,068</b>	<b>18,577</b>
<b>ADMINISTRATION, PUBLIC UTILITIES COMMISSION</b>				
Personal Services	575	575	575	0
Operating Expenses	61	61	61	0
<b>TOTAL</b>	<b>636</b>	<b>636</b>	<b>636</b>	<b>0</b>
<b>DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION</b>				
Personal Services	575	575	575	0
Operating Expenses	61	61	61	0
<b>TOTAL</b>	<b>636</b>	<b>636</b>	<b>636</b>	<b>0</b>
<b>UNIFIED JUDICIAL SYSTEM</b>				
Personal Services	45,993	40,004	39,298	706
Operating Expenses	6,453	6,187	5,046	1,141
<b>TOTAL</b>	<b>52,446</b>	<b>46,191</b>	<b>44,344</b>	<b>1,847</b>
<b>EQUAL ACCESS TO OUR COURTS</b>				
Personal Services	0	0	0	0
Operating Expenses	50	50	50	0
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>0</b>
<b>DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM</b>				
Personal Services	45,993	40,004	39,298	706
Operating Expenses	6,503	6,237	5,096	1,141
<b>TOTAL</b>	<b>52,496</b>	<b>46,241</b>	<b>44,394</b>	<b>1,847</b>
<b>LEGISLATIVE OPERATIONS</b>				
Personal Services	0	0	0	0
Operating Expenses	0	0	0	0
Appropriation	8,014	8,014	7,890	124
<b>TOTAL</b>	<b>8,014</b>	<b>8,014</b>	<b>7,890</b>	<b>124</b>
<b>AUDITOR GENERAL</b>				
Personal Services	3,768	3,768	3,400	368
Operating Expenses	440	440	360	80
Appropriation	0	0	0	0
<b>TOTAL</b>	<b>4,208</b>	<b>4,208</b>	<b>3,760</b>	<b>448</b>
<b>DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT</b>				
Personal Services	3,768	3,768	3,400	368
Operating Expenses	440	440	360	80
Appropriation	8,014	8,014	7,890	124
<b>TOTAL</b>	<b>12,222</b>	<b>12,222</b>	<b>11,650</b>	<b>572</b>
<b>LEGAL SERVICES PROGRAM</b>				
Personal Services	4,969	4,969	4,969	0
Operating Expenses	752	807	807	0
<b>TOTAL</b>	<b>5,721</b>	<b>5,776</b>	<b>5,776</b>	<b>0</b>
<b>CRIMINAL INVESTIGATION</b>				
Personal Services	5,639	5,639	5,639	0
Operating Expenses	2,561	2,977	2,977	0
<b>TOTAL</b>	<b>8,200</b>	<b>8,616</b>	<b>8,616</b>	<b>0</b>
<b>LAW ENFORCEMENT TRAINING</b>				
Personal Services	0	0	0	0
Operating Expenses	2,815	2,905	2,855	50
<b>TOTAL</b>	<b>2,815</b>	<b>2,905</b>	<b>2,855</b>	<b>50</b>

STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEPARTMENT TOTAL, ATTORNEY GENERAL</b>				
Personal Services	\$ 10,608	\$ 10,608	\$ 10,608	\$ 0
Operating Expenses	6,128	6,689	6,639	50
<b>TOTAL</b>	<b>16,736</b>	<b>17,297</b>	<b>17,247</b>	<b>50</b>
<b>ADMINISTRATION OF SCHOOL AND PUBLIC LANDS</b>				
Personal Services	467	427	427	0
Operating Expenses	9,299	15,839	5,471	10,368
<b>TOTAL</b>	<b>9,766</b>	<b>16,266</b>	<b>5,898</b>	<b>10,368</b>
<b>DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS</b>				
Personal Services	467	427	427	0
Operating Expenses	9,299	15,839	5,471	10,368
<b>TOTAL</b>	<b>9,766</b>	<b>16,266</b>	<b>5,898</b>	<b>10,368</b>
<b>SECRETARY OF STATE</b>				
Personal Services	745	745	714	31
Operating Expenses	827	827	747	80
<b>TOTAL</b>	<b>1,572</b>	<b>1,572</b>	<b>1,461</b>	<b>111</b>
<b>DEPARTMENT TOTAL, SECRETARY OF STATE</b>				
Personal Services	745	745	714	31
Operating Expenses	827	827	747	80
<b>TOTAL</b>	<b>1,572</b>	<b>1,572</b>	<b>1,461</b>	<b>111</b>
<b>TREASURY MANAGEMENT</b>				
Personal Services	434	434	427	7
Operating Expenses	158	658	157	501
<b>TOTAL</b>	<b>592</b>	<b>1,092</b>	<b>584</b>	<b>508</b>
<b>DEPARTMENT TOTAL, STATE TREASURER</b>				
Personal Services	434	434	427	7
Operating Expenses	158	658	157	501
<b>TOTAL</b>	<b>592</b>	<b>1,092</b>	<b>584</b>	<b>508</b>
<b>STATE AUDITOR</b>				
Personal Services	1,270	1,246	1,218	28
Operating Expenses	168	223	214	9
<b>TOTAL</b>	<b>1,438</b>	<b>1,469</b>	<b>1,432</b>	<b>37</b>
<b>DEPARTMENT TOTAL, STATE AUDITOR</b>				
Personal Services	1,270	1,246	1,218	28
Operating Expenses	168	223	214	9
<b>TOTAL</b>	<b>1,438</b>	<b>1,469</b>	<b>1,432</b>	<b>37</b>
<b>STATE TOTAL</b>				
Personal Services	437,639	413,246	388,648	24,598
Operating Expenses	1,725,157	1,994,370	1,631,309	363,061
Appropriation	8,014	8,014	7,890	124
<b>TOTAL CHARGES TO APPROPRIATION</b>	<b>\$ 2,170,810</b>	<b>\$ 2,415,630</b>	<b>\$ 2,027,847</b>	<b>\$ 387,783</b>
<b>NON-BUDGETED OUTFLOWS</b>				
Transfer to Budget Reserve Fund	\$ 0	\$ 0	\$ 20,232	\$ (20,232)
Transfer to General Revenue Replacement Fund	0	0	88,167	(88,167)
Non-budgeted Transfers Out	0	0	31,028	(31,028)
<b>TOTAL NON-BUDGETED OUTFLOWS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 139,427</b>	<b>\$ (139,427)</b>
<b>CHANGE IN BUDGETARY FUND BALANCE</b>	<b>\$ (245,990)</b>	<b>\$ (259,149)</b>	<b>\$ 66,809</b>	<b>\$ 325,958</b>
<b>BUDGETARY FUND BALANCE JULY 1, 2021</b>	<b>395,677</b>	<b>395,677</b>	<b>395,677</b>	<b>0</b>
<b>BUDGETARY FUND BALANCE JUNE 30, 2022</b>	<b>\$ 149,687</b>	<b>\$ 136,528</b>	<b>\$ 462,486</b>	<b>\$ 325,958</b>

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, 2022  
(Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (outflows)</b>				
<b>GENERAL OPERATIONS</b>				
Personal Services	\$ 82,339	\$ 82,339	\$ 76,645	\$ 5,694
Operating Expenses	157,465	149,902	129,157	20,745
<b>TOTAL</b>	<u>239,804</u>	<u>232,241</u>	<u>205,802</u>	<u>26,439</u>
<b>CONTRACT CONSTRUCTION INFORMATIONAL</b>				
Personal Services	0	0	0	0
Operating Expenses	489,495	489,495	556,731	(67,236)
<b>TOTAL</b>	<u>489,495</u>	<u>489,495</u>	<u>556,731</u>	<u>(67,236)</u>
<b>ENFORCEMENT</b>				
Personal Services	17,516	15,544	11,939	3,605
Operating Expenses	8,988	10,057	8,949	1,108
<b>TOTAL</b>	<u>26,504</u>	<u>25,601</u>	<u>20,888</u>	<u>4,713</u>
<b>FUND TOTAL, TRANSPORTATION</b>				
Personal Services	99,855	97,883	88,584	9,299
Operating Expenses	655,948	649,454	694,837	(45,383)
<b>TOTAL CHARGES TO APPROPRIATION</b>	<u>\$ 755,803</u>	<u>\$ 747,337</u>	<u>\$ 783,421</u>	<u>\$ (36,084)</u>

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, 2022  
(Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (outflows)</b>				
<b>ADMINISTRATION</b>				
Personal Services	\$ 7,304	\$ 7,254	\$ 5,166	\$ 2,088
Operating Expenses	12,726	11,726	8,903	2,823
<b>TOTAL</b>	<b>20,030</b>	<b>18,980</b>	<b>14,069</b>	<b>4,911</b>
<b>ECONOMIC ASSISTANCE</b>				
Personal Services	13,057	12,782	10,388	2,394
Operating Expenses	65,507	65,507	51,321	14,186
<b>TOTAL</b>	<b>78,564</b>	<b>78,289</b>	<b>61,709</b>	<b>16,580</b>
<b>MEDICAL AND ADULT SERVICES</b>				
Personal Services	3,084	3,084	2,768	316
Operating Expenses	443,316	486,426	481,077	5,349
<b>TOTAL</b>	<b>446,400</b>	<b>489,510</b>	<b>483,845</b>	<b>5,665</b>
<b>CHILDREN'S SERVICES</b>				
Personal Services	10,268	10,228	7,957	2,271
Operating Expenses	54,205	54,205	52,144	2,061
<b>TOTAL</b>	<b>64,473</b>	<b>64,433</b>	<b>60,101</b>	<b>4,332</b>
<b>BEHAVIORAL HEALTH</b>				
Personal Services	9,004	9,004	4,438	4,566
Operating Expenses	35,527	39,217	35,665	3,552
<b>TOTAL</b>	<b>44,531</b>	<b>48,221</b>	<b>40,103</b>	<b>8,118</b>
<b>DEPARTMENT TOTAL, SOCIAL SERVICES</b>				
Personal Services	42,717	42,352	30,717	11,635
Operating Expenses	611,281	657,081	629,110	27,971
<b>TOTAL CHARGES TO APPROPRIATION</b>	<b>\$ 653,998</b>	<b>\$ 699,433</b>	<b>\$ 659,827</b>	<b>\$ 39,606</b>

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, 2022  
(Expressed in Thousands)**

	<u>General Fund</u>		
<b>Inflows of Resources:</b>			
<b>Actual amounts (budgetary basis) "Amounts Available for Appropriation" from the budgetary comparison schedule</b>	<b>\$ 2,234,083</b>		
<b>Differences-budget to GAAP:</b>			
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(131,633)		
To adjust revenues for accruals and other year-end entries such as the recording tax receivables, shared revenue receipts, and reclassification of lottery revenues	(190,593)		
To adjust revenues for statutorily created funds that do not qualify as special revenue funds	29,318		
Expenditures moved to Coronavirus Relief Fund relating to fiscal year 2021 are inflows of budgetary resources but are not revenues for financial reporting	(5,333)		
Prior year carryover and encumbered amounts are inflows of budgetary resources but are not revenues for financial reporting purposes	(66,507)		
Unexpended carryovers, specials, and deferred maintenances are inflows of budgetary resources but are not revenues for financial reporting purposes	(2,900)		
Sales of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(150)		
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds</b>	<b><u>\$ 1,866,285</u></b>		
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Social Services Federal Fund</u>
<b>Uses/Outflows of Resources:</b>			
<b>Actual amounts (budgetary basis) "Total Charges to Appropriations" from the budgetary comparison schedule</b>	<b>\$ 2,027,847</b>	<b>\$ 783,421</b>	<b>\$ 659,827</b>
<b>Differences-budget to GAAP:</b>			
Encumbrances for supplies, equipment ordered but not yet received and for uncompleted contracts are reported in the year first encumbered for budgetary purposes, but expenditures are reported in the year the related expenditure is incurred for financial reporting purposes.	(83,989)	(30,599)	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(182,899)		
To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution	215,734	(7,575)	143,028
To adjust expenditures/expenses for statutorily created funds that do not qualify as special revenue funds	40,008		
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds</b>	<b><u>\$ 2,016,701</u></b>	<b><u>\$ 745,247</u></b>	<b><u>\$ 802,855</u></b>

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, 2022, 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, 2022, 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, 2020 to June 30, 2021 Measurement Date**  
**Last Ten Fiscal Years \***  
(Dollars Expressed in Thousands)

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

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

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

**STATE OF SOUTH DAKOTA**  
**SCHEDULE OF CONTRIBUTIONS**  
**SOUTH DAKOTA RETIREMENT SYSTEM**  
**June 30, 2022**  
**Last Ten Fiscal Years \***  
(Dollars Expressed in Thousands)

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

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

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

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

**Changes from Prior Valuation:**

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

**Changes of Benefit Terms:**

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

**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% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The changes in actuarial assumptions due change in the COLA assumption increased the Actuarial Accrued Liability by \$1.1 billion, or 8.9% of the Actuarial Accrued Liability based on the 1.41% 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 approved by the Board of Trustees are 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
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Debt Service Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
- Combining Statement of Net Position – Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds
- Combining Statement of Fiduciary Net Position – Custodial Funds
- Combining Statement of Changes in Fiduciary Net Position – Custodial Funds
- Combining Statement of Net Position – Component Units
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units
- Statement of Cash Flows – Higher Education
- Combining Statement of Fiduciary Net Position – Higher Education
- Combining Statement of Changes in Fiduciary Net Position – Higher Education
- Combining Statement of Net Position – Nonmajor Component Units
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Component Units

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE  
June 30, 2022  
(Expressed in Thousands)**

<b>Assets</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 416,284	\$ 2,283	\$	\$ 1	\$ 418,568
Restricted Cash		29			29
Investments	212,795	11,042		71,893	295,730
Restricted Investments		12,092			12,092
Restricted Other Assets		7,500			7,500
Receivables from:					
Taxes, net	2,785				2,785
Interest and Dividends	1,334	3	6	92	1,435
Other Funds	12,357		25		12,382
Component Units	14				14
Other Governments	126,447				126,447
Loans and Notes, net	66,500			542	67,042
Other, net	16,493	11,090		6	27,589
Inventory	3,468				3,468
Other Assets	1,016				1,016
<b>Total Assets</b>	<b>\$ 859,493</b>	<b>\$ 44,039</b>	<b>\$ 31</b>	<b>\$ 72,534</b>	<b>\$ 976,097</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 65,874	\$	\$	\$	\$ 65,874
Payable to:					
Other Funds	52,015		31	3,871	55,917
Component Units	773				773
Other Governments	70,175				70,175
Claims, Judgments, and Compensated Absences	71				71
Unearned Revenue	15,017				15,017
<b>Total Liabilities</b>	<b>203,925</b>	<b>0</b>	<b>31</b>	<b>3,871</b>	<b>207,827</b>
<b>Deferred Inflows of Resources:</b>					
Related to Leases	1,513				1,513
Unavailable Revenue	7,567	10,954			18,521
<b>Total Deferred Inflows of Resources</b>	<b>9,080</b>	<b>10,954</b>	<b>0</b>	<b>0</b>	<b>20,034</b>
<b>Fund Balances:</b>					
Nonspendable	139,133			70,937	210,070
Restricted	437,296	33,085			470,381
Committed	63,281				63,281
Assigned	17,385				17,385
Unassigned	(10,607)			(2,274)	(12,881)
<b>Total Fund Balances</b>	<b>646,488</b>	<b>33,085</b>	<b>0</b>	<b>68,663</b>	<b>748,236</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 859,493</b>	<b>\$ 44,039</b>	<b>\$ 31</b>	<b>\$ 72,534</b>	<b>\$ 976,097</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
<b>Revenue:</b>					
Taxes	\$ 121,686	\$	\$	\$	\$ 121,686
Licenses, Permits, and Fees	319,279	6,053			325,332
Fines, Forfeits, and Penalties	22,161				22,161
Use of Money and Property	(7,022)	8	(118)	1,913	(5,219)
Sales and Services	23,667				23,667
Administering Programs	818,623				818,623
Tobacco Settlement		22,549			22,549
Other Revenue	17,145	324	16		17,485
<b>Total Revenue</b>	<b>1,315,539</b>	<b>28,934</b>	<b>(102)</b>	<b>1,913</b>	<b>1,346,284</b>
<b>Expenditures:</b>					
Current:					
General Government	39,622	167		2,483	42,272
Education	252,416				252,416
Health, Human, and Social Services	482,415				482,415
Law, Justice, Public Protection, and Regulation	132,379				132,379
Agriculture and Natural Resources	160,181				160,181
Economic Resources	13,474				13,474
Transportation	2,085				2,085
State Shared Revenue Paid to Other Governments	178,301				178,301
Debt Service:					
Principal	2,812	17,403			20,215
Interest	477	7,305			7,782
Bond Issuance Costs		1,289			1,289
Payment to Refunded Bond Escrow Agent		7,319			7,319
Payment on Current Note Refunding		43,006			43,006
<b>Total Expenditures</b>	<b>1,264,162</b>	<b>76,489</b>	<b>0</b>	<b>2,483</b>	<b>1,343,134</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>51,377</b>	<b>(47,555)</b>	<b>(102)</b>	<b>(570)</b>	<b>3,150</b>
<b>Other Financing Sources (Uses):</b>					
Lease Issuance	21,783				21,783
Proceeds from Sale of Capital Assets	860				860
Insurance Proceeds	2,063				2,063
Issuance of Refunding Bonds		54,370			54,370
Issuance of Refunding Notes		44,065			44,065
Payment to Refunded Bond Escrow Agent		(53,361)			(53,361)
Transfers In	53,605	8,138	118		61,861
Transfers Out	(98,998)	(10,941)	(16)	(772)	(110,727)
<b>Total Other Financing Sources (Uses)</b>	<b>(20,687)</b>	<b>42,271</b>	<b>102</b>	<b>(772)</b>	<b>20,914</b>
<b>Net Change in Fund Balances</b>	<b>30,690</b>	<b>(5,284)</b>	<b>0</b>	<b>(1,342)</b>	<b>24,064</b>
Fund Balances at Beginning of Year, as restated	615,798	38,369	0	70,005	724,172
<b>Fund Balances at End of Year</b>	<b>\$ 646,488</b>	<b>\$ 33,085</b>	<b>\$ 0</b>	<b>\$ 68,663</b>	<b>\$ 748,236</b>

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2022  
(Expressed in Thousands)**

<b>Assets</b>	<b>Education Federal</b>	<b>Human Services</b>	<b>Labor</b>	<b>Health Federal</b>	<b>Governor's Office and State Development Federal</b>
Cash and Cash Equivalents	\$ 562	\$	\$ 5,563	\$ 775	\$ 5,758
Investments					
Receivables from:					
Taxes, net					
Interest and Dividends			1		18
Other Funds		657	469	79	
Component Units				3	
Other Governments	30,723	31,729	1,281	3,726	1,003
Loans and Notes, net					3,760
Other, net					82
Inventory	717	109	36	2,394	
Other Assets	21	6		74	
<b>Total Assets</b>	<b>\$ 32,023</b>	<b>\$ 32,501</b>	<b>\$ 7,350</b>	<b>\$ 7,051</b>	<b>\$ 10,621</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 3,862	\$ 27,343	\$ 1,753	\$ 3,164	\$ 8
Payable to:					
Other Funds	158	3,154	240	274	2
Component Units	16	70		46	
Other Governments	26,457	243	15	129	942
Claims, Judgments, and Compensated Absences	6	1	6	8	
Unearned Revenue	1,504		71	970	
<b>Total Liabilities</b>	<b>32,003</b>	<b>30,811</b>	<b>2,085</b>	<b>4,591</b>	<b>952</b>
<b>Deferred Inflows of Resources:</b>					
Related to Leases					
Unavailable Revenue					
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	20	115	36	2,468	
Restricted			4,008		9,669
Committed					
Assigned		1,575	1,221		
Unassigned				(8)	
<b>Total Fund Balances</b>	<b>20</b>	<b>1,690</b>	<b>5,265</b>	<b>2,460</b>	<b>9,669</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 32,023</b>	<b>\$ 32,501</b>	<b>\$ 7,350</b>	<b>\$ 7,051</b>	<b>\$ 10,621</b>



<b>Public Safety Emergency Management</b>	<b>Natural Resources Federal</b>	<b>Game, Fish, and Parks Federal</b>	<b>Game and Fish</b>	<b>Parks and Recreation</b>	<b>Securities and Insurance</b>	<b>Health</b>	<b>Gaming Commission</b>
\$	\$	\$	\$ 13,242	\$ 6,057	\$ 717	\$ 3,889	\$ 6,466
							1,053
			37	10	28		6
5,958			78	25		90	
						3	
12,528	3,473	4,063		277		109	
2,392							
			950	5,074		5,265	
						145	
58							
<b>\$ 20,936</b>	<b>\$ 3,473</b>	<b>\$ 4,063</b>	<b>\$ 14,307</b>	<b>\$ 11,443</b>	<b>\$ 745</b>	<b>\$ 9,501</b>	<b>\$ 7,525</b>
\$ 7,992	\$ 500	\$ 1,140	\$ 3,547	\$ 3,669	\$ 196	\$ 618	\$ 70
8,514	2,457	1,845	2,400	4,472	25	12	1,010
		148	6			3	
1,546	516	912	321	21		21	575
1		1	22	4			
32							5,056
<b>18,085</b>	<b>3,473</b>	<b>4,046</b>	<b>6,296</b>	<b>8,166</b>	<b>221</b>	<b>654</b>	<b>6,711</b>
						2,146	
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,146</b>	<b>0</b>
58						145	
95		17	8,011	3,277		5,291	
					69		814
2,698					455	1,265	
<b>2,851</b>	<b>0</b>	<b>17</b>	<b>8,011</b>	<b>3,277</b>	<b>524</b>	<b>6,701</b>	<b>814</b>
<b>\$ 20,936</b>	<b>\$ 3,473</b>	<b>\$ 4,063</b>	<b>\$ 14,307</b>	<b>\$ 11,443</b>	<b>\$ 745</b>	<b>\$ 9,501</b>	<b>\$ 7,525</b>

Continued on next page

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (continued)  
June 30, 2022  
(Expressed in Thousands)**

<b>Assets</b>	<b>Motor Vehicle</b>	<b>Revenue</b>	<b>Future</b>	<b>Vocational Education</b>	<b>Petroleum Release Compensation</b>
Cash and Cash Equivalents	\$ 24,599	\$ 5,266	\$ 62,756	\$ 217	\$ 6,486
Investments					
Receivables from:					
Taxes, net					276
Interest and Dividends	54	12	135		17
Other Funds	3	77	31		
Component Units					
Other Governments	16,067	482			
Loans and Notes, net					
Other, net	51		41		
Inventory					
Other Assets	6				
<b>Total Assets</b>	<b>\$ 40,780</b>	<b>\$ 5,837</b>	<b>\$ 62,963</b>	<b>\$ 217</b>	<b>\$ 6,779</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 709	\$ 673	\$ 500	\$	\$ 40
Payable to:					
Other Funds	1,442	308			2
Component Units			399		
Other Governments	30,209				
Claims, Judgments, and Compensated Absences	6	1			
Unearned Revenue					
<b>Total Liabilities</b>	<b>32,366</b>	<b>982</b>	<b>899</b>	<b>0</b>	<b>42</b>
<b>Deferred Inflows of Resources:</b>					
Related to Leases					
Unavailable Revenue			27		
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	6				
Restricted			62,037		
Committed	8,408	5,642			6,737
Assigned				217	
Unassigned		(787)			
<b>Total Fund Balances</b>	<b>8,414</b>	<b>4,855</b>	<b>62,037</b>	<b>217</b>	<b>6,737</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 40,780</b>	<b>\$ 5,837</b>	<b>\$ 62,963</b>	<b>\$ 217</b>	<b>\$ 6,779</b>

<b>Maintenance and Repair</b>	<b>Water and Environment</b>	<b>Energy Conservation</b>	<b>Military Federal</b>	<b>Health Care Trust</b>	<b>Railroad Trust</b>	<b>Other</b>	<b>Total</b>
\$ 4,724	\$ 30,151	\$ 8,016	\$	\$ 6	\$ 46,844	\$ 184,190	\$ 416,284
				211,351		1,444	212,795
	828	24				604	2,785
8	123	37		245	242	361	1,334
973	619	449				2,849	12,357
						8	14
	148		6,053			14,785	126,447
	22,708	4,081			29,301	4,258	66,500
				3	497	4,530	16,493
						67	3,468
						851	1,016
<b>\$ 5,705</b>	<b>\$ 54,577</b>	<b>\$ 12,607</b>	<b>\$ 6,053</b>	<b>\$ 211,605</b>	<b>\$ 76,884</b>	<b>\$ 213,947</b>	<b>\$ 859,493</b>
\$ 614	\$	\$ 2	\$ 1,512	\$	\$ 1	\$ 7,961	\$ 65,874
9			4,220	6,612		14,859	52,015
					82	3	773
	2,999		274			4,995	70,175
			5			10	71
						7,384	15,017
<b>623</b>	<b>2,999</b>	<b>2</b>	<b>6,011</b>	<b>6,612</b>	<b>83</b>	<b>35,212</b>	<b>203,925</b>
						1,513	1,513
	49					5,345	7,567
<b>0</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,858</b>	<b>9,080</b>
				135,631		654	139,133
	51,529	12,047		69,362	76,286	135,667	437,296
2,016		558			515	38,522	63,281
3,066			42			6,846	17,385
						(9,812)	(10,607)
<b>5,082</b>	<b>51,529</b>	<b>12,605</b>	<b>42</b>	<b>204,993</b>	<b>76,801</b>	<b>171,877</b>	<b>646,488</b>
<b>\$ 5,705</b>	<b>\$ 54,577</b>	<b>\$ 12,607</b>	<b>\$ 6,053</b>	<b>\$ 211,605</b>	<b>\$ 76,884</b>	<b>\$ 213,947</b>	<b>\$ 859,493</b>

**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, 2022  
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
<b>Revenue:</b>					
Taxes	\$	\$	\$ 442	\$	\$
Licenses, Permits, and Fees		131	965		
Fines, Forfeits, and Penalties				187	
Use of Money and Property		25	(8)		130
Sales and Services	11	2,086			6
Administering Programs	248,195	350,174	23,457	56,666	4,975
Other Revenue	6	18	31	7	14
<b>Total Revenue</b>	<b>248,212</b>	<b>352,434</b>	<b>24,887</b>	<b>56,860</b>	<b>5,125</b>
<b>Expenditures:</b>					
General Government					
Education	248,420				
Health, Human, and Social Services		355,717	32,756	59,202	
Law, Justice, Public Protection, and Regulation			75		
Agriculture and Natural Resources					
Economic Resources					4,978
Transportation					
State Shared Revenue Paid to Other Governments					
Debt Service:					
Principal	5	554	785	375	
Interest	1	84	146	39	
<b>Total Expenditures</b>	<b>248,426</b>	<b>356,355</b>	<b>33,762</b>	<b>59,616</b>	<b>4,978</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(214)</b>	<b>(3,921)</b>	<b>(8,875)</b>	<b>(2,756)</b>	<b>147</b>
<b>Other Financing Sources (Uses):</b>					
Lease Issuance	37	3,727	6,471	1,849	
Proceeds from Sale of Capital Assets		2			
Insurance Proceeds					
Transfers In	28	465	3,537	1,279	
Transfers Out	(13)	(634)			
<b>Total Other Financing Sources (Uses)</b>	<b>52</b>	<b>3,560</b>	<b>10,008</b>	<b>3,128</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(162)</b>	<b>(361)</b>	<b>1,133</b>	<b>372</b>	<b>147</b>
Fund Balances at Beginning of Year, as restated	182	2,051	4,132	2,088	9,522
<b>Fund Balances at End of Year</b>	<b>\$ 20</b>	<b>\$ 1,690</b>	<b>\$ 5,265</b>	<b>\$ 2,460</b>	<b>\$ 9,669</b>

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$	\$	\$	\$	\$
			36,737	2,065 27,076	28,480 35,992 212	3,096	12,670 5,362 54
28		341	(361)	3,288	(243)		(57)
			1,163	185	8	1,399	
31,571	10,483	18,154	122	4,087			
367	1	20	1,027	109		7,342	1
<b>31,966</b>	<b>10,484</b>	<b>18,515</b>	<b>38,688</b>	<b>36,810</b>	<b>64,449</b>	<b>11,837</b>	<b>18,030</b>
						11,909	
33,527					3,827		1,560
	10,850	17,302	43,776	41,006			
							8,911
5	62		19		88	175	39
1	2		1		7	53	1
<b>33,533</b>	<b>10,914</b>	<b>17,302</b>	<b>43,796</b>	<b>41,006</b>	<b>3,922</b>	<b>12,137</b>	<b>10,511</b>
(1,567)	(430)	1,213	(5,108)	(4,196)	60,527	(300)	7,519
28	165 6		69 311	14 2,063	370	2,444 2	68
2,947	174		1,529	2,813		59	
		(1,196)	(501)	(3,816)	(61,265)	(1,026)	(7,842)
<b>2,975</b>	<b>345</b>	<b>(1,196)</b>	<b>1,408</b>	<b>1,074</b>	<b>(60,895)</b>	<b>1,479</b>	<b>(7,774)</b>
1,408	(85)	17	(3,700)	(3,122)	(368)	1,179	(255)
1,443	85	0	11,711	6,399	892	5,522	1,069
<b>\$ 2,851</b>	<b>\$ 0</b>	<b>\$ 17</b>	<b>\$ 8,011</b>	<b>\$ 3,277</b>	<b>\$ 524</b>	<b>\$ 6,701</b>	<b>\$ 814</b>

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, 2022  
(Expressed in Thousands)**

	<u>Motor Vehicle</u>	<u>Revenue</u>	<u>Future</u>	<u>Vocational Education</u>	<u>Petroleum Release Compensation</u>
<b>Revenue:</b>					
Taxes	\$ 4,158	\$ 11,729	\$ 21,614	\$	\$ 3,071
Licenses, Permits, and Fees	152,266	4,713			
Fines, Forfeits, and Penalties	2				
Use of Money and Property	(727)	(93)	(1,181)		(169)
Sales and Services	1,635				
Administering Programs					
Other Revenue	82		81		4
<b>Total Revenue</b>	<b>157,416</b>	<b>16,349</b>	<b>20,514</b>	<b>0</b>	<b>2,906</b>
<b>Expenditures:</b>					
General Government	9,977	15,419			
Education				78	
Health, Human, and Social Services					
Law, Justice, Public Protection, and Regulation	11,763				
Agriculture and Natural Resources					690
Economic Resources			6,491		
Transportation					
State Shared Revenue Paid to Other Governments	137,666				
Debt Service:					
Principal	175	137			
Interest	28	28			
<b>Total Expenditures</b>	<b>159,609</b>	<b>15,584</b>	<b>6,491</b>	<b>78</b>	<b>690</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(2,193)</b>	<b>765</b>	<b>14,023</b>	<b>(78)</b>	<b>2,216</b>
<b>Other Financing Sources (Uses):</b>					
Lease Issuance	1,349	1,452			5
Proceeds from Sale of Capital Assets					
Insurance Proceeds					
Transfers In	1,033				
Transfers Out	(1,787)				(2,174)
<b>Total Other Financing Sources (Uses)</b>	<b>595</b>	<b>1,452</b>	<b>0</b>	<b>0</b>	<b>(2,169)</b>
<b>Net Change in Fund Balances</b>	<b>(1,598)</b>	<b>2,217</b>	<b>14,023</b>	<b>(78)</b>	<b>47</b>
Fund Balances at Beginning of Year, as restated	10,012	2,638	48,014	295	6,690
<b>Fund Balances at End of Year</b>	<b>\$ 8,414</b>	<b>\$ 4,855</b>	<b>\$ 62,037</b>	<b>\$ 217</b>	<b>\$ 6,737</b>

<b>Maintenance and Repair</b>	<b>Water and Environment</b>	<b>Energy Conservation</b>	<b>Military Federal</b>	<b>Health Care Trust</b>	<b>Railroad Trust</b>	<b>Other</b>	<b>Total</b>
\$	\$ 8,228 1,908	\$ 189	\$	\$	\$ 333	\$ 29,040	\$ 121,686
						50,700	319,279
						21,706	22,161
(79)	(395)	(340)	33	(4,937)	472	(2,749)	(7,022)
1,893						15,281	23,667
			25,476			45,263	818,623
					52	7,983	17,145
<b>1,814</b>	<b>9,741</b>	<b>(151)</b>	<b>25,509</b>	<b>(4,937)</b>	<b>857</b>	<b>167,224</b>	<b>1,315,539</b>
3,757				544		9,925	39,622
						3,918	252,416
						22,831	482,415
			26,450			55,177	132,379
	13,292					33,265	160,181
		35				1,970	13,474
					612	1,473	2,085
						31,724	178,301
			49			344	2,812
			26			60	477
<b>3,757</b>	<b>13,292</b>	<b>35</b>	<b>26,525</b>	<b>544</b>	<b>612</b>	<b>160,687</b>	<b>1,264,162</b>
(1,943)	(3,551)	(186)	(1,016)	(5,481)	245	6,537	51,377
			1,016			2,733	21,783
					148	377	860
							2,063
1,552	2,315				20,000	15,874	53,605
	(600)			(6,612)		(11,532)	(98,998)
<b>1,552</b>	<b>1,715</b>	<b>0</b>	<b>1,016</b>	<b>(6,612)</b>	<b>20,148</b>	<b>7,452</b>	<b>(20,687)</b>
(391)	(1,836)	(186)	0	(12,093)	20,393	13,989	30,690
5,473	53,365	12,791	42	217,086	56,408	157,888	615,798
<b>\$ 5,082</b>	<b>\$ 51,529</b>	<b>\$ 12,605</b>	<b>\$ 42</b>	<b>\$ 204,993</b>	<b>\$ 76,801</b>	<b>\$ 171,877</b>	<b>\$ 646,488</b>

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
June 30, 2022  
(Expressed in Thousands)**

<b>Assets</b>	<b>Vocational Educational Facilities</b>	<b>Building Authority</b>	<b>Tobacco Securitization</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 2,026	\$ 43	\$ 214	\$ 2,283
Restricted Cash			29	29
Investments	10,261		781	11,042
Restricted Investments			12,092	12,092
Restricted Other Assets	7,500			7,500
Receivables from:				
Interest and Dividends	1		2	3
Other, net	136		10,954	11,090
<b>Total Assets</b>	<b>\$ 19,924</b>	<b>\$ 43</b>	<b>\$ 24,072</b>	<b>\$ 44,039</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	\$ 0	\$ 0	\$ 10,954	\$ 10,954
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>10,954</b>	<b>10,954</b>
<b>Fund Balances:</b>				
Restricted	19,924	43	13,118	33,085
<b>Total Fund Balances</b>	<b>19,924</b>	<b>43</b>	<b>13,118</b>	<b>33,085</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 19,924</b>	<b>\$ 43</b>	<b>\$ 24,072</b>	<b>\$ 44,039</b>



**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	<b>Vocational Educational Facilities</b>	<b>Building Authority</b>	<b>Tobacco Securitization</b>	<b>Total</b>
<b>Revenue:</b>				
Use of Money and Property	\$ 22	\$	\$ (14)	\$ 8
Tobacco Settlement			22,549	22,549
Licenses, Permits, and Fees	6,053			6,053
Other Revenue	324			324
<b>Total Revenue</b>	<b>6,399</b>	<b>0</b>	<b>22,535</b>	<b>28,934</b>
<b>Expenditures:</b>				
Current:				
General Government	94		73	167
Debt Service:				
Principal	2,455	3,913	11,035	17,403
Interest	4,431	2,494	380	7,305
Bond Issuance Costs	412		877	1,289
Payment to Refunded Bond Escrow Agent			7,319	7,319
Payment on Current Note Refunding	43,006			43,006
<b>Total Expenditures</b>	<b>50,398</b>	<b>6,407</b>	<b>19,684</b>	<b>76,489</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(43,999)</b>	<b>(6,407)</b>	<b>2,851</b>	<b>(47,555)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Refunding Bonds			54,370	54,370
Issuance of Refunding Notes	44,065			44,065
Payment to Refunded Bond Escrow Agent			(53,361)	(53,361)
Transfers In	1,688	6,450		8,138
Transfers Out		(45)	(10,896)	(10,941)
<b>Total Other Financing Sources (Uses)</b>	<b>45,753</b>	<b>6,405</b>	<b>(9,887)</b>	<b>42,271</b>
<b>Net Change in Fund Balances</b>	<b>1,754</b>	<b>(2)</b>	<b>(7,036)</b>	<b>(5,284)</b>
Fund Balances at Beginning of Year, as restated	18,170	45	20,154	38,369
<b>Fund Balances at End of Year</b>	<b>\$ 19,924</b>	<b>\$ 43</b>	<b>\$ 13,118</b>	<b>\$ 33,085</b>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2022  
(Expressed in Thousands)

Assets	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 102,921	\$ 182,074	\$ 1,185	\$ 2,294	\$ 601	\$ 5,561
Receivables:						
Interest and Dividends	272		4	5	2	30
Other Funds		44				
Component Units						
Other Governments		139			94	
Loans, Notes, and Leases, net	5,750					259
Other, net	93	13,273			12	
Inventory					582	
Other Assets						
<b>Total Current Assets</b>	<b>109,036</b>	<b>195,530</b>	<b>1,189</b>	<b>2,299</b>	<b>1,291</b>	<b>5,850</b>
Assets Held for Resale	321					
Restricted Assets:						
Net Pension Asset	96		3	142	149	12
<b>Capital Assets:</b>						
Land and Other Non-depreciable Assets				192	103	
Property, Plant, and Equipment				7,470	559	18
Right-to-use Leased Assets						
Accumulated Depreciation				(2,961)	(513)	(17)
Construction in Progress				1,678		
<b>Total Capital Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,379</b>	<b>149</b>	<b>1</b>
Other Noncurrent Assets	20,146	5,789				2,953
<b>Total Assets</b>	<b>129,599</b>	<b>201,319</b>	<b>1,192</b>	<b>8,820</b>	<b>1,589</b>	<b>8,816</b>
<b>Deferred Outflows of Resources</b>						
Related to Pensions	130		4	196	203	14
<b>Total Deferred Outflows of Resources</b>	<b>130</b>	<b>0</b>	<b>4</b>	<b>196</b>	<b>203</b>	<b>14</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Liabilities	36	47	1	100	61	
Payable to:						
Other Funds	7	121		27	5	
Other Governments		1,126				
Bonds, Notes, and Leases Payable						
Claims, Judgments, and Compensated Absences	25		1	38	61	
Accrued Interest Payable						
Unearned Revenue		119		897		
<b>Total Current Liabilities</b>	<b>68</b>	<b>1,413</b>	<b>2</b>	<b>1,062</b>	<b>127</b>	<b>0</b>
<b>Noncurrent Liabilities:</b>						
Bonds, Notes, and Leases Payable						
Claims, Judgments, and Compensated Absences	13		1	33	53	
<b>Total Noncurrent Liabilities</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>33</b>	<b>53</b>	<b>0</b>
<b>Total Liabilities</b>	<b>81</b>	<b>1,413</b>	<b>3</b>	<b>1,095</b>	<b>180</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>						
Related to Pensions	209		6	311	326	26
Related to Leases						
<b>Total Deferred Inflows of Resources</b>	<b>209</b>	<b>0</b>	<b>6</b>	<b>311</b>	<b>326</b>	<b>26</b>
<b>Net Position</b>						
Net Investment in Capital Assets				6,379	149	1
Restricted for:						
Disaster Relief Fund	10,497					
Pensions	17		1	27	26	
Other	1,655					
Unrestricted	117,270	199,906	1,186	1,204	1,111	8,803
<b>Total Net Position</b>	<b>\$ 129,439</b>	<b>\$ 199,906</b>	<b>\$ 1,187</b>	<b>\$ 7,610</b>	<b>\$ 1,286</b>	<b>\$ 8,804</b>

Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 416	\$ 2,032	\$ 15,603	\$ 12,074	\$ 8,286	\$ 333,047
1	5	40	28	9	396
214		5			263
64					64
				16	249
				134	6,143
38				2	13,418
1,314				104	2,000
175				259	434
<b>2,222</b>	<b>2,037</b>	<b>15,648</b>	<b>12,102</b>	<b>8,810</b>	<b>356,014</b>
					321
236		1,075	818	409	2,940
					295
2,673		56		1,043	11,819
		800	517	9	1,326
(2,022)		(185)	(116)	(694)	(6,508)
					1,678
<b>651</b>	<b>0</b>	<b>671</b>	<b>401</b>	<b>358</b>	<b>8,610</b>
				886	29,774
<b>3,109</b>	<b>2,037</b>	<b>17,394</b>	<b>13,321</b>	<b>10,463</b>	<b>397,659</b>
328		1,485	1,133	556	4,049
<b>328</b>	<b>0</b>	<b>1,485</b>	<b>1,133</b>	<b>556</b>	<b>4,049</b>
317	5	471	3,717	331	5,086
35		105	18	21	339
					1,126
		155	92	2	249
61		281	260	111	838
			1		1
1		974			1,991
<b>414</b>	<b>5</b>	<b>1,986</b>	<b>4,088</b>	<b>465</b>	<b>9,630</b>
		510	313	5	828
53		241	226	88	708
<b>53</b>	<b>0</b>	<b>751</b>	<b>539</b>	<b>93</b>	<b>1,536</b>
<b>467</b>	<b>5</b>	<b>2,737</b>	<b>4,627</b>	<b>558</b>	<b>11,166</b>
517		2,355	1,792	895	6,437
				998	998
<b>517</b>	<b>0</b>	<b>2,355</b>	<b>1,792</b>	<b>1,893</b>	<b>7,435</b>
650		269	(5)	351	7,794
					10,497
47		205	159	70	552
					1,655
1,756	2,032	13,313	7,881	8,147	362,609
<b>\$ 2,453</b>	<b>\$ 2,032</b>	<b>\$ 13,787</b>	<b>\$ 8,035</b>	<b>\$ 8,568</b>	<b>\$ 383,107</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
<b>Operating Revenue:</b>						
Licenses, Permits, and Fees	\$	\$	\$	\$ 1,582	\$	\$
Use of Money and Property	483			875		150
Sales and Services				564	1,945	
Administering Programs		907		139		
Assessments		40,876				
Other Revenue	56			371		10
<b>Total Operating Revenue</b>	<b>539</b>	<b>41,783</b>	<b>0</b>	<b>3,531</b>	<b>1,945</b>	<b>160</b>
<b>Operating Expenses:</b>						
Personal Services and Benefits	212		13	1,209	575	2
Travel	8			24	4	
Contractual Services	252			1,713	565	2
Supplies and Materials	1			433	870	
Other	136			100		
Provision for Loan Loss (Recovery)	(622)					
Depreciation/Amortization				325	9	
Insurance Claims		22,686	172			
<b>Total Operating Expenses</b>	<b>(13)</b>	<b>22,686</b>	<b>185</b>	<b>3,804</b>	<b>2,023</b>	<b>4</b>
<b>Operating Income (Loss)</b>	<b>552</b>	<b>19,097</b>	<b>(185)</b>	<b>(273)</b>	<b>(78)</b>	<b>156</b>
<b>Nonoperating Revenue (Expenses):</b>						
Gain on Disposal of Assets				10		
Loss on Disposal of Assets						
Investment Income	(2,487)	3,682	(49)	(36)	(18)	(113)
Other Expense	(179)					(1)
Grant and Other Income						135
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(2,666)</b>	<b>3,682</b>	<b>(49)</b>	<b>(26)</b>	<b>(18)</b>	<b>21</b>
<b>Income (Loss) Before Transfers</b>	<b>(2,114)</b>	<b>22,779</b>	<b>(234)</b>	<b>(299)</b>	<b>(96)</b>	<b>177</b>
<b>Transfers:</b>						
Transfers In						
Transfers Out		(916)	(1)			
<b>Net Transfers</b>	<b>0</b>	<b>(916)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Net Position</b>	<b>(2,114)</b>	<b>21,863</b>	<b>(235)</b>	<b>(299)</b>	<b>(96)</b>	<b>177</b>
Net Position at Beginning of Year	131,553	178,043	1,422	7,909	1,382	8,627
<b>Net Position at End of Year</b>	<b>\$ 129,439</b>	<b>\$ 199,906</b>	<b>\$ 1,187</b>	<b>\$ 7,610</b>	<b>\$ 1,286</b>	<b>\$ 8,804</b>

<b>Prison Industries</b>	<b>S.D. Trust Company Captive Insurance Co.</b>	<b>Professional and Licensing</b>	<b>Banking and Insurance</b>	<b>Other</b>	<b>Total</b>
\$	\$	\$ 9,145	\$ 5,069	\$ 2,215	\$ 18,011
				(5)	1,503
4,249	(64)	238	524	1,062	8,518
		59			1,105
					40,876
		197		45	679
<b>4,249</b>	<b>(64)</b>	<b>9,639</b>	<b>5,593</b>	<b>3,317</b>	<b>70,692</b>
1,034		4,720	3,410	2,056	13,231
18		542	53	230	879
411	27	3,517	1,511	719	8,717
2,694		388	44	243	4,673
		15	12	1	264
					(622)
95		142	116	218	905
					22,858
<b>4,252</b>	<b>27</b>	<b>9,324</b>	<b>5,146</b>	<b>3,467</b>	<b>50,905</b>
(3)	(91)	315	447	(150)	19,787
				3	13
(3)				(9)	(12)
(17)	(33)	(386)	(269)	(49)	225
		(1)	(2)	(1)	(184)
					135
<b>(20)</b>	<b>(33)</b>	<b>(387)</b>	<b>(271)</b>	<b>(56)</b>	<b>177</b>
(23)	(124)	(72)	176	(206)	19,964
		15		78	93
		(119)	(156)	(1)	(1,193)
<b>0</b>	<b>0</b>	<b>(104)</b>	<b>(156)</b>	<b>77</b>	<b>(1,100)</b>
(23)	(124)	(176)	20	(129)	18,864
2,476	2,156	13,963	8,015	8,697	364,243
<b>\$ 2,453</b>	<b>\$ 2,032</b>	<b>\$ 13,787</b>	<b>\$ 8,035</b>	<b>\$ 8,568</b>	<b>\$ 383,107</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers and Users	\$ 57	\$ 37,461	\$	\$ 3,109	\$ 1,641
Receipts from Interfund Services Provided				108	86
Receipts from Federal Agencies		5,148			199
Receipts from Loan Payments	10,898				
Payments to Suppliers and for Benefits and Claims	(261)	(23,118)	(468)	(771)	(1,430)
Payments for Employee Services	(183)		(13)	(1,192)	(577)
Payments for Interfund Services Used				(1,604)	(84)
Payments for Loans Originated	(2,239)				
Other Receipts (Payments)	(136)		(172)	371	
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>8,136</b>	<b>19,491</b>	<b>(653)</b>	<b>21</b>	<b>(165)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchases of Capital Assets				(202)	
Construction in Progress				(1,388)	
Sale or Disposition of Capital Assets				27	
Payments for Lease, Notes, and Installment Obligations					
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,563)</b>	<b>0</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In					
Transfers Out		(929)	(1)		
Receipts for Administering Program					
Services Provided to Others	(176)				
Grants and Other Noncapital Financing Activities		(949)			
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(176)</b>	<b>(1,878)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>
<b>Cash Flows from Investing Activities:</b>					
Investment Income	(2,518)	3,682	(47)	(36)	(18)
Investment Expense	(17)				
Proceeds from the Sale and Maturity of Investments				10	
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(2,535)</b>	<b>3,682</b>	<b>(47)</b>	<b>(26)</b>	<b>(18)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year</b>	<b>5,425</b>	<b>21,295</b>	<b>(701)</b>	<b>(1,568)</b>	<b>(183)</b>
Cash and Cash Equivalents at Beginning of Year	97,496	160,779	1,886	3,862	784
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 102,921</b>	<b>\$ 182,074</b>	<b>\$ 1,185</b>	<b>\$ 2,294</b>	<b>\$ 601</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 552	\$ 19,097	\$ (185)	\$ (273)	\$ (78)
Adjustments to Reconcile Operating Income (Loss):					
Depreciation/Amortization Expense				325	9
Interest Expense					
Decrease/(Increase) in Assets:					
Accounts Receivable	(44)	(3,255)			(8)
Bonds and Notes Receivable	7,600				
Due From Other Funds		(20)			4
Due From Component Units					
Due From Other Governments		4,241			(14)
Inventory					(70)
Other Assets					
Restricted Net Pension Asset	(95)		(3)	(141)	(148)
Decrease/(Increase) in Deferred Outflows of Resources:					
Deferred Outflows - Related to Pensions	(44)		1	(58)	(64)
Increase/(Decrease) in Liabilities:					
Accounts Payable	1	(432)	(468)	(110)	(7)
Accrued Liabilities	7			1	(2)
Compensated Absences Payable	19			16	(3)
Due To Other Funds				2	1
Due To Other Governments				4	
Unearned Revenue		(140)		56	
Escrow Payable					
Other Liabilities					
Increase/(Decrease) in Deferred Inflows of Resources:					
Deferred Inflows - Related to Pensions	140		2	199	215
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 8,136</b>	<b>\$ 19,491</b>	<b>\$ (653)</b>	<b>\$ 21</b>	<b>\$ (165)</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Lease Obligations Entered Into					

Rural Rehabilitation	Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 148	\$ 1,117 3,466	\$ 70	\$ 9,615 95	\$ 5,594	\$ 3,148 28	\$ 61,960 3,783
						5,347
590						11,488
(2)	(3,288)	(140)	(3,407)	(1,032)	(900)	(34,817)
	(1,038)	(21)	(4,677)	(3,335)	(2,019)	(13,055)
	(198)		(862)	(150)	(271)	(3,169)
						(2,239)
10			57		3	133
<b>746</b>	<b>59</b>	<b>(91)</b>	<b>821</b>	<b>1,077</b>	<b>(11)</b>	<b>29,431</b>
						(202)
						(1,388)
					3	30
1	(162)		(379)	(112)	(2)	(654)
<b>1</b>	<b>(162)</b>	<b>0</b>	<b>(379)</b>	<b>(112)</b>	<b>1</b>	<b>(2,214)</b>
			132		78	210
			(236)	(156)	(1)	(1,323)
						(176)
135						(814)
<b>135</b>	<b>0</b>	<b>0</b>	<b>(104)</b>	<b>(156)</b>	<b>77</b>	<b>(2,103)</b>
(113)	(18)	(28)	(396)	(276)	(80)	152
(1)			(1)	(2)	(1)	(22)
						10
<b>(114)</b>	<b>(18)</b>	<b>(28)</b>	<b>(397)</b>	<b>(278)</b>	<b>(81)</b>	<b>140</b>
<b>768</b>	<b>(121)</b>	<b>(119)</b>	<b>(59)</b>	<b>531</b>	<b>(14)</b>	<b>25,254</b>
4,793	537	2,151	15,662	11,543	8,300	307,793
<b>\$ 5,561</b>	<b>\$ 416</b>	<b>\$ 2,032</b>	<b>\$ 15,603</b>	<b>\$ 12,074</b>	<b>\$ 8,286</b>	<b>\$ 333,047</b>
\$ 156	\$ (3)	\$ (91)	\$ 315	\$ 447	\$ (150)	\$ 19,787
	95		142	116	218	905
	45				7	(3,255)
588						8,188
	41		(5)			20
	(36)					(36)
	344				(12)	4,559
	(325)				(17)	(412)
	(41)				(134)	(175)
(12)	(235)		(1,069)	(814)	(406)	(2,923)
(1)	(110)		(426)	(409)	(169)	(1,280)
	(17)		(37)	430	42	(598)
	8		156	28	(6)	192
	(1)		3	54	35	123
	(41)		(36)	6	(5)	(73)
	(1)					3
	(6)		135			45
				1		1
			149		3	152
15	342		1,494	1,218	583	4,208
<b>\$ 746</b>	<b>\$ 59</b>	<b>\$ (91)</b>	<b>\$ 821</b>	<b>\$ 1,077</b>	<b>\$ (11)</b>	<b>\$ 29,431</b>
			\$ 800	\$ 517	\$ 30	\$ 1,347

STATE OF SOUTH DAKOTA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 June 30, 2022  
 (Expressed in Thousands)

Assets	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 44,156	\$ 5,151	\$ 2,731	\$ 4,218	\$ 1,597	\$ 781
Receivables:						
Interest and Dividends	149	15	2	10	1	2
Other Funds		2,127	1,491	1,548	937	243
Component Units		3	150	116		
Other Governments						
Other, net	3,909	2	18	1		3
Inventory			1			157
Other Assets	100	2,074	1,814	1,225		
<b>Total Current Assets</b>	<b>48,314</b>	<b>9,372</b>	<b>6,207</b>	<b>7,118</b>	<b>2,535</b>	<b>1,186</b>
Restricted Assets:						
Net Pension Asset	261	4,970	1,661	437	871	95
<b>Capital Assets:</b>						
Property, Plant, and Equipment		11,640	5,058	14,251	1,561	446
Right-to-use Leased Assets	66	226	352		1,001	362
Accumulated Depreciation	(15)	(9,804)	(3,779)	(12,740)	(1,401)	(415)
Construction in Progress		168				
<b>Total Capital Assets</b>	<b>51</b>	<b>2,230</b>	<b>1,631</b>	<b>1,511</b>	<b>1,161</b>	<b>393</b>
<b>Total Assets</b>	<b>48,626</b>	<b>16,572</b>	<b>9,499</b>	<b>9,066</b>	<b>4,567</b>	<b>1,674</b>
<b>Deferred Outflows of Resources</b>						
Related to Pensions	359	6,805	2,283	608	1,205	131
<b>Total Deferred Outflows of Resources</b>	<b>359</b>	<b>6,805</b>	<b>2,283</b>	<b>608</b>	<b>1,205</b>	<b>131</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Liabilities	2,832	1,520	1,108	226	401	40
Payable to:						
Other Funds	48	148	258	105	53	6
Component Units						
Bonds, Notes, and Leases Payable	15	391	67		59	27
Claims, Judgments, and Compensated Absences	11,738	1,450	663	142	232	46
Accrued Interest Payable			1		2	
Unearned Revenue		339	1,499			
<b>Total Current Liabilities</b>	<b>14,633</b>	<b>3,848</b>	<b>3,596</b>	<b>473</b>	<b>747</b>	<b>119</b>
<b>Noncurrent Liabilities:</b>						
Bonds, Notes, and Leases Payable	36	266	226		882	319
Claims, Judgments, and Compensated Absences	47	1,220	577	123	202	40
Other Noncurrent Liabilities	59					
<b>Total Noncurrent Liabilities</b>	<b>142</b>	<b>1,486</b>	<b>803</b>	<b>123</b>	<b>1,084</b>	<b>359</b>
<b>Total Liabilities</b>	<b>14,775</b>	<b>5,334</b>	<b>4,399</b>	<b>596</b>	<b>1,831</b>	<b>478</b>
<b>Deferred Inflows of Resources</b>						
Related to Pensions	572	10,888	3,639	957	1,908	209
<b>Total Deferred Inflows of Resources</b>	<b>572</b>	<b>10,888</b>	<b>3,639</b>	<b>957</b>	<b>1,908</b>	<b>209</b>
<b>Net Position</b>						
Net Investment in Capital Assets	(1)	1,573	1,338	1,511	218	46
Restricted for Pensions	48	887	305	88	168	17
Unrestricted	33,591	4,695	2,101	6,522	1,647	1,055
<b>Total Net Position</b>	<b>\$ 33,638</b>	<b>\$ 7,155</b>	<b>\$ 3,744</b>	<b>\$ 8,121</b>	<b>\$ 2,033</b>	<b>\$ 1,118</b>



Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 495	\$ 10,007	\$ 1,037	\$ 584	\$ 7,481	\$ 7,758	\$ 85,996
2	24	8	2	11	20	246
114		1,604	610		792	9,466
172		259			57	757
	13	8		11	163	163
					121	4,086
					527	685
75			130	200	92	5,710
<b>858</b>	<b>10,044</b>	<b>2,916</b>	<b>1,326</b>	<b>7,703</b>	<b>9,530</b>	<b>107,109</b>
127	154	158	859	66	1,528	11,187
2,045		63,218	378		10,218	108,815
			56	32	836	2,931
(1,975)		(42,931)	(377)	(8)	(2,605)	(76,050)
						168
<b>70</b>	<b>0</b>	<b>20,287</b>	<b>57</b>	<b>24</b>	<b>8,449</b>	<b>35,864</b>
<b>1,055</b>	<b>10,198</b>	<b>23,361</b>	<b>2,242</b>	<b>7,793</b>	<b>19,507</b>	<b>154,160</b>
171	210	215	1,190	90	2,101	15,368
<b>171</b>	<b>210</b>	<b>215</b>	<b>1,190</b>	<b>90</b>	<b>2,101</b>	<b>15,368</b>
21	46	556	265	21	611	7,647
17	14	623	51	2	206	1,531
	1	57	9			67
		3,539	13	8	127	4,246
32	2,067	37	298	4,177	481	21,363
						3
					8	1,846
<b>70</b>	<b>2,128</b>	<b>4,812</b>	<b>636</b>	<b>4,208</b>	<b>1,433</b>	<b>36,703</b>
		7,605	29	17	795	10,175
28	3,500	32	249	30,899	418	37,335
						59
<b>28</b>	<b>3,500</b>	<b>7,637</b>	<b>278</b>	<b>30,916</b>	<b>1,213</b>	<b>47,569</b>
<b>98</b>	<b>5,628</b>	<b>12,449</b>	<b>914</b>	<b>35,124</b>	<b>2,646</b>	<b>84,272</b>
278	337	346	1,882	144	3,348	24,508
<b>278</b>	<b>337</b>	<b>346</b>	<b>1,882</b>	<b>144</b>	<b>3,348</b>	<b>24,508</b>
70		9,143	15		7,525	21,438
20	27	27	167	12	281	2,047
760	4,416	1,611	454	(27,397)	7,808	37,263
<b>\$ 850</b>	<b>\$ 4,443</b>	<b>\$ 10,781</b>	<b>\$ 636</b>	<b>\$ (27,385)</b>	<b>\$ 15,614</b>	<b>\$ 60,748</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
<b>Operating Revenue:</b>						
Use of Money and Property	\$	\$	\$	\$	\$	\$
Sales and Services	147,301	24,563	18,828	5,923	7,789	3,071
Other Revenue	4,986		75	13	6	
<b>Total Operating Revenue</b>	<b>152,287</b>	<b>24,563</b>	<b>18,903</b>	<b>5,936</b>	<b>7,795</b>	<b>3,071</b>
<b>Operating Expenses:</b>						
Personal Services and Benefits	1,020	19,189	6,894	1,863	3,893	409
Travel	21	66	162	1	6	
Contractual Services	33,826	5,823	11,259	3,240	2,445	137
Supplies and Materials	25	169	296	207	961	2,459
Grant and Other	4					
Interest	2	35	6		26	11
Depreciation/Amortization	16	581	583	566	105	63
Insurance Claims	135,451					
<b>Total Operating Expenses</b>	<b>170,365</b>	<b>25,863</b>	<b>19,200</b>	<b>5,877</b>	<b>7,436</b>	<b>3,079</b>
<b>Operating Income (Loss)</b>	<b>(18,078)</b>	<b>(1,300)</b>	<b>(297)</b>	<b>59</b>	<b>359</b>	<b>(8)</b>
<b>Nonoperating Revenue (Expenses):</b>						
Gain on Disposal of Assets		7	5			
Loss on Disposal of Assets			(26)			
Investment Income	(1,494)	(137)	(29)	(103)	(8)	(18)
Other Expense	(10)	(1)		(1)		
Grant and Other Income			138			
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(1,504)</b>	<b>(131)</b>	<b>88</b>	<b>(104)</b>	<b>(8)</b>	<b>(18)</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(19,582)</b>	<b>(1,431)</b>	<b>(209)</b>	<b>(45)</b>	<b>351</b>	<b>(26)</b>
<b>Transfers:</b>						
Capital Contribution						
Transfers In				547		
Transfers Out						
<b>Net Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>547</b>	<b>0</b>	<b>0</b>
<b>Change in Net Position</b>	<b>(19,582)</b>	<b>(1,431)</b>	<b>(209)</b>	<b>502</b>	<b>351</b>	<b>(26)</b>
Net Position at Beginning of Year	53,220	8,586	3,953	7,619	1,682	1,144
<b>Net Position at End of Year</b>	<b>\$ 33,638</b>	<b>\$ 7,155</b>	<b>\$ 3,744</b>	<b>\$ 8,121</b>	<b>\$ 2,033</b>	<b>\$ 1,118</b>

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$	\$	\$	\$	\$	\$	\$
708	2,749	16,572	4,958	9,611	11,327	253,400
	115	29		19	217	5,460
<b>708</b>	<b>2,864</b>	<b>16,601</b>	<b>4,958</b>	<b>9,630</b>	<b>11,553</b>	<b>258,869</b>
387	641	606	3,957	275	6,754	45,888
9	51	1	81		381	779
214	736	1,939	1,101	147	2,090	62,957
4	8	8,172	253	1	2,114	14,669
					15	19
		421	1	1	30	533
42		4,018	18	8	487	6,487
	2,970			6,400	213	145,034
<b>656</b>	<b>4,406</b>	<b>15,157</b>	<b>5,411</b>	<b>6,832</b>	<b>12,084</b>	<b>276,366</b>
52	(1,542)	1,444	(453)	2,798	(531)	(17,497)
		522			110	644
		(49)			(203)	(278)
(15)	(267)	(50)	(23)	(100)	(187)	(2,431)
	(2)	(1)		(1)	(1)	(17)
						138
<b>(15)</b>	<b>(269)</b>	<b>422</b>	<b>(23)</b>	<b>(101)</b>	<b>(281)</b>	<b>(1,944)</b>
37	(1,811)	1,866	(476)	2,697	(812)	(19,441)
			305		7	7
					2,179	3,031
					(9)	(9)
<b>0</b>	<b>0</b>	<b>0</b>	<b>305</b>	<b>0</b>	<b>2,177</b>	<b>3,029</b>
37	(1,811)	1,866	(171)	2,697	1,365	(16,412)
813	6,254	8,915	807	(30,082)	14,249	77,160
<b>\$ 850</b>	<b>\$ 4,443</b>	<b>\$ 10,781</b>	<b>\$ 636</b>	<b>\$ (27,385)</b>	<b>\$ 15,614</b>	<b>\$ 60,748</b>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ 76,350	\$ 557	\$ 2,154	\$ 490	\$ 9	\$ 175
Receipts from Interfund Services Provided	70,949	24,049	16,077	5,187	7,610	2,918
Payments to Suppliers and for Benefits and Claims	(175,420)	(5,134)	(10,241)	(2,307)	(2,632)	(2,482)
Payments for Employee Services	(1,018)	(19,079)	(6,699)	(1,876)	(3,857)	(404)
Payments for Interfund Services Used	(2,125)	(1,284)	(1,324)	(1,157)	(825)	(95)
Other Receipts (Payments)	12,027		75	57	6	
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(19,237)</b>	<b>(891)</b>	<b>42</b>	<b>394</b>	<b>311</b>	<b>112</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
<b>Activities:</b>						
Purchases of Capital Assets		(300)	(170)			
Sale or Disposition of Capital Assets		7	5		4	
Payments for Lease, Notes, and Installment Obligations		(417)	(64)		(84)	(51)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>0</b>	<b>(710)</b>	<b>(229)</b>	<b>0</b>	<b>(80)</b>	<b>(51)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Transfers In				547		
Transfers Out						
Other Noncapital Financing Activities			138			
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>0</b>	<b>0</b>	<b>138</b>	<b>547</b>	<b>0</b>	<b>0</b>
<b>Cash Flows from Investing Activities:</b>						
Investment Income	(1,515)	(141)	(28)	(104)	(8)	(18)
Investment Expense	(10)	(1)		(1)		
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,525)</b>	<b>(142)</b>	<b>(28)</b>	<b>(105)</b>	<b>(8)</b>	<b>(18)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year</b>	<b>(20,762)</b>	<b>(1,743)</b>	<b>(77)</b>	<b>836</b>	<b>223</b>	<b>43</b>
Cash and Cash Equivalents at Beginning of Year	64,918	6,894	2,808	3,382	1,374	738
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 44,156</b>	<b>\$ 5,151</b>	<b>\$ 2,731</b>	<b>\$ 4,218</b>	<b>\$ 1,597</b>	<b>\$ 781</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ (18,078)	\$ (1,300)	\$ (297)	\$ 59	\$ 359	\$ (8)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	16	581	583	566	105	63
Interest Expense		35	5		24	10
Decrease/(Increase) in Assets:						
Accounts Receivable	3,133	(1)	2	42		(2)
Due From Other Funds		254	(67)	(233)	(170)	25
Due From Component Units			38	(12)		
Due From Other Governments						
Inventory		4	4			20
Other Assets	3	(353)	246	(6)		
Restricted Net Pension Asset	(260)	(4,943)	(1,651)	(435)	(866)	(95)
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows - Related to Pensions	(123)	(2,376)	(714)	(217)	(386)	(45)
Increase/(Decrease) in Liabilities:						
Accounts Payable	1,074	(62)	(157)	19	24	(1)
Accrued Liabilities	(8)	58	43	4	16	(1)
Compensated Absences Payable	8	4	143	(8)	22	4
Due To Other Funds	(19)	50	59	(31)	(3)	1
Due To Component Units						
Due To Other Governments	2				(63)	
Unearned Revenue	(1)	(210)	(570)			
Policy Claim Liabilities	(5,368)					
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows - Related to Pensions	384	7,368	2,375	646	1,249	141
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (19,237)</b>	<b>\$ (891)</b>	<b>\$ 42</b>	<b>\$ 394</b>	<b>\$ 311</b>	<b>\$ 112</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Gain (Loss) on Disposal of Capital Assets	\$	\$ 7	\$ (20)	\$	\$ 5	\$
Transfers In (Out) of Capital Assets						
Lease Obligations Entered Into	66	226	352		1,001	362

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 417	\$ 995	\$ 2,472	\$ 17	\$ 1,973	\$ 2,111	\$ 87,720
277	1,753	13,797	4,692	7,655	9,305	164,269
(124)	(2,562)	(9,007)	(1,011)	(5,433)	(3,019)	(219,372)
(442)	(568)	(610)	(3,938)	(255)	(6,761)	(45,507)
(100)	(126)	(858)	(494)	(32)	(1,659)	(10,079)
	34	28			228	12,455
<b>28</b>	<b>(474)</b>	<b>5,822</b>	<b>(734)</b>	<b>3,908</b>	<b>205</b>	<b>(10,514)</b>
		(2,859)			(5,271)	(8,600)
		1,058			3,182	4,256
		(5,308)	(14)	(8)	(123)	(6,069)
<b>0</b>	<b>0</b>	<b>(7,109)</b>	<b>(14)</b>	<b>(8)</b>	<b>(2,212)</b>	<b>(10,413)</b>
			564		2,179	3,290
			(259)		(9)	(268)
						138
<b>0</b>	<b>0</b>	<b>0</b>	<b>305</b>	<b>0</b>	<b>2,170</b>	<b>3,160</b>
(14)	(266)	(54)	(23)	(104)	(181)	(2,456)
	(2)	(1)		(1)	(11)	(27)
<b>(14)</b>	<b>(268)</b>	<b>(55)</b>	<b>(23)</b>	<b>(105)</b>	<b>(192)</b>	<b>(2,483)</b>
<b>14</b>	<b>(742)</b>	<b>(1,342)</b>	<b>(466)</b>	<b>3,795</b>	<b>(29)</b>	<b>(20,250)</b>
481	10,749	2,379	1,050	3,686	7,787	106,246
<b>\$ 495</b>	<b>\$ 10,007</b>	<b>\$ 1,037</b>	<b>\$ 584</b>	<b>\$ 7,481</b>	<b>\$ 7,758</b>	<b>\$ 85,996</b>
\$ 52	\$ (1,542)	\$ 1,444	\$ (453)	\$ 2,798	\$ (531)	\$ (17,497)
42		4,018	18	8	487	6,487
		446	1	1	27	549
	14			(6)	47	3,229
(3)		(262)	(257)		12	(701)
(10)		(41)	1		(5)	(29)
					42	42
					85	113
2	7				(12)	(113)
(126)	(153)	(157)	(854)	(66)	(1,520)	(11,126)
(53)	(62)	(54)	(386)	(29)	(711)	(5,156)
		(14)	(6)		(1)	876
(8)	2	(3)	32	6	1	142
(53)	20	(4)	28	13	(15)	162
1	(16)	212	16	(1)	77	346
	1	24	9		(11)	23
		(1)				(62)
					(4)	(785)
	1,037			1,085		(3,246)
184	218	214	1,117	99	2,237	16,232
<b>\$ 28</b>	<b>\$ (474)</b>	<b>\$ 5,822</b>	<b>\$ (734)</b>	<b>\$ 3,908</b>	<b>\$ 205</b>	<b>\$ (10,514)</b>
\$	\$	\$ 473	\$	\$	\$ 91	\$ 556
					7	7
			56	32	835	2,930

**STATE OF SOUTH DAKOTA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 June 30, 2022  
 (Expressed in Thousands)**

	<b>Common School</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 8	\$ 886	\$ 894
<b>Receivables:</b>			
Investment Income	373	1	374
Other	38	1	39
<b>Total Receivables</b>	<b>411</b>	<b>2</b>	<b>413</b>
<b>Investments, at Fair Value:</b>			
Pooled Investment Funds	297,618		297,618
<b>Total Investments</b>	<b>297,618</b>	<b>0</b>	<b>297,618</b>
Properties, at Cost	14,162	51	14,213
Other Assets		12	12
<b>Total Assets</b>	<b>312,199</b>	<b>951</b>	<b>313,150</b>
<b>Liabilities</b>			
Payables:			
Accounts Payable and Other Liabilities		25	25
Due To Other Funds		29	29
<b>Total Liabilities</b>	<b>0</b>	<b>54</b>	<b>54</b>
 <b>Net Position - Restricted for Others</b>	 <b>\$ 312,199</b>	 <b>\$ 897</b>	 <b>\$ 313,096</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	<b>Common School</b>	<b>Other</b>	<b>Total</b>
<b>Additions</b>			
<b>Contributions:</b>			
From Clients and Inmates	\$	\$ 539	\$ 539
Other	4,483		4,483
<b>Total Contributions</b>	<b>4,483</b>	<b>539</b>	<b>5,022</b>
<b>Investment Income:</b>			
Value of Investments	(4,990)		(4,990)
Real Estate	237		237
Pooled Interest and Dividends	1,716		1,716
<b>Net Investment Income (Loss)</b>	<b>(3,037)</b>	<b>0</b>	<b>(3,037)</b>
<i>From Security Lending Activities</i>			
Securities Lending Income	2		2
Miscellaneous Income		31	31
<b>Total Additions</b>	<b>1,448</b>	<b>570</b>	<b>2,018</b>
<b>Deductions</b>			
Distribution to School Districts	9,840		9,840
Payments Made for Trust Purposes		582	582
Administrative Expenses		10	10
<b>Total Deductions</b>	<b>9,840</b>	<b>592</b>	<b>10,432</b>
<b>Change in Net Position</b>	<b>(8,392)</b>	<b>(22)</b>	<b>(8,414)</b>
Net Position at Beginning of Year	320,591	919	321,510
<b>Net Position at End of Year</b>	<b>\$ 312,199</b>	<b>\$ 897</b>	<b>\$ 313,096</b>

STATE OF SOUTH DAKOTA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 June 30, 2022  
 (Expressed in Thousands)

	Department of Revenue Collections	Child Support Collections	Clerk of Courts	Soybean	Corrections	Other	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ 6,867	\$ 2,399	\$ 14,343	\$ 1,198	\$ 1,729	\$ 258	\$ 26,794
<b>Receivables:</b>							
Taxes, net	58,940						58,940
Due From Other Funds					113		113
Other	15			1,285			1,300
<b>Total Receivables</b>	<b>58,955</b>	<b>0</b>	<b>0</b>	<b>1,285</b>	<b>113</b>	<b>0</b>	<b>60,353</b>
<b>Total Assets</b>	<b>65,822</b>	<b>2,399</b>	<b>14,343</b>	<b>2,483</b>	<b>1,842</b>	<b>258</b>	<b>87,147</b>
<b>Liabilities</b>							
Payables:							
Accounts Payable and Other Liabilities		2,399	91	2,483		63	5,036
Due To Other Governments	65,822		91			4	65,917
Due To Other Funds					193		193
<b>Total Liabilities</b>	<b>65,822</b>	<b>2,399</b>	<b>182</b>	<b>2,483</b>	<b>193</b>	<b>67</b>	<b>71,146</b>
<b>Net Position - Restricted for Others</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,161</b>	<b>\$ 0</b>	<b>\$ 1,649</b>	<b>\$ 191</b>	<b>\$ 16,001</b>



**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	<b>Department of Revenue Collections</b>	<b>Child Support Collections</b>	<b>Clerk of Courts</b>	<b>Soybean</b>	<b>Corrections</b>	<b>Other</b>	<b>Total</b>
<b>Additions</b>							
Tax and Fee Collections for Other Governments	\$ 530,793	\$	\$	\$	\$	\$	\$ 530,793
Child Support Collections		113,527					113,527
Collections from Defendants and Inmates			15,633		10,320	714	26,667
Collections for Other Governments			1,078			32,623	33,701
Collections from Participants			8			2,955	2,963
Assessments				14,665			14,665
<b>Total Additions</b>	<b>530,793</b>	<b>113,527</b>	<b>16,719</b>	<b>14,665</b>	<b>10,320</b>	<b>36,292</b>	<b>722,316</b>
<b>Deductions</b>							
Tax and Fee Distributions to Other Governments	530,793						530,793
Child Support Distributions		113,527					113,527
Forfeiture Returns			7,137			164	7,301
Required Distributions			2,539	7,136		975	10,650
Payments Made to Other Governments			1,078	7,529		32,669	41,276
Payments Made for Custodial Purposes			3,239		10,313	2,910	16,462
<b>Total Deductions</b>	<b>530,793</b>	<b>113,527</b>	<b>13,993</b>	<b>14,665</b>	<b>10,313</b>	<b>36,718</b>	<b>720,009</b>
<b>Change in Net Position</b>	<b>0</b>	<b>0</b>	<b>2,726</b>	<b>0</b>	<b>7</b>	<b>(426)</b>	<b>2,307</b>
Net Position at Beginning of Year	0	0	11,435	0	1,642	617	13,694
<b>Net Position at End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,161</b>	<b>\$ 0</b>	<b>\$ 1,649</b>	<b>\$ 191</b>	<b>\$ 16,001</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
June 30, 2022  
(Expressed in Thousands)**

Assets	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 574,683	\$ 17,195	\$ 346,583	\$ 19,224	\$ 957,685
Receivables:					
Interest and Dividends	4,004	29	1,140	60	5,233
Primary Government			1,222		1,222
Other Governments			23,372		23,372
Loans and Notes, net	34,040		4,792	633	39,465
Other, net	1,216	2,399	61,780	2,497	67,892
Investments	149,151		82,900	280	232,331
Restricted Assets:					
Cash and Cash Equivalents				6,943	6,943
Inventory	5,759	3,648	7,800		17,207
Other Assets	88	970	8,614	75	9,747
<b>Total Current Assets</b>	<b>768,941</b>	<b>24,241</b>	<b>538,203</b>	<b>29,712</b>	<b>1,361,097</b>
Investments	961,391		678,427	428	1,640,246
Assets Held for Resale				531	531
Restricted Assets:					
Cash and Cash Equivalents			39,354		39,354
Investments			55,419		55,419
Net Pension Asset	1,283	4,731	103,354		109,368
Other			16,614		16,614
<b>Capital Assets:</b>					
Land and Other Non-depreciable Assets	220	19,931	46,878	653	67,682
Property, Plant, and Equipment	10,617	92,408	2,262,905	24,545	2,390,475
Accumulated Depreciation	(6,207)	(22,058)	(936,985)	(6,727)	(971,977)
Construction in Progress		4,119	58,244	8,521	70,884
<b>Total Capital Assets</b>	<b>4,630</b>	<b>94,400</b>	<b>1,431,042</b>	<b>26,992</b>	<b>1,557,064</b>
Other Noncurrent Assets, net	310,892	8,934	90,403	6,920	417,149
<b>Total Assets</b>	<b>2,047,137</b>	<b>132,306</b>	<b>2,952,816</b>	<b>64,583</b>	<b>5,196,842</b>
<b>Deferred Outflows of Resources</b>					
Related to Pensions	1,760	6,513	142,067		150,340
Related to Forward Contracts	66				66
Related to Asset Retirement Obligations		1,130			1,130
Related to Debt Refunding	2,183		13,874		16,057
<b>Total Deferred Outflows of Resources</b>	<b>4,009</b>	<b>7,643</b>	<b>155,941</b>	<b>0</b>	<b>167,593</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Liabilities	1,467	2,003	55,867	813	60,150
Payable to Primary Government	108		815		923
Escrow Payable	1,398				1,398
Bonds, Notes, and Leases Payable	21,795		37,984	1,703	61,482
Claims, Judgments, and Compensated Absences	354	782	15,981		17,117
Accrued Interest Payable	4,732		3,001	153	7,886
Unearned Revenue	41,399		93,410	1,395	136,204
Other Current Liabilities	66		36,525	1,075	37,666
<b>Total Current Liabilities</b>	<b>71,319</b>	<b>2,785</b>	<b>243,583</b>	<b>5,139</b>	<b>322,826</b>
<b>Noncurrent Liabilities:</b>					
Bonds, Notes, and Leases Payable	1,240,025	6,000	482,618	24,737	1,753,380
Unearned Revenue	71,356				71,356
Claims, Judgments, and Compensated Absences	308	782	30,534		31,624
Federal Capital Contribution Refundable Advance			28,671		28,671
Other Noncurrent Liabilities	950	1,130	14,495	1,520	18,095
<b>Total Noncurrent Liabilities</b>	<b>1,312,639</b>	<b>7,912</b>	<b>556,318</b>	<b>26,257</b>	<b>1,903,126</b>
<b>Total Liabilities</b>	<b>1,383,958</b>	<b>10,697</b>	<b>799,901</b>	<b>31,396</b>	<b>2,225,952</b>
<b>Deferred Inflows of Resources</b>					
Related to Pensions	2,493	9,300	199,689		211,482
Related to Gain on Debt Refunding	9,806		881		10,687
Related to Swaps	14,615				14,615
Related to Forward Contracts	88				88
<b>Total Deferred Inflows of Resources</b>	<b>27,002</b>	<b>9,300</b>	<b>200,570</b>	<b>0</b>	<b>236,872</b>
<b>Net Position</b>					
Net Investment in Capital Assets	(1,224)	94,400	949,224	9,907	1,052,307
Restricted for:					
Debt Service	386,727		3,233	5,000	394,960
HOME and NSP Program	84,890				84,890
Higher Education - Expendable			327,254		327,254
Higher Education - Nonexpendable			598,761		598,761
Experiments		745			745
Mine Closure		1,568			1,568
Sanford Center for Science Education		526			526
Indemnification		7,500			7,500
Pensions	550	1,944	45,732		48,226
Other	169,243				169,243
Unrestricted		13,269	184,082	18,280	215,631
<b>Total Net Position</b>	<b>\$ 640,186</b>	<b>\$ 119,952</b>	<b>\$ 2,108,286</b>	<b>\$ 33,187</b>	<b>\$ 2,901,611</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
<b>Operating Revenue:</b>					
Tuition and Fees (net of discounts and allowances for scholarships of Higher Education of \$50,372)	\$	\$	\$ 232,728	\$	\$ 232,728
Use of Money and Property	(79,172)			431	(78,741)
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$15,386)		474	125,095	4,886	130,455
Administering Programs	217,410	38,391	119,056	260	375,117
Other Revenue	7,681	411	67,821	70	75,983
<b>Total Operating Revenue</b>	<b>145,919</b>	<b>39,276</b>	<b>544,700</b>	<b>5,647</b>	<b>735,542</b>
<b>Operating Expenses:</b>					
Personal Services and Benefits	4,702	18,895	426,066		449,663
Travel	330	157	17,162	15	17,664
Contractual Services	9,151	8,163	126,084	1,911	145,309
Supplies and Materials	3,093	3,467	68,883	167	75,610
Grants and Subsidies	62,701		54,031	920	117,652
Other			4,214	1,076	5,290
Interest	29,131		257	410	29,798
Provisions for Loan Loss (Recovery)	3,032				3,032
Depreciation/Amortization	437	2,650	68,736	853	72,676
<b>Total Operating Expenses</b>	<b>112,577</b>	<b>33,332</b>	<b>765,433</b>	<b>5,352</b>	<b>916,694</b>
<b>Operating Income (Loss)</b>	<b>33,342</b>	<b>5,944</b>	<b>(220,733)</b>	<b>295</b>	<b>(181,152)</b>
<b>Nonoperating Revenue (Expenses):</b>					
Gain on Disposal of Assets				90	90
Loss on Disposal of Assets			(480)		(480)
Investment Income		171	44,123	(189)	44,105
Interest Expense			(15,965)	(455)	(16,420)
Other Expense		(366)	(18,157)		(18,523)
State Aid from Primary Government			242,751		242,751
Federal Appropriation			5,427		5,427
Grant and Other Income		86	68,622		68,708
<b>Total Nonoperating Revenue (Expenses)</b>	<b>0</b>	<b>(109)</b>	<b>326,321</b>	<b>(554)</b>	<b>325,658</b>
<b>Income (Loss) Before Capital Grants and Additions to Endowments</b>	<b>33,342</b>	<b>5,835</b>	<b>105,588</b>	<b>(259)</b>	<b>144,506</b>
Capital Grants		3,980	4,071	8,103	16,154
Additions to Endowments			43,084		43,084
<b>Change in Net Position</b>	<b>33,342</b>	<b>9,815</b>	<b>152,743</b>	<b>7,844</b>	<b>203,744</b>
Net Position at Beginning of Year, as restated	606,844	110,137	1,955,543	25,343	2,697,867
<b>Net Position at End of Year</b>	<b>\$ 640,186</b>	<b>\$ 119,952</b>	<b>\$ 2,108,286</b>	<b>\$ 33,187</b>	<b>\$ 2,901,611</b>

**STATE OF SOUTH DAKOTA  
STATEMENT OF CASH FLOWS  
HIGHER EDUCATION  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

	<b>Higher Education</b>
<b>Cash Flows from Operating Activities:</b>	
Tuition and Fees	\$ 231,165
Auxiliaries	66,180
Sales & Services - General	58,009
Federal Contracts & Grants	80,339
State Contracts & Grants	10,269
Private Contracts & Grants	65,680
Other Revenue and Additions	100
Loans Issued to Students	(1,645)
Loans Collected from Students	4,004
Student Loan Interest	616
Payments for Personal Services Expenditures	(440,235)
Payments for Travel Expenditures	(16,209)
Payments for Contractual Expenditures	(122,501)
Payments for Supply Expenditures and Non-Capitalized Equipment	(68,066)
Payments for Grant and Subsidy Expenditures	(53,122)
Payments for Other Expenditures	(122)
Foundation Activity	29,100
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(156,438)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
General Fund Appropriations	242,751
School & Public Lands	2,483
Federal Fund Appropriations	4,199
Endo/Ecto Tax	680
Federal Capital Contribution - Student Loan	(3,614)
Other Revenues & Additions	70,983
Payments for Other Expenditures	(14,171)
Foundation Activity	51,669
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>354,980</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital Grants & Contracts	5,607
Proceeds from Capital Debt	22,915
Revenue Bond Discounts and Related Costs	(167)
Sale of Capital Asset	1,010
Principal Paid on Capital Debt and Leases	(41,025)
Interest Paid on Capital Debt and Leases	(18,269)
Purchase of Capital Assets	(83,563)
Foundation Activity	19,846
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(93,646)</b>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	(5,704)
Foundation Activity	(78,355)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(84,059)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year</b>	<b>20,837</b>
Cash and Cash Equivalents at Beginning of Year, as restated	365,100
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 385,937</b>

Continued on next page

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**HIGHER EDUCATION**  
**For the Fiscal Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	<u>Higher Education</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
<b>by Operating Activities</b>	
Operating Income (Loss)	\$ (220,733)
Adjustments to Reconcile Operating Income (Loss):	
Depreciation Expense	68,736
Bad Debt Expense	859
Loan Cancellation Expense	1,015
Pension Adjustment	(26,043)
Foundation Activity	(18,313)
Decrease/(Increase) in Assets:	
Accounts Receivable Students	(1,181)
Accounts Receivable - Dept	(5,084)
Interest Receivable	1,272
Notes Receivable	1,737
Due From Federal Sources	(629)
Due From Primary Govt	30
Due from Component Unit	1,142
Prepaid Expense and Deferred Charges	(3,345)
Inventory	(150)
Increase/(Decrease) in Liabilities:	
Accounts Payable	2,588
Accrued Wages & Benefits	487
Due to Federal Sources	41
Due to Primary Government	46
Due To Component Unit	(1,142)
Student Deposits	(17)
Compensated Absences	890
Other Accrued Liabilities	60
Unearned Revenue	41,296
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (156,438)</b>
<b>Noncash Investing, Capital and Financing Activities:</b>	
Transfers In (Out) of Fixed Assets	\$ 1,731
Gain or (Loss) on Disposal of Fixed Assets	(480)

**STATE OF SOUTH DAKOTA  
STATEMENT OF FIDUCIARY NET POSITION  
HIGHER EDUCATION  
June 30, 2022  
(Expressed in Thousands)**

<u>Assets</u>	<u>Custodial Funds</u>
Cash and Cash Equivalents	\$ 1,065
Accounts Receivable	37
<b>Total Assets</b>	<b>1,102</b>
<u>Liabilities</u>	
Accounts Payable and Other Liabilities	42
<b>Total Liabilities</b>	<b>42</b>
<b>Restricted for Individuals, Organizations, and Other Governments</b>	<b>\$ 1,060</b>

**STATE OF SOUTH DAKOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
HIGHER EDUCATION  
For the Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)**

<u>Additions</u>	<u>Custodial Funds</u>
Sales and Services	\$ 617
<b>Total Additions</b>	<b>617</b>
<u>Deductions</u>	
Personal Services and Benefits	1
Travel	191
Contractual Services	140
Supplies and Materials	254
Grants and Subsidies	26
<b>Total Deductions</b>	<b>612</b>
<b>Change in Net Position</b>	<b>5</b>
Net Position at Beginning of Year, as restated	1,055
<b>Net Position at End of Year</b>	<b>\$ 1,060</b>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS  
June 30, 2022  
(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.	
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 2,595	\$ 3,189	\$ 5,781	\$ 7,659	\$ 19,224
Receivables:					
Interest and Dividends	33		13	14	60
Loans and Notes, net	633				633
Other, net		2,497			2,497
Investments	280				280
Restricted Assets:					
Cash and Cash Equivalents	6,943				6,943
Other Assets				75	75
<b>Total Current Assets</b>	<b>10,484</b>	<b>5,686</b>	<b>5,794</b>	<b>7,748</b>	<b>29,712</b>
Investments	428				428
Assets Held for Resale		531			531
<b>Capital Assets:</b>					
Land and Other Non-depreciable Assets		653			653
Property, Plant, and Equipment		24,545			24,545
Accumulated Depreciation		(6,727)			(6,727)
Construction in Progress		8,521			8,521
<b>Total Capital Assets</b>	<b>0</b>	<b>26,992</b>	<b>0</b>	<b>0</b>	<b>26,992</b>
Other Noncurrent Assets, net	6,809	111			6,920
<b>Total Assets</b>	<b>17,721</b>	<b>33,320</b>	<b>5,794</b>	<b>7,748</b>	<b>64,583</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Liabilities		794	8	11	813
Bonds, Notes, and Leases Payable	541	1,162			1,703
Accrued Interest Payable	102	51			153
Unearned Revenue		1,395			1,395
Other Current Liabilities			188	887	1,075
<b>Total Current Liabilities</b>	<b>643</b>	<b>3,402</b>	<b>196</b>	<b>898</b>	<b>5,139</b>
<b>Noncurrent Liabilities:</b>					
Bonds, Notes, and Leases Payable	7,292	17,445			24,737
Other Noncurrent Liabilities	843		583	94	1,520
<b>Total Noncurrent Liabilities</b>	<b>8,135</b>	<b>17,445</b>	<b>583</b>	<b>94</b>	<b>26,257</b>
<b>Total Liabilities</b>	<b>8,778</b>	<b>20,847</b>	<b>779</b>	<b>992</b>	<b>31,396</b>
<b>Net Position</b>					
Net Investment in Capital Assets		9,907			9,907
Restricted for:					
Debt Service	5,000				5,000
Unrestricted	3,943	2,566	5,015	6,756	18,280
<b>Total Net Position</b>	<b>\$ 8,943</b>	<b>\$ 12,473</b>	<b>\$ 5,015</b>	<b>\$ 6,756</b>	<b>\$ 33,187</b>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2022  
(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.	
<b>Operating Revenue:</b>					
Use of Money and Property	\$ 431	\$	\$	\$	\$ 431
Sales and Services		3,024	199	1,663	4,886
Administering Programs		260			260
Other Revenue	23	47			70
<b>Total Operating Revenue</b>	<b>454</b>	<b>3,331</b>	<b>199</b>	<b>1,663</b>	<b>5,647</b>
<b>Operating Expenses:</b>					
Travel		15			15
Contractual Services	69	1,676	47	119	1,911
Supplies and Materials		167			167
Grants and Subsidies		920			920
Other			279	797	1,076
Interest	410				410
Depreciation/Amortization		853			853
<b>Total Operating Expenses</b>	<b>479</b>	<b>3,631</b>	<b>326</b>	<b>916</b>	<b>5,352</b>
<b>Operating Income (Loss)</b>	<b>(25)</b>	<b>(300)</b>	<b>(127)</b>	<b>747</b>	<b>295</b>
<b>Nonoperating Revenue (Expenses):</b>					
Gain on Disposal of Assets		90			90
Investment Income	(26)	10	(76)	(97)	(189)
Interest Expense		(455)			(455)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(26)</b>	<b>(355)</b>	<b>(76)</b>	<b>(97)</b>	<b>(554)</b>
<b>Income (Loss) Before Capital Grants</b>	<b>(51)</b>	<b>(655)</b>	<b>(203)</b>	<b>650</b>	<b>(259)</b>
Capital Grants		8,103			8,103
<b>Change in Net Position</b>	<b>(51)</b>	<b>7,448</b>	<b>(203)</b>	<b>650</b>	<b>7,844</b>
Net Position at Beginning of Year	8,994	5,025	5,218	6,106	25,343
<b>Net Position at End of Year</b>	<b>\$ 8,943</b>	<b>\$ 12,473</b>	<b>\$ 5,015</b>	<b>\$ 6,756</b>	<b>\$ 33,187</b>





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***STATISTICAL SECTION***

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***STATISTICAL SECTION***

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# **STATISTICAL SECTION**

This section of the State of South Dakota's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

**FINANCIAL TRENDS INFORMATION ..... 174**

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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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				
	2022	2021	2020	2019	2018
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 4,485,267	\$ 4,334,442	\$ 4,259,851	\$ 4,126,405	\$ 4,051,612
Restricted	2,051,879	1,982,162	1,726,738	1,755,692	1,751,888
Unrestricted	1,064,339	954,974	586,958	363,208	283,343
<b>Total Governmental Activities Net Position</b>	<b>\$ 7,601,485</b>	<b>\$ 7,271,578</b>	<b>\$ 6,573,547</b>	<b>\$ 6,245,305</b>	<b>\$ 6,086,843</b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 8,008	\$ 6,649	\$ 6,552	\$ 6,650	\$ 7,027
Restricted	13,549	13,681	14,758	5,821	6,782
Unrestricted	860,046	831,660	782,424	739,281	707,805
<b>Total Business-type Activities Net Position</b>	<b>\$ 881,603</b>	<b>\$ 851,990</b>	<b>\$ 803,734</b>	<b>\$ 751,752</b>	<b>\$ 721,614</b>
<b>Primary Government:</b>					
Net Investment in Capital Assets	\$ 4,493,275	\$ 4,341,091	\$ 4,266,403	\$ 4,133,055	\$ 4,058,639
Restricted	2,065,428	1,995,843	1,741,496	1,761,513	1,758,670
Unrestricted	1,924,385	1,786,634	1,369,382	1,102,489	991,148
<b>Total Primary Government Net Position</b>	<b>\$ 8,483,088</b>	<b>\$ 8,123,568</b>	<b>\$ 7,377,281</b>	<b>\$ 6,997,057</b>	<b>\$ 6,808,457</b>

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 3,961,256	\$ 3,804,409	\$ 3,713,057	\$ 3,673,267	\$ 3,548,433
Restricted	1,588,336	1,509,441	1,537,781	1,383,140	1,241,520
Unrestricted	267,296	254,579	264,916	246,555	202,835
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,816,888</b>	<b>\$ 5,568,429</b>	<b>\$ 5,515,754</b>	<b>\$ 5,302,962</b>	<b>\$ 4,992,788</b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 7,060	\$ 6,357	\$ 2,810	\$ 3,650	\$ 4,379
Restricted	5,085	5,481	6,155	912	916
Unrestricted	684,730	660,697	624,416	588,495	545,751
<b>Total Business-type Activities Net Position</b>	<b>\$ 696,875</b>	<b>\$ 672,535</b>	<b>\$ 633,381</b>	<b>\$ 593,057</b>	<b>\$ 551,046</b>
<b>Primary Government:</b>					
Net Investment in Capital Assets	\$ 3,968,316	\$ 3,810,766	\$ 3,715,867	\$ 3,676,917	\$ 3,552,812
Restricted	1,593,421	1,514,922	1,543,936	1,384,052	1,242,436
Unrestricted	952,026	915,276	889,332	835,050	748,586
<b>Total Primary Government Net Position</b>	<b>\$ 6,513,763</b>	<b>\$ 6,240,964</b>	<b>\$ 6,149,135</b>	<b>\$ 5,896,019</b>	<b>\$ 5,543,834</b>

**Source:** South Dakota Annual Comprehensive Financial Reports (FY 2013-2022). 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 248,754	\$ 261,786	\$ 209,723	\$ 215,879	\$ 217,355	\$ 198,531	\$ 198,079	\$ 185,273	\$ 180,221	\$ 169,843
Education - Elementary, Secondary, and Vocational Schools	379,799	245,784	223,524	228,729	213,449	223,668	210,777	210,271	206,939	201,177
Education - State Support to Higher Education	242,751	228,207	229,545	213,843	210,972	206,253	232,245	192,950	219,341	176,294
Health, Human, and Social Services	1,976,809	1,546,179	1,544,824	1,552,490	1,500,037	1,503,967	1,423,411	1,406,586	1,380,648	1,367,355
Law, Justice, Public Protection, and Regulation	301,083	283,780	313,534	301,008	258,727	294,852	269,583	279,097	321,186	277,223
Agriculture and Natural Resources	157,552	159,956	157,010	155,789	144,690	161,412	153,087	140,921	152,666	144,245
Economic Resources	200,463	41,343	45,920	71,819	43,560	52,771	56,138	74,004	40,121	43,300
Transportation	649,898	700,366	676,547	533,336	455,118	459,424	561,536	507,300	473,323	537,497
Pandemic Response	329,736	1,274,185	116,299							
Intergovernmental - Payments to School Districts	595,640	585,672	563,878	559,484	547,119	516,880	421,666	404,909	393,606	394,857
Intergovernmental - Revenue										
Sharing	236,275	228,243	196,425	194,537	187,573	176,836	173,721	169,514	161,564	141,514
Unallocated Interest Expense	9,045	6,233	6,861	7,524	7,899	6,419	6,627	6,712	9,198	14,537
Unallocated Depreciation	53	53	53	53	53	53	53	53	53	53
<b>Total Governmental Activities Expenses</b>	<b>5,327,858</b>	<b>5,561,787</b>	<b>4,284,143</b>	<b>4,034,491</b>	<b>3,786,552</b>	<b>3,801,066</b>	<b>3,706,923</b>	<b>3,577,590</b>	<b>3,538,866</b>	<b>3,467,895</b>
<b>Business-type Activities:</b>										
Lottery	59,729	63,044	50,484	51,016	45,256	39,907	43,454	41,053	42,806	44,114
Clean Water State Revolving	15,008	18,077	13,516	11,662	12,345	9,638	8,290	9,673	9,879	10,898
Drinking Water State Revolving	11,024	10,652	9,349	8,222	10,314	7,511	9,031	8,651	9,352	10,337
Unemployment Insurance	22,686	152,331	241,343							
Other	28,415	27,720	30,696	55,331	55,571	60,920	60,352	56,081	66,042	81,648
<b>Total Business-type Activities Expenses</b>	<b>136,862</b>	<b>271,824</b>	<b>345,388</b>	<b>126,231</b>	<b>123,486</b>	<b>117,976</b>	<b>121,127</b>	<b>115,458</b>	<b>128,079</b>	<b>146,997</b>
<b>Total Primary Government Expenses</b>	<b>\$ 5,464,720</b>	<b>\$ 5,833,611</b>	<b>\$ 4,629,531</b>	<b>\$ 4,160,722</b>	<b>\$ 3,910,038</b>	<b>\$ 3,919,042</b>	<b>\$ 3,828,050</b>	<b>\$ 3,693,048</b>	<b>\$ 3,666,945</b>	<b>\$ 3,614,892</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 278,558	\$ 296,527	\$ 272,984	\$ 260,567	\$ 258,406	\$ 242,343	\$ 236,003	\$ 244,728	\$ 227,851	\$ 212,529
Education - Elementary, Secondary, and Vocational Schools	8,094	9,215	8,750	10,442	10,112	11,136	10,016	8,489	7,687	7,888
Health, Human, and Social Services	39,311	38,034	34,115	39,525	31,807	39,584	41,741	39,058	36,597	38,098
Law, Justice, Public Protection, and Regulation	112,366	103,712	89,945	87,061	85,139	85,221	82,456	85,252	76,048	80,750
Agriculture and Natural Resources	95,757	100,123	84,795	82,993	86,130	85,226	82,891	76,994	77,514	72,972
Economic Resources	210	96	178	231	845	433	452	1,611	3,789	3,064
Transportation	16,496	17,854	16,519	15,279	14,723	15,927	14,755	9,007	6,979	6,682
Pandemic Response		257								
Operating Grants and Contributions	2,635,757	3,123,083	1,918,543	1,589,862	1,520,834	1,553,460	1,475,671	1,493,542	1,582,641	1,588,413
Capital Grants and Contributions	3,786	7,965	16,761	3,378	2,342	3,886	7,045	21,946	1,516	1,046
<b>Total Governmental Activities Program Revenues</b>	<b>3,190,335</b>	<b>3,696,866</b>	<b>2,442,590</b>	<b>2,089,338</b>	<b>2,010,338</b>	<b>2,037,216</b>	<b>1,951,030</b>	<b>1,980,627</b>	<b>2,020,622</b>	<b>2,011,442</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Lottery	239,600	225,300	177,306	179,644	170,099	156,814	160,728	152,362	148,323	151,414
Clean Water State Revolving	8,090	7,673	7,401	7,250	7,213	6,963	6,899	6,856	6,019	5,277
Drinking Water State Revolving	5,264	4,855	5,033	4,587	4,740	4,519	4,333	4,197	4,327	4,321
Unemployment Insurance	40,876	36,605	30,105							
Other	28,724	33,254	29,279	63,755	60,688	68,543	75,424	71,243	81,681	85,946
Operating Grants and Contributions	24,357	175,004	261,674	26,910	30,971	25,334	32,772	30,005	33,994	30,519
Capital Grants and Contributions			19	200	84	426	727	2,810		
<b>Total Business-type Activities Program Revenues</b>	<b>346,911</b>	<b>482,691</b>	<b>510,817</b>	<b>282,346</b>	<b>273,795</b>	<b>262,599</b>	<b>280,883</b>	<b>267,473</b>	<b>274,344</b>	<b>277,477</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 3,537,246</b>	<b>\$ 4,179,557</b>	<b>\$ 2,953,407</b>	<b>\$ 2,371,684</b>	<b>\$ 2,284,133</b>	<b>\$ 2,299,815</b>	<b>\$ 2,231,913</b>	<b>\$ 2,248,100</b>	<b>\$ 2,294,966</b>	<b>\$ 2,288,919</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (2,137,523)	\$ (1,864,921)	\$ (1,841,553)	\$ (1,945,153)	\$ (1,776,214)	\$ (1,763,850)	\$ (1,755,893)	\$ (1,596,963)	\$ (1,518,244)	\$ (1,456,453)
Business-type Activities	210,049	210,867	165,429	156,115	150,309	144,623	159,756	152,015	146,265	130,480
<b>Total Primary Government</b>	<b>\$ (1,927,474)</b>	<b>\$ (1,654,054)</b>	<b>\$ (1,676,124)</b>	<b>\$ (1,789,038)</b>	<b>\$ (1,625,905)</b>	<b>\$ (1,619,227)</b>	<b>\$ (1,596,137)</b>	<b>\$ (1,444,948)</b>	<b>\$ (1,371,979)</b>	<b>\$ (1,325,973)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes:										
Sales Taxes	\$ 1,376,152	\$ 1,267,583	\$ 1,149,732	\$ 1,089,336	\$ 1,025,111	\$ 991,155	\$ 905,475	\$ 871,402	\$ 858,001	\$ 802,700
Motor Fuel Taxes	199,880	193,053	184,949	184,027	183,441	183,795	184,105	151,901	136,395	139,048
Contractors Excise Taxes	147,888	147,507	132,043	118,873	112,518	106,834	104,979	101,678	93,746	94,967
Bank Card and Franchise Taxes	50,949	51,515	44,727	35,411	31,448	32,844	25,943	20,669	23,943	49,493
Other Taxes	466,058	438,941	385,180	376,813	382,375	371,864	360,917	331,649	311,397	299,726
Investment Earnings	(59,783)	215,767	91,816	96,270	72,379	109,684	14,997	47,130	142,003	130,881
Gain on Sale of Capital Assets	5,352	1,590	1,515	1,978	1,737	1,463	2,057	1,198	2,726	2,127
Miscellaneous	77,023	84,720	61,664	79,632	110,159	80,500	89,493	81,275	133,988	76,047
Special Items	(5,289)		(3,636)	(4,702)					17,619	
Transfers	180,436	162,611	121,805	125,977	125,570	120,283	120,602	113,558	102,937	104,426
<b>Total Governmental Activities</b>	<b>2,438,666</b>	<b>2,563,287</b>	<b>2,169,795</b>	<b>2,103,615</b>	<b>2,044,738</b>	<b>1,998,422</b>	<b>1,808,568</b>	<b>1,720,460</b>	<b>1,822,755</b>	<b>1,699,415</b>
<b>Business-type Activities:</b>										
Transfers	(180,436)	(162,611)	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)
<b>Total Business-type Activities</b>	<b>(180,436)</b>	<b>(162,611)</b>	<b>(121,805)</b>	<b>(125,977)</b>	<b>(125,570)</b>	<b>(120,283)</b>	<b>(120,602)</b>	<b>(113,558)</b>	<b>(102,937)</b>	<b>(104,426)</b>
<b>Total Primary Government</b>	<b>\$ 2,258,230</b>	<b>\$ 2,400,676</b>	<b>\$ 2,047,990</b>	<b>\$ 1,977,638</b>	<b>\$ 1,919,168</b>	<b>\$ 1,878,139</b>	<b>\$ 1,687,966</b>	<b>\$ 1,606,902</b>	<b>\$ 1,719,818</b>	<b>\$ 1,594,989</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 301,143	\$ 698,366	\$ 328,242	\$ 158,462	\$ 268,524	\$ 234,572	\$ 52,675	\$ 123,497	\$ 304,511	\$ 242,962
Business-type Activities	29,613	48,256	43,624	30,138	24,739	24,340	39,154	38,457	43,328	26,054
<b>Total Primary Government</b>	<b>\$ 330,756</b>	<b>\$ 746,622</b>	<b>\$ 371,866</b>	<b>\$ 188,600</b>	<b>\$ 293,263</b>	<b>\$ 258,912</b>	<b>\$ 91,829</b>	<b>\$ 161,954</b>	<b>\$ 347,839</b>	<b>\$ 269,016</b>

Source: South Dakota Annual Comprehensive Financial Reports (FY 2013-2022). 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				
	2022	2021	2020	2019	2018
<b>General Fund:</b>					
Non-Spendable	\$ 5,611	\$ 6,353	\$ 5,300	\$ 5,503	\$ 6,097
Restricted		5,333	3,382	3,300	3,300
<b>Committed</b>					
Assigned	469,146	382,166	136,363	74,156	60,691
Unassigned	508,940	451,026	381,326	294,225	268,052
<b>Total General Fund</b>	<b>\$ 983,697</b>	<b>\$ 844,878</b>	<b>\$ 526,371</b>	<b>\$ 377,184</b>	<b>\$ 338,140</b>
<b>Other Governmental Funds:</b>					
Non-Spendable	\$ 666,878	\$ 653,767	\$ 582,096	\$ 571,644	\$ 563,385
Restricted	1,353,951	1,327,218	1,098,864	1,087,753	1,080,962
<b>Committed</b>	<b>63,281</b>	<b>59,244</b>	<b>51,243</b>	<b>41,816</b>	<b>36,863</b>
Assigned	18,669	19,188	25,593	22,430	17,514
Unassigned	(12,881)	(8,606)	(8,359)	(4,036)	(11,758)
<b>Total Other Governmental Funds</b>	<b>\$ 2,089,898</b>	<b>\$ 2,050,811</b>	<b>\$ 1,749,437</b>	<b>\$ 1,719,607</b>	<b>\$ 1,686,966</b>

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>General Fund:</b>					
Non-Spendable	\$ 6,458	\$ 4,193	\$ 3,911	\$ 3,629	\$ 3,419
Restricted	3,300	8,384	10,479	8,264	1,018
<b>Committed</b>					
Assigned	54,835	54,516	120,180	149,021	126,872
Unassigned	249,087	242,449	183,570	159,403	186,444
<b>Total General Fund</b>	<b>\$ 313,680</b>	<b>\$ 309,542</b>	<b>\$ 318,140</b>	<b>\$ 320,317</b>	<b>\$ 317,753</b>
<b>Other Governmental Funds:</b>					
Non-Spendable	\$ 526,968	\$ 512,525	\$ 501,093	\$ 493,227	\$ 717,108
Restricted	1,033,158	893,833	949,713	918,910	551,014
<b>Committed</b>	<b>38,940</b>	<b>43,652</b>	<b>51,119</b>	<b>46,766</b>	<b>43,993</b>
Assigned	29,404	27,022	27,633	34,339	49,758
Unassigned	(5,742)	(5,048)	(3,624)	(5,040)	(1,462)
<b>Total Other Governmental Funds</b>	<b>\$ 1,622,728</b>	<b>\$ 1,471,984</b>	<b>\$ 1,525,934</b>	<b>\$ 1,488,202</b>	<b>\$ 1,360,411</b>

**Source:** South Dakota Annual Comprehensive Financial Reports (FY 2013-2022). 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Taxes:										
Sales and Use	\$ 1,393,235	\$ 1,272,342	\$ 1,129,007	\$ 1,062,456	\$ 1,025,607	\$ 990,332	\$ 905,203	\$ 876,138	\$ 857,559	\$ 802,700
Insurance Company	107,878	94,224	94,277	88,270	91,062	83,952	83,291	80,133	73,876	70,740
Liquor	22,250	21,387	19,231	19,919	17,135	15,994	17,580	16,356	15,988	15,835
Cigarette	42,784	46,331	45,885	45,501	49,729	52,149	52,081	52,776	51,616	51,940
Bank Franchise	51,237	50,146	44,693	34,706	31,462	32,800	25,412	20,669	23,943	49,493
Contractor's Excise	157,945	146,712	126,946	112,705	112,473	106,845	104,938	102,246	93,746	94,967
Severance	8,746	10,937	8,640	4,777	9,055	10,154	8,260	7,508	9,286	9,141
Other Tobacco	11,536	11,119	10,357	9,470	9,231	8,226	8,882	7,995	8,131	6,562
Motor Fuel and Vehicle	356,822	348,908	305,620	302,498	298,774	294,918	293,045	240,382	215,203	212,521
Other	116,972	99,087	86,123	90,396	90,854	90,251	81,993	78,434	73,688	72,018
Licenses, Permits, and Fees	352,057	344,090	312,714	307,301	304,754	301,216	302,156	281,742	267,628	252,420
Fines, Forfeits, and Penalties	22,836	25,875	18,697	15,070	13,347	14,400	12,647	14,516	10,781	16,189
Use of Money and Property	(56,767)	222,744	116,694	128,161	84,549	123,183	27,578	59,865	157,633	153,479
Sales and Services	45,100	47,043	41,564	53,192	44,973	44,916	39,797	42,531	39,712	37,679
Administering Programs	2,636,609	3,107,263	1,889,237	1,555,548	1,493,062	1,546,964	1,464,030	1,503,362	1,567,027	1,573,326
Tobacco Settlement	22,549	21,973	20,865	20,558	46,000	24,302	24,582	23,421	26,561	24,128
Other Revenue	90,879	98,604	78,640	95,092	106,339	80,380	87,874	77,614	129,147	65,272
<b>Total Revenues</b>	<b>5,382,668</b>	<b>5,968,785</b>	<b>4,349,190</b>	<b>3,945,620</b>	<b>3,828,406</b>	<b>3,820,982</b>	<b>3,539,349</b>	<b>3,485,688</b>	<b>3,621,525</b>	<b>3,508,410</b>
<b>Expenditures:</b>										
General Government	127,079	106,808	104,375	104,963	102,803	94,658	99,874	87,785	87,409	74,394
Education	1,217,208	1,079,375	1,015,113	999,426	977,720	977,833	859,072	804,348	835,894	782,276
Health, Human, and Social Services	2,025,975	1,550,963	1,523,558	1,531,129	1,516,592	1,487,068	1,428,259	1,435,850	1,387,821	1,364,933
Law, Justice, Public Protection, and Regulation	317,724	290,727	304,836	282,912	272,661	283,053	268,818	281,688	320,080	280,691
Agriculture and Natural Resources	180,575	161,059	164,876	155,168	161,734	173,111	155,006	143,466	148,596	139,861
Economic Resources	200,559	41,172	45,258	71,505	43,978	52,432	56,202	74,182	40,062	43,108
Transportation	784,714	778,681	788,580	614,680	575,332	600,346	655,752	554,536	582,939	604,048
Pandemic Response	329,736	1,274,185	116,299							
State Shared Revenue	236,275	228,243	196,425	194,537	187,573	176,836	173,721	169,514	161,564	141,514
Capital Outlay			13,912	28,163	8,182	1,023	1,017	2,038	2,541	387
Debt Service:										
Principal	23,051	17,931	14,280	14,407	14,962	15,583	16,415	17,272	20,973	30,059
Interest	8,154	5,830	6,510	7,234	7,563	8,647	9,177	9,261	10,206	13,896
Bond Issuance Costs	1,289	80	65		67	322	6	346	83	1,817
Payment to Refunded Bond Escrow Agent	7,319								16,924	8,016
Payment on Current Note Refunding	43,006									
<b>Total Expenditures</b>	<b>5,502,664</b>	<b>5,535,054</b>	<b>4,294,087</b>	<b>4,004,124</b>	<b>3,869,167</b>	<b>3,870,912</b>	<b>3,723,319</b>	<b>3,580,286</b>	<b>3,615,092</b>	<b>3,485,000</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(119,996)</b>	<b>433,731</b>	<b>55,103</b>	<b>(58,504)</b>	<b>(40,761)</b>	<b>(49,930)</b>	<b>(183,970)</b>	<b>(94,598)</b>	<b>6,433</b>	<b>23,410</b>
<b>Other Financing Sources (Uses):</b>										
Lease Issuance	39,255									
Capital Leases					1,322	32,048		1,125	20,350	12,605
Proceeds from Sale of Capital Assets	4,298	25,067	2,895	5,663	2,627	2,253	2,136	2,099	4,459	5,154
Insurance Proceeds	2,415	36	15	33	13	80	85		24	
Bonds Issued						44,305		13,410	4,500	
Premiums on Bond Issuance						6,173		314		
Issuance of Refunding Bonds	54,370									
Issuance of Refunding Notes	44,065									
Payment to Refunded Bond Escrow Agent	(53,361)									
Proceeds of Refunding Bonds		9,495	7,130			1,405		10,408		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	381,854	391,819	289,409	283,840	298,786	261,279	274,598	271,301	262,172	254,094
Transfers Out	(204,440)	(230,962)	(169,066)	(159,347)	(174,720)	(142,563)	(155,397)	(158,782)	(167,866)	(150,699)
<b>Net Other Financing Sources (Uses)</b>	<b>268,456</b>	<b>186,485</b>	<b>123,914</b>	<b>130,189</b>	<b>128,028</b>	<b>203,698</b>	<b>121,422</b>	<b>130,153</b>	<b>123,639</b>	<b>122,971</b>
<b>Net Change in Fund Balances</b>	<b>\$ 148,460</b>	<b>\$ 620,216</b>	<b>\$ 179,017</b>	<b>\$ 71,685</b>	<b>\$ 87,267</b>	<b>\$ 153,768</b>	<b>\$ (62,548)</b>	<b>\$ 35,555</b>	<b>\$ 130,072</b>	<b>\$ 146,381</b>
Debt Service as a Percentage of Noncapital Expenditures	1.60%	0.45%	0.52%	0.57%	0.62%	0.69%	0.73%	0.79%	1.42%	1.63%

Source: South Dakota Annual Comprehensive Financial Reports (FY 2013-2022). Previous years' amounts are not restated.

**State of South Dakota**  
**Sales Tax Revenue Payers by Industry**  
**Last Ten Fiscal Years**  
(Dollars Expressed in Thousands)

<b>Fiscal Year 2022</b>				
	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Taxable Sales</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing	3,614	3.47%	\$ 516,217	1.74%
Mining	217	0.21%	90,504	0.30%
Construction	362	0.35%	38,061	0.13%
Manufacturing	5,743	5.52%	1,416,531	4.76%
Transportation and Public Utilities	2,887	2.78%	3,025,158	10.17%
Wholesale Trade	9,230	8.87%	2,523,657	8.49%
Retail Trade	45,399	43.64%	16,058,298	53.99%
Finance, Insurance, and Real Estate	2,036	1.96%	687,007	2.31%
Services	34,462	33.13%	5,375,240	18.07%
Public Administration	76	0.07%	10,079	0.03%
<b>Total</b>	<b>104,026</b>	<b>100.00%</b>	<b>\$ 29,740,752</b>	<b>100.00%</b>

<b>Fiscal Year 2019</b>				
	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Taxable Sales</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing	3,378	3.49%	\$ 405,756	1.78%
Mining	219	0.23%	70,449	0.31%
Construction	384	0.40%	27,292	0.12%
Manufacturing	4,820	4.98%	1,144,740	5.03%
Transportation and Public Utilities	2,642	2.73%	3,008,229	13.21%
Wholesale Trade	7,919	8.18%	1,696,169	7.45%
Retail Trade	41,642	43.00%	11,646,177	51.14%
Finance, Insurance, and Real Estate	2,254	2.33%	496,573	2.18%
Services	33,498	34.59%	4,271,983	18.76%
Public Administration	67	0.07%	4,942	0.02%
<b>Total</b>	<b>96,823</b>	<b>100.00%</b>	<b>\$ 22,772,310</b>	<b>100.00%</b>

<b>Fiscal Year 2016</b>				
	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Taxable Sales</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing	3,202	3.77%	\$ 338,993	1.60%
Mining	210	0.25%	71,002	0.34%
Construction	475	0.56%	26,495	0.13%
Manufacturing	4,076	4.80%	917,873	4.34%
Transportation and Public Utilities	2,625	3.09%	2,767,864	13.09%
Wholesale Trade	7,117	8.38%	1,618,465	7.65%
Retail Trade	32,455	38.19%	11,137,027	52.66%
Finance, Insurance, and Real Estate	2,135	2.51%	432,211	2.04%
Services	32,618	38.38%	3,835,074	18.14%
Public Administration	55	0.07%	2,799	0.01%
<b>Total</b>	<b>84,968</b>	<b>100.00%</b>	<b>\$ 21,147,803</b>	<b>100.00%</b>

<b>Fiscal Year 2013</b>				
	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Taxable Sales</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing	3,424	4.13%	\$ 253,605	1.34%
Mining	233	0.28%	102,408	0.54%
Construction	463	0.56%	25,832	0.14%
Manufacturing	3,608	4.35%	778,735	4.12%
Transportation and Public Utilities	2,941	3.55%	2,556,524	13.54%
Wholesale Trade	7,226	8.72%	1,403,736	7.43%
Retail Trade	30,452	36.74%	10,162,245	53.81%
Finance, Insurance, and Real Estate	2,133	2.57%	367,556	1.95%
Services	32,354	39.03%	3,231,543	17.11%
Public Administration	60	0.07%	4,082	0.02%
<b>Total</b>	<b>82,894</b>	<b>100.00%</b>	<b>\$ 18,886,266</b>	<b>100.00%</b>



Fiscal Year 2021			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,516	3.49%	\$ 453,836	1.70%
216	0.21%	69,146	0.26%
371	0.37%	32,700	0.12%
5,394	5.35%	1,703,602	6.39%
2,774	2.75%	2,762,543	10.36%
8,788	8.71%	2,389,599	8.96%
43,666	43.29%	13,986,926	52.46%
2,020	2.00%	609,282	2.29%
34,048	33.76%	4,652,257	17.45%
75	0.07%	4,126	0.02%
<b>100,868</b>	<b>100.00%</b>	<b>\$ 26,664,017</b>	<b>100.00%</b>

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%
<b>99,275</b>	<b>100.00%</b>	<b>\$ 23,885,850</b>	<b>100.00%</b>

Fiscal Year 2018			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,313	3.53%	\$ 367,891	1.70%
216	0.23%	68,101	0.31%
534	0.57%	32,765	0.15%
4,522	4.82%	1,065,841	4.91%
2,684	2.86%	2,938,739	13.54%
7,417	7.90%	1,523,330	7.02%
39,386	41.96%	11,100,575	51.15%
2,298	2.45%	476,306	2.20%
33,417	35.61%	4,125,512	19.01%
65	0.07%	2,547	0.01%
<b>93,852</b>	<b>100.00%</b>	<b>\$ 21,701,607</b>	<b>100.00%</b>

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%
<b>88,993</b>	<b>100.00%</b>	<b>\$ 20,792,460</b>	<b>100.00%</b>

Fiscal Year 2015			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,162	3.76%	\$ 297,936	1.45%
231	0.28%	105,773	0.51%
527	0.63%	27,123	0.13%
3,939	4.69%	873,909	4.24%
2,697	3.21%	2,765,194	13.43%
6,940	8.26%	1,617,613	7.85%
31,642	37.65%	10,864,164	52.74%
2,136	2.54%	394,780	1.92%
32,706	38.91%	3,650,026	17.72%
56	0.07%	2,390	0.01%
<b>84,036</b>	<b>100.00%</b>	<b>\$ 20,598,908</b>	<b>100.00%</b>

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%
<b>84,358</b>	<b>100.00%</b>	<b>\$ 19,978,391</b>	<b>100.00%</b>

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				
	2022	2021	2020	2019	2018
<b>Taxable Sales by Industry</b>					
Agriculture, Forestry, and Fishing	\$ 516,217	\$ 453,836	\$ 414,827	\$ 405,756	\$ 367,891
Mining	90,504	69,146	74,930	70,449	68,101
Construction	38,061	32,700	30,204	27,292	32,765
Manufacturing	1,416,531	1,703,602	1,281,161	1,144,740	1,065,841
Transportation and Public Utilities	3,025,158	2,762,543	3,038,835	3,008,229	2,938,739
Wholesale Trade	2,523,657	2,389,599	1,773,771	1,696,169	1,523,330
Retail Trade	16,058,298	13,986,926	12,427,707	11,646,177	11,100,575
Finance, Insurance, and Real Estate	687,007	609,282	529,407	496,573	476,306
Services	5,375,240	4,652,257	4,311,839	4,271,983	4,125,512
Public Administration	10,079	4,126	3,169	4,942	2,547
<b>Totals</b>	<b>\$ 29,740,752</b>	<b>\$ 26,664,017</b>	<b>\$ 23,885,850</b>	<b>\$ 22,772,310</b>	<b>\$ 21,701,607</b>
Direct Sales Tax Rate	4.50%	4.50%	4.50%	4.50%	4.50%

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Taxable Sales by Industry</b>					
Agriculture, Forestry, and Fishing	\$ 348,540	\$ 338,993	\$ 297,936	\$ 287,680	\$ 253,605
Mining	63,973	71,002	105,773	118,587	102,408
Construction	31,077	26,495	27,123	31,241	25,832
Manufacturing	958,294	917,873	873,909	902,791	778,735
Transportation and Public Utilities	2,833,338	2,767,864	2,765,194	2,769,521	2,556,524
Wholesale Trade	1,438,813	1,618,465	1,617,613	1,514,416	1,403,736
Retail Trade	10,789,651	11,137,027	10,864,164	10,571,228	10,162,245
Finance, Insurance, and Real Estate	451,550	432,211	394,780	384,474	367,556
Services	3,873,304	3,835,074	3,650,026	3,396,424	3,231,543
Public Administration	3,920	2,799	2,390	2,029	4,082
<b>Totals</b>	<b>\$ 20,792,460</b>	<b>\$ 21,147,803</b>	<b>\$ 20,598,908</b>	<b>\$ 19,978,391</b>	<b>\$ 18,886,266</b>
Direct Sales Tax Rate	4.50%	4.50%	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				
	2022	2021	2020	2019	2018
Governmental Activities:					
Revenue Bonds	\$ 108,247	\$ 128,869	\$ 146,764	\$ 160,839	\$ 176,322
Trust Certificates					
Leases Payable	36,281				
Notes Payable	102,502	108,922	133,352	136,417	139,181
Total Governmental Activities	<u>247,030</u>	<u>237,791</u>	<u>280,116</u>	<u>297,256</u>	<u>315,503</u>
Business-type Activities:					
Revenue Bonds	400,989	427,310	351,302	375,803	287,206
Leases Payable	1,471				
Total Business-type Activities	<u>402,460</u>	<u>427,310</u>	<u>351,302</u>	<u>375,803</u>	<u>287,206</u>
<b>Total Primary Government</b>	<b><u>\$ 649,490</u></b>	<b><u>\$ 665,101</u></b>	<b><u>\$ 631,418</u></b>	<b><u>\$ 673,059</u></b>	<b><u>\$ 602,709</u></b>
South Dakota Total Personal Income (r)	\$ 59,761,300	\$ 57,717,300	\$ 53,621,500	\$ 48,797,000	\$ 45,660,900
Debt as a Percentage of Personal Income	1.1%	1.2%	1.2%	1.4%	1.3%
South Dakota Population (in thousands)(r)	904	895	887	883	875
Long-Term Debt per Capita	\$ 718.46	\$ 743.13	\$ 711.86	\$ 762.24	\$ 688.81

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental Activities:					
Revenue Bonds	\$ 192,360	\$ 157,847	\$ 174,764	\$ 177,303	\$ 191,295
Trust Certificates		280	570	880	13,595
Leases Payable					
Notes Payable	145,681	116,289	116,352	100,727	78,682
Total Governmental Activities	<u>338,041</u>	<u>274,416</u>	<u>291,686</u>	<u>278,910</u>	<u>283,572</u>
Business-type Activities:					
Revenue Bonds	230,912	247,852	263,818	207,448	212,523
Leases Payable					
Total Business-type Activities	<u>230,912</u>	<u>247,852</u>	<u>263,818</u>	<u>207,448</u>	<u>212,523</u>
<b>Total Primary Government</b>	<b><u>\$ 568,953</u></b>	<b><u>\$ 522,268</u></b>	<b><u>\$ 555,504</u></b>	<b><u>\$ 486,358</u></b>	<b><u>\$ 496,095</u></b>
South Dakota Total Personal Income (r)	\$ 43,599,000	\$ 42,336,800	\$ 41,912,700	\$ 40,252,300	\$ 38,365,900
Debt as a Percentage of Personal Income	1.3%	1.2%	1.3%	1.2%	1.3%
South Dakota Population (in thousands)(r)	870	861	852	848	841
Long-Term Debt per Capita	\$ 653.97	\$ 606.58	\$ 652.00	\$ 573.54	\$ 589.89

**Source:** Debt information obtained from the South Dakota Annual Comprehensive Financial Reports (FY 2013-2022)  
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2022 is preliminary.
  - (b) Detail about the State's debt can be found in Note 11 of the financial statements.
  - (c) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000.
  - (d) The State has no specific limitation of the debt that can be issued by the Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and the Drinking Water State Revolving Fund; however, Legislative approval is required.
  - (r) Data for Total Personal Income has been revised for fiscal years 2013 through 2021.  
Data for South Dakota Population has been revised for fiscal years 2013 through 2021.

**State of South Dakota  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**  
(Dollars Expressed in Thousands)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenue Bonds and Trust Certificates</b>										
- Building Authority										
Revenue - Lease Payments	\$ 7,439	\$ 11,479	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569
Less: Operating Expenses										
<b>Net Available Revenue</b>	<b>\$ 7,439</b>	<b>\$ 11,479</b>	<b>\$ 6,966</b>	<b>\$ 6,968</b>	<b>\$ 7,019</b>	<b>\$ 8,071</b>	<b>\$ 8,607</b>	<b>\$ 8,898</b>	<b>\$ 12,654</b>	<b>\$ 13,569</b>
Debt Service										
Principal	\$ 3,913	\$ 7,631	\$ 3,680	\$ 3,507	\$ 3,462	\$ 3,648	\$ 2,321	\$ 4,047	\$ 6,978	\$ 10,713
Interest	2,494	2,807	3,112	3,451	3,532	4,388	6,283	4,377	5,478	2,559
<b>Total</b>	<b>\$ 6,407</b>	<b>\$ 10,438</b>	<b>\$ 6,792</b>	<b>\$ 6,958</b>	<b>\$ 6,994</b>	<b>\$ 8,036</b>	<b>\$ 8,604</b>	<b>\$ 8,424</b>	<b>\$ 12,456</b>	<b>\$ 13,272</b>
Coverage	1.16	1.10	1.03	1.00	1.00	1.00	1.00	1.06	1.02	1.02
<b>Revenue Bonds</b>										
-Educational Enhancement Funding Corp.										
Revenue:										
Tobacco Settlement	\$ 23,329	\$ 21,949	\$ 20,832	\$ 20,024	\$ 46,015	\$ 22,815	\$ 25,156	\$ 23,306	\$ 26,326	\$ 23,914
Investment Earnings	13	341	462	257	102	68	13	7	1,079	
Less: Operating Expenses										165
<b>Net Available Revenue</b>	<b>\$ 23,329</b>	<b>\$ 21,962</b>	<b>\$ 21,173</b>	<b>\$ 20,486</b>	<b>\$ 46,272</b>	<b>\$ 22,917</b>	<b>\$ 25,224</b>	<b>\$ 23,319</b>	<b>\$ 26,333</b>	<b>\$ 24,828</b>
Debt Service										
Principal	\$ 11,035	\$ 10,300	\$ 10,600	\$ 10,900	\$ 11,500	\$ 11,935	\$ 12,535	\$ 13,225	\$ 13,995	\$ 18,800
Interest	784	2,770	3,145	3,530	3,789	4,018	4,215	4,376	4,498	10,828
<b>Total</b>	<b>\$ 11,819</b>	<b>\$ 13,070</b>	<b>\$ 13,745</b>	<b>\$ 14,430</b>	<b>\$ 15,289</b>	<b>\$ 15,953</b>	<b>\$ 16,750</b>	<b>\$ 17,601</b>	<b>\$ 18,493</b>	<b>\$ 29,628</b>
Coverage	1.97	1.68	1.54	1.42	3.03	1.44	1.51	1.32	1.42	0.84
<b>Revenue Bonds</b>										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 44,686	\$ 42,248	\$ 36,697	\$ 30,004	\$ 27,944	\$ 28,764	\$ 28,998	\$ 26,637	\$ 25,502	\$ 24,394
Investment Income	5,197	5,619	5,752	6,637	4,605	4,181	4,192	3,900	3,988	3,402
Other Income	2,596	2,216	1,701	1,597	1,528	1,428	1,410	1,442	1,332	1,238
Less: Operating Expenses		1,643	1,698	2,288	3,737	2,348	962	1,294	1,080	2,476
<b>Net Available Revenue</b>	<b>\$ 52,479</b>	<b>\$ 48,440</b>	<b>\$ 42,452</b>	<b>\$ 35,950</b>	<b>\$ 30,340</b>	<b>\$ 32,025</b>	<b>\$ 33,618</b>	<b>\$ 30,685</b>	<b>\$ 29,742</b>	<b>\$ 26,558</b>
Debt Service										
Principal	\$ 14,685	\$ 13,115	\$ 13,130	\$ 12,505	\$ 10,125	\$ 9,875	\$ 9,290	\$ 7,580	\$ 7,415	\$ 6,110
Interest	13,028	13,601	10,304	9,293	7,862	6,821	7,088	6,663	5,361	5,578
<b>Total</b>	<b>\$ 27,713</b>	<b>\$ 26,716</b>	<b>\$ 23,434</b>	<b>\$ 21,798</b>	<b>\$ 17,987</b>	<b>\$ 16,696</b>	<b>\$ 16,378</b>	<b>\$ 14,243</b>	<b>\$ 12,776</b>	<b>\$ 11,688</b>
Coverage	1.89	1.81	1.81	1.65	1.69	1.92	2.05	2.15	2.33	2.27
<b>Revenue Bonds</b>										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 14,918	\$ 28,421	\$ 15,449	\$ 20,165	\$ 21,007	\$ 17,634	\$ 23,042	\$ 25,234	\$ 19,597	\$ 19,956
Investment Income	3,044	3,140	3,727	4,230	3,233	2,930	3,104	2,639	3,148	2,558
Other Income	1,366	1,056	1,050	921	955	916	899	885	909	929
Less: Operating Expenses	2,276	1,379	1,476	1,282	1,076	695	105	123	142	146
<b>Net Available Revenue</b>	<b>\$ 17,052</b>	<b>\$ 31,238</b>	<b>\$ 18,750</b>	<b>\$ 24,034</b>	<b>\$ 24,119</b>	<b>\$ 20,785</b>	<b>\$ 26,940</b>	<b>\$ 28,635</b>	<b>\$ 23,512</b>	<b>\$ 23,297</b>
Debt Service										
Principal	\$ 7,740	\$ 7,515	\$ 8,575	\$ 8,085	\$ 6,075	\$ 5,925	\$ 5,535	\$ 4,475	\$ 4,380	\$ 4,050
Interest	3,543	3,803	4,073	3,315	2,409	2,116	2,255	2,276	2,155	2,284
<b>Total</b>	<b>\$ 11,283</b>	<b>\$ 11,318</b>	<b>\$ 12,648</b>	<b>\$ 11,400</b>	<b>\$ 8,484</b>	<b>\$ 8,041</b>	<b>\$ 7,790</b>	<b>\$ 6,751</b>	<b>\$ 6,535</b>	<b>\$ 6,334</b>
Coverage	1.51	2.76	1.48	2.11	2.84	2.58	3.46	4.24	3.60	3.68

**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)*

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2021	331,894	0.1 %	21,637	0.1 %	895	0.9 %
2020r	331,501	0.4 %	21,614	0.2 %	887	0.5 %
2019r	330,233	0.5 %	21,562	0.4 %	883	0.9 %
2018r	328,542	0.6 %	21,474	0.4 %	875	0.6 %
2017r	326,623	0.7 %	21,380	0.5 %	870	1.0 %
2016r	324,368	0.8 %	21,273	0.5 %	861	1.1 %
2015r	321,829	0.8 %	21,165	0.6 %	852	0.5 %
2014r	319,270	0.8 %	21,049	0.6 %	848	0.8 %
2013r	316,735	0.8 %	20,920	0.6 %	841	1.0 %
2012r	314,344	0.8 %	20,785	0.6 %	833	1.2 %

**Note:** Midyear population estimates updated October 2022. Revised estimates for 2012 through 2021. With each new release of population estimates, the Census Bureau Revises estimates for years back to the last census.

r = Revised Estimates from Prior Year ACFR

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

**Source:** U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2022.

## **TOTAL PERSONAL INCOME** *(Dollars Expressed in Millions)*

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2021	\$ 21,288,709	7.5 %	\$ 1,302,891	6.5 %	\$ 57,718	7.6 %
2020r	19,812,171	6.7 %	1,223,899	6.6 %	53,622	9.9 %
2019r	18,575,467	5.1 %	1,148,499	4.2 %	48,797	6.9 %
2018r	17,671,054	5.0 %	1,101,846	4.6 %	45,661	4.7 %
2017r	16,837,337	4.6 %	1,053,457	2.9 %	43,599	3.0 %
2016r	16,092,713	2.6 %	1,024,103	1.2 %	42,337	1.0 %
2015r	15,681,233	4.8 %	1,011,993	3.3 %	41,913	4.1 %
2014r	14,969,527	5.5 %	979,811	4.3 %	40,252	4.9 %
2013r	14,189,228	1.3 %	939,418	1.3 %	38,366	1.4 %
2012r	14,003,346	5.2 %	927,647	6.1 %	37,844	3.0 %

**Note:** Revised estimates reflect the revision of the National Income and Product Accounts (NIPA's), and newly available state and local data. Revised estimates for 2012 through 2021.

r = Revised Estimates from Prior Year ACFR

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

**Source:** U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2022.

## **UNEMPLOYMENT RATE**

<b>YEAR</b>	<b>SOUTH DAKOTA</b>	<b>UNITED STATES</b>
2021	3.1%	5.3%
2020r	4.3%	8.1%
2019r	2.8%	3.7%
2018r	2.8%	3.9%
2017	3.1%	4.4%
2016	3.0%	4.9%
2015	3.0%	5.3%
2014	3.3%	6.2%
2013	3.7%	7.4%
2012	4.1%	8.1%

**Source:** SD Department of Labor and Regulation, Labor Market Information

## **PER CAPITA PERSONAL INCOME**

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2021	\$ 64,143	7.3 %	\$ 60,215	6.3 %	\$ 64,462	6.6 %
2020r	59,765	6.2 %	56,626	6.0 %	60,446	8.3 %
2019r	56,250	3.6 %	53,266	3.1 %	55,294	4.5 %
2018r	53,786	3.8 %	51,311	4.2 %	52,166	5.1 %
2017r	51,550	4.2 %	49,272	2.8 %	50,104	2.2 %
2016r	49,613	2.0 %	48,141	0.9 %	49,192	0.1 %
2015r	48,725	4.1 %	47,815	3.0 %	49,186	3.7 %
2014r	46,887	4.9 %	46,549	3.8 %	47,488	3.8 %
2013r	44,798	0.6 %	44,905	0.5 %	45,608	0.1 %
2012r	44,548	4.4 %	44,630	5.1 %	45,442	1.3 %

**Note:** Per capita personal income is total personal income divided by total midyear population estimate. Midyear population estimates. Source: U.S. Census Bureau.

r = Revised Estimates from Prior Year ACFR

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

**Source:** U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2022.

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

	<b>2022p</b>	<b>2021r</b>	<b>2020r</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Natural Resources/Mining/Construction	28.1	26.2	25.4	24.6	24.0	23.4	23.7	23.1	22.2	21.4
Manufacturing	43.7	43.8	43.2	45.0	44.4	43.1	42.2	42.6	42.3	41.5
Trade/Transportation/Utilities	87.2	86.6	84.0	85.9	86.5	87.0	88.0	87.3	85.6	83.5
<i>Wholesale Trade</i>	21.7	21.3	20.9	21.1	20.8	20.8	21.0	21.0	20.6	19.8
<i>Retail Trade</i>	51.7	51.4	49.7	51.2	52.3	53.0	53.7	52.9	51.9	51.1
<i>Trans/Warehousing/Utility</i>	13.9	13.8	13.4	13.5	13.5	13.3	13.3	13.4	13.1	12.6
Information	5.1	5.0	5.1	5.5	5.6	5.7	5.8	5.9	6.0	6.0
Financial Activities	28.0	28.2	28.3	29.0	29.2	29.3	29.3	29.7	29.7	29.7
Professional/Business Svcs.	35.1	34.3	32.8	33.2	32.3	31.5	31.4	30.8	30.5	29.7
Educational/Health Services	75.8	74.2	73.0	73.2	72.2	71.2	70.0	68.8	67.9	67.5
Leisure and Hospitality	49.2	45.3	41.0	47.4	47.3	47.0	46.7	46.2	45.4	44.7
Other Services (Except Public Administration)	17.6	17.0	16.6	16.8	16.7	16.7	16.6	16.3	16.1	16.2
Government	79.5	78.9	77.0	80.0	79.5	79.1	78.4	77.8	77.8	77.3
<b>TOTAL</b>	<b>536.6</b>	<b>526.0</b>	<b>510.4</b>	<b>526.4</b>	<b>524.3</b>	<b>521.1</b>	<b>520.1</b>	<b>515.8</b>	<b>509.1</b>	<b>501.0</b>
% Change in Nonfarm Employment	2.0%	2.2%	-3.2%	0.4%	0.6%	0.2%	0.8%	1.3%	1.6%	0.9%

**Note:** Numbers may not add due to rounding. Data not seasonally adjusted.

<sup>1</sup> Based on North American Industry Classification System (NAICS)

p = Preliminary Data

r = Revised Estimates from Prior Year ACFR

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

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

	<b>EXPANSIONS</b>		<b>NEW</b>		<b>TOTAL</b>	
	<b>NUMBER</b>	<b>NEW CAPITAL INVESTMENT</b>	<b>NUMBER</b>	<b>NEW CAPITAL INVESTMENT</b>	<b>NUMBER</b>	<b>NEW CAPITAL INVESTMENT</b>
2021*	24	\$ 896.5	16	\$ 131.6	40	\$ 221.3
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

**Note:** \* Data collected in 2021 includes expansions that Governor's Office of Economic Development helps facilitate.

\*\* Prior to 2021 all manufacturing expansions were included, Governor's Office of Economic Development stopped tracking this in 2021.

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

**State of South Dakota  
Employment by Industry Type  
2022 as Compared to 2013**

<b>June 2022 Rank</b>	<b>Industry</b>	<b>South Dakota Employees</b>	<b>Percentage of Industry Types</b>
1	Government	81,200	17.7%
2	Health Care and Social Assistance	68,300	14.9%
3	Leisure and Hospitality	52,700	11.5%
4	Retail Trade	52,200	11.4%
5	Manufacturing	44,000	9.6%
6	Professional and Business Services	36,600	8.0%
7	Mining, Logging, and Construction	30,500	6.7%
8	Financial Activities	28,100	6.1%
9	Wholesale Trade	22,000	4.8%
10	Other Services	17,600	3.8%
11	Transportation, Warehousing, and Utilities	14,200	3.1%
12	Educational Services	6,000	1.3%
13	Information	5,200	1.1%
<b>Total Nonfarm Employment</b>		<b>458,600</b>	<b>100.0%</b>

**Sources:** June, 2022 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: 11/22/2022

**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.

<b>June 2013 Rank</b>	<b>Industry</b>	<b>South Dakota Employees</b>	<b>Percentage of Industry Types</b>
1	Government	77,400	18.2%
2	Health Care and Social Assistance	61,000	14.3%
3	Retail Trade	51,800	12.1%
4	Leisure and Hospitality	48,500	11.4%
5	Manufacturing	42,200	9.9%
6	Financial Activities	30,100	7.1%
7	Professional and Business Services	30,100	7.1%
8	Mining, Logging, and Construction	23,800	5.6%
9	Wholesale Trade	20,200	4.7%
10	Other Services	16,500	3.9%
11	Transportation, Warehousing, and Utilities	12,700	3.0%
12	Information	6,100	1.4%
13	Educational Services	5,400	1.3%
<b>Total Nonfarm Employment</b>		<b>425,800</b>	<b>100.0%</b>

**Sources:** June, 2013 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: 11/22/2022

**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				
	2022	2021	2020	2019	2018
General Government	1,045	1,033	1,024	1,020	1,028
Health, Human, and Social Services	2,803	2,874	2,905	2,913	2,958
Law, Justice, Public Protection, and Regulation	2,142	2,169	2,137	2,143	2,129
Agriculture and Natural Resources	865	891	927	944	944
Transportation	999	990	991	997	1,000
Education	178	182	178	178	177
Economic Resources	41	69	71	125	125
<b>State Total</b>	<b>8,073</b>	<b>8,208</b>	<b>8,233</b>	<b>8,320</b>	<b>8,361</b>

Function of State Government:	Fiscal Year				
	2017	2016	2015	2014	2013
General Government	1,020	1,018	998	983	970
Health, Human, and Social Services	2,991	2,936	3,007	2,999	3,009
Law, Justice, Public Protection, and Regulation	2,130	2,186	2,215	2,223	2,186
Agriculture and Natural Resources	948	939	943	929	941
Transportation	998	976	977	980	978
Education	180	176	178	128	130
Economic Resources	124	156	158	198	197
<b>State Total</b>	<b>8,391</b>	<b>8,387</b>	<b>8,476</b>	<b>8,440</b>	<b>8,411</b>

**Source:** State's Budget System RB16 - June 30, 2022 *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**

	<b>Fiscal Year</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>General Government</b>				
Vehicles	2,712	2,861	2,897	3,012
Land (Acres)	762,538	762,538	762,538	761,475
Equipment	1,373	1,433	1,359	1,406
Buildings	33	56	24	24
Infrastructure	0	0	0	0
<b>Health, Human, and Social Services</b>				
Vehicles	8	8	7	7
Land (Acres)	656	642	642	644
Equipment	769	786	653	689
Buildings	82	83	81	81
Infrastructure	0	0	0	0
<b>Law, Justice, Public Protection, and Regulation</b>				
Vehicles	336	394	297	358
Land (Acres)	1,394	1,373	1,413	1,413
Equipment	1,494	1,516	1,246	1,263
Buildings	144	155	137	137
Infrastructure	0	0	0	0
<b>Agriculture and Natural Resources</b>				
Vehicles	357	379	353	366
Land (Acres)	363,607	363,435	363,285	363,221
Equipment	1,747	1,877	1,667	1,715
Buildings	160	172	129	128
Infrastructure	0	0	0	0
<b>Transportation</b>				
Vehicles	1,212	1,328	1,197	1,295
Land (Acres)	3,489	3,489	3,199	3,182
Land, ROW Roads	\$ 116,203,883	\$ 110,124,754	\$ 108,226,917	\$ 107,257,048
Land Improvements, Roads	\$ 529,014,507	\$ 529,014,507	\$ 529,014,507	\$ 529,014,507
Equipment	4,233	4,500	4,109	4,257
Buildings	217	217	209	207
Infrastructure				
-Roads: Lane Miles	8,842	8,849	8,847	8,847
-Bridges: Number of	1,819	1,811	1,802	1,795
-Railroads: Track Miles	173	173	530	530
<b>Education</b>				
Vehicles	0	0	0	0
Land (Acres)	187	187	187	187
Equipment	73	78	76	81
Buildings	32	35	32	32
Infrastructure	0	0	0	0
<b>Economic Resources</b>				
Vehicles	0	0	0	0
Land (Acres)	6	6	6	6
Equipment	2	2	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**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
2,948	2,908	2,987	2,904	2,929	2,862
761,465	760,743	760,806	760,806	760,806	760,804
1,382	1,386	1,427	1,406	1,367	1,388
22	22	23	22	19	15
0	0	0	0	0	0
7	7	7	7	7	8
584	710	763	799	799	777
665	650	667	651	604	610
84	89	89	92	93	48
0	0	0	0	0	0
361	361	332	317	320	339
1,512	1,504	1,504	1,510	1,510	1,484
1,196	1,180	1,090	1,047	940	932
135	157	156	159	156	71
0	0	0	0	0	0
369	378	389	392	373	373
363,222	362,876	361,821	360,938	360,323	360,137
1,668	1,647	1,617	1,576	1,509	1,490
120	96	76	73	65	55
0	0	0	0	0	0
1,301	1,281	1,287	1,279	1,250	1,183
3,177	3,199	3,213	3,217	3,206	3,294
\$ 103,939,192	\$ 97,004,207	\$ 95,308,778	\$ 93,472,606	\$ 92,796,015	\$ 92,689,993
\$ 527,033,832	\$ 527,033,832	\$ 523,392,571	\$ 520,147,538	\$ 514,620,856	\$ 512,129,195
4,066	3,917	3,806	3,661	3,415	3,211
203	199	193	183	175	115
8,850	8,850	8,861	8,862	8,850	8,850
1,796	1,796	1,795	1,799	1,796	1,798
530	530	530	530	530	530
0	0	0	0	0	0
284	284	284	184	77	77
81	86	78	25	24	17
32	34	27	27	27	26
0	0	0	0	0	0
0	0	0	0	0	1
6	0	0	0	0	0
1	3	3	47	49	45
0	0	0	1	1	0
0	0	0	0	0	0

**State of South Dakota  
Operating Indicators by Function  
Last Ten Fiscal Years**

	Fiscal Year		
	2022	2021	2020
<b>General Government</b>			
Executive Management			
Bureau of Finance and Management			
Complete Governors Budget Book	Annual	Annual	Annual
Finalize State Operating Budget	Annual	Annual	Annual
Bureau of Information and Telecommunications			
SDPB Local Production (Hours)	3,215	3,150	3,068
Radio Calls through Digital Network	26,745,228	27,376,199	27,376,199
Bureau of Human Resources			
Health: Employees, COBRA, Retirees/Dependents	12,050 / 13,794	12,669 / 14,228	12,897 / 14,204
Bureau of Administration			
Pieces of Mail Handled/Year	6,216,662	6,852,597	6,594,534
Total Miles Driven	33,549,427	28,984,851	32,786,517
Revenue			
Total Active Business Licenses	98,532	94,925	91,793
Vehicles Registered	1,602,358	1,639,437	1,509,538
Misc. Special Tax Licenses	6,204	6,004	5,878
Lottery			
Licensed Lottery Retailers--Instant Only	11	9	13
Licensed Lottery Retailers--On-line	623	625	614
Legislature			
Auditor General			
Audits Performed	55	54	57
Audits Reviewed (IPA reports)	358	351	352
School and Public Lands			
Apportion Common School Interest Fund and Income to School Districts (Thousands)	\$ 9,840	\$ 12,823	\$ 12,695
Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (Thousands)	\$ 2,900	\$ 3,000	\$ 3,412
Secretary of State			
Business and Secured Transaction Filings	136,563	133,507	127,036
State Treasurer			
Cash Receipts (Thousands)	\$ 7,957,896	\$ 6,304,280	\$ 6,971,719
Unclaimed Property - Claims Paid	9,022	11,272	6,467
State Auditor			
Vouchers Audited	276,987	262,463	257,420
Warrants Written	226,742	234,696	236,466
<b>Health, Human, and Social Services</b>			
Social Services			
Medicaid Enrolled/Month	140,791	128,654	115,731
Long Term Care Services - Clients Served	3,272	3,294	3,487
Health			
Public Health Investigations	13,112	9,287	11,716
Labor			
State Labor Force	468,015	467,427	463,278
Unemployment Rate	3.10%	3.60%	4.10%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.040%	0.040%
Budget Compared to Benefits	0.800%	0.810%	0.860%
Veterans Benefits and Services			
South Dakota Veteran Population	63,950	65,014	67,119
State Veterans' Home			
Average Daily Census	84	95	98
Human Services			
People with Developmental Disabilities Served	2,938	3,070	3,093
People with Mental Illness Served	17,548	17,156	18,047
People with Substance Abuse Issues Served	11,260	11,189	11,693
People Receiving Vocational Rehabilitation Services	4,440	4,378	4,697

							Fiscal Year	
2019	2018	2017	2016	2015	2014	2013		
Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
3,237	3,239	3,110	3,271	3,760	3,735	3,656		
25,879,566	27,038,877	24,549,762	29,858,306	27,888,987	26,319,746	26,968,003		
13,073 / 14,311	13,240 / 14,179	13,264 / 13,730	13,242 / 13,418	13,328 / 13,360	13,413 / 13,426	13,296 / 13,305		
6,783,673	7,254,250	7,448,095	7,536,209	7,720,306	7,719,049	8,047,767		
37,538,989	37,677,337	38,898,000	38,344,195	38,848,323	38,241,658	38,739,712		
89,842	85,147	84,242	82,640	80,779	80,236	81,047		
1,527,593	1,533,549	1,484,111	1,519,080	1,425,379	1,258,147	1,402,128		
6,059	6,757	6,663	6,612	5,228	5,372	5,430		
13	13	13	13	12	12	12		
616	636	632	610	608	600	597		
56	53	54	54	46	56	49		
345	316	351	333	326	322	338		
\$ 12,112	\$ 11,282	\$ 10,196	\$ 10,227	\$ 9,969	\$ 8,774	\$ 7,422		
\$ 2,813	\$ 2,642	\$ 2,410	\$ 2,267	\$ 2,104	\$ 1,500	\$ 1,991		
122,122	125,600	112,454	121,302	120,807	151,658	100,492		
\$ 5,432,711	\$ 5,205,064	\$ 5,197,293	\$ 4,955,107	\$ 4,917,575	\$ 4,883,829	\$ 4,621,725		
4,624	5,822	3,162	5,127	4,500	10,024	3,973		
285,516	281,596	279,250	288,653	290,861	297,649	289,083		
239,860	250,707	257,678	270,702	298,293	306,344	318,863		
116,709	118,338	119,619	118,674	117,346	115,328	116,128		
3,694	3,723	3,702	3,867	3,977	4,051	4,053		
28,087	21,187	16,999	13,224	13,750	13,875	12,618		
460,531	457,941	455,617	453,175	450,900	450,660	446,990		
2.90%	3.00%	3.10%	2.80%	3.50%	3.70%	4.30%		
0.040%	0.040%	0.040%	0.040%	0.040%	0.040%	0.040%		
0.840%	0.860%	0.860%	0.860%	0.870%	0.890%	0.870%		
65,893	66,811	72,000	72,000	75,000	75,000	75,000		
96	94	94	96	121	113	118		
3,031	3,105	3,092	3,103	3,104	3,078	3,032		
18,189	17,866	17,169	17,194	16,653	16,142	16,110		
11,361	12,351	12,003	12,297	11,525	11,579	12,305		
5,174	5,581	5,608	5,484	5,299	5,798	6,166		

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

	Fiscal Year		
	2022	2021	2020
<b>Law, Justice, Public Protection, and Regulation</b>			
Corrections			
Adult System ADP (Average Daily Population)	3,317	3,318	3,772
Avg. Daily Population on Supervision	3,264	3,325	3,393
Juvenile Institutional and Placement ADP	185	200	188
Unified Judicial System			
Felony Offenses Filings	12,560	13,305	13,284
Class One Misdemeanor Filings	18,238	19,002	19,640
Class Two Misdemeanor Filings	101,299	97,035	92,595
Attorney General			
New Cases Opened/Closed/Pending (Thousands)	1.2 / 0.9 / 1.7	0.8 / 1.6 / 1.7	1.3 / 1.6 / 2.3
Investigations Conducted by DCI	1,511	1,418	1,277
Public Safety			
Patrol of Public Highways (Percentage)	60%	61%	63%
Driver Licenses Issued	214,813	214,420	169,997
Wildfires Suppressed (Fires/Acres)	217 / 17,059	241 / 39,771	324 / 3,404
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,118	3,113	3,072
Assigned Strength of the Air Guard	1,055	1,055	1,055
Appraiser Program			
New / Renewed Licenses	52 / 415	44 / 398	23 / 402
Revenue Financial Services			
Banking Institutions Examined	N/A	N/A	N/A
Dealer, Broker & Investment Advisor			
Agents Licensed	125,738	114,553	107,764
Renewed & Issued Insurance			
Appointments/Licenses	475,286	458,624	403,025
Revenue Boards and Commissions			
New & Renewed Licenses Issued	6,443	6,126	6,591
Public Utilities Commission			
Dockets Opened	156	160	128
<b>Agriculture and Natural Resources</b>			
Agriculture			
Dairy Inspections	N/A	395	378
Marketing Consultations	N/A	N/A	N/A
Insect & Disease Individual Assists	N/A	N/A	1,599
Game, Fish and Parks			
Total Park Visitations	9,304,995	9,892,484	11,255,067
Acres of Walk-In Areas	1,389,000	1,389,000	1,200,000
Natural Resources			
Dollars Awarded/Number of Grants and Loans	N/A	115.6 M / 88	189.6 M / 112
Total Number of Regulated Facilities	N/A	N/A	N/A
Petroleum Release Compensation			
Petroleum Release Cases Initiated	N/A	20	36
Abandoned Tank Site Cases Initiated	N/A	32	35
<b>Transportation</b>			
Transportation			
Percent of Non-interstate State Highway System			
Main Lane Pavement Mileage Rated Good or Better			
on Condition Index	90	91	87
Percent of Interstate Pavement in Excellent			
Condition Based on Condition Index	56	52	50
<b>Education</b>			
Student K-12 Public School Fall Enrollment	137,685	136,115	136,119
<b>Economic Resources</b>			
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)	\$ 2.84	\$ 2.57	\$ 2.75

Source: State's Budget System and/or survey of department finance personnel  
N/A= Not Applicable due to the data no longer being collected

Fiscal Year							
2019	2018	2017	2016	2015	2014	2013	
3,902	3,949	3,844	3,613	3,610	3,645	3,637	
2,951	2,573	2,480	2,345	2,315	2,297	2,473	
197	231	316	482	650	649	688	
12,527	12,259	11,512	10,800	10,392	9,413	6,856	
20,828	22,144	21,884	22,055	20,979	20,518	22,720	
104,426	115,784	114,231	114,445	112,323	105,213	111,461	
1.1 / 1.9 / 2.0	1.4 / 1.7 / 2.3	1.0 / 2.0 / 2.0	2.1 / 1.8 / 2.1	1.9 / 2.0 / 1.9	2.2 / 2.9 / 1.5	1.2 / 2.2 / 1.6	
819	935	963	1,063	1,062	1,077	1,013	
60%	59%	55%	59%	54%	60%	45%	
163,658	196,733	196,780	203,012	198,279	156,731	198,733	
259 / 4,413	731 / 65,659	748 / 74,228	614 / 17,359	642 / 53,145	451 / 11,421	1,253 / 148,604	
3,141	3,148	3,163	3,130	3,165	3,204	3,220	
1,055	1,051	1,037	1,040	1,050	1,044	1,030	
14 / 410	14 / 387	19 / 378	36 / 410	11 / 380	10 / 368	20 / 399	
N/A	N/A	N/A	N/A	N/A	542	534	
104,188	100,956	96,156	96,262	91,545	86,131	81,567	
366,307	360,232	326,870	295,526	282,241	269,568	286,078	
6,396	6,939	6,688	7,161	6,708	7,102	7,137	
180	183	152	154	193	240	265	
458	434	635	604	500	520	713	
N/A	N/A	N/A	N/A	N/A	N/A	390	
1,072	412	317	305	279	288	491	
7,298,423	7,646,131	7,729,787	7,509,840	7,605,595	8,115,000	8,091,937	
1,270,000	1,355,000	1,331,000	1,392,000	1,389,734	1,270,000	1,277,000	
155.0 M / 70	66.1 M / 66	121.6 M / 91	77.5 M / 106	118.3 M / 113	78.9M / 95	88.8M / 108	
29,463	29,225	29,108	29,186	28,359	28,740	27,820	
34	30	42	55	60	45	120	
36	39	45	57	62	100	81	
88	86	83	82	90	89	88	
56	50	50	45	53	46	45	
135,317	133,861	132,520	130,936	129,772	128,924	127,169	
N/A	\$ 400.9	\$ 257.2	\$ 400.0	\$ 475.0	\$ 300.0	\$ 400.0	
N/A	1,138	163	3,000	3,300	4,000	3,000	
\$ 2.65	\$ 2.64	\$ 2.46	\$ 2.36	\$ 1.99	\$ 1.98	\$ 1.95	







