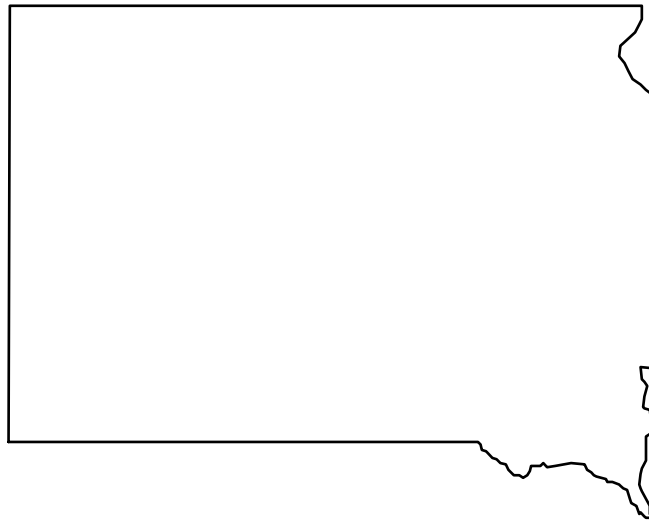


COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2001



WILLIAM J. JANKLOW, GOVERNOR

CAROLE K. HILLARD, LT. GOVERNOR

CURTIS A. EVERSON, COMMISSIONER
BUREAU OF FINANCE AND MANAGEMENT

ACKNOWLEDGEMENTS

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**SPECIAL THANKS TO:
South Dakota Department of Legislative Audit, Pierre
Jason C. Dilges, Deputy Commissioner, Bureau of Finance and Management, Pierre
Business Research Bureau, University of South Dakota, Vermillion
All State Finance Officers and Accountants**

A sincere thanks to all who contributed their time and effort to this publication.

The Bureau of Finance and Management printed 150 Copies of this document at a cost of \$9.72 per copy on recycled paper, using soy ink. Additional copies of this document can be obtained from the Bureau of Finance and Management, 500 East Capitol Avenue, Pierre, South Dakota 57501, (605) 773-3411, or it can also be viewed on the web at www.state.sd.us/bfm.

**TO THE HONORABLE MEMBERS OF THE LEGISLATURE
AND CITIZENS OF SOUTH DAKOTA**

It is my pleasure to present the *Comprehensive Annual Financial Report* covering operations for the fiscal year that ended June 30, 2001. This is our fifteenth *Comprehensive Annual Financial Report*. The report is prepared in accordance with generally accepted accounting principles and includes all agencies of state government and reporting entities for which the state has oversight responsibilities. Like previous reports, this report presents to you and the financial community the sound financial condition of South Dakota.

Although the U.S. economy began to falter at the end of FY2001, the South Dakota economy was able to end the fiscal year ahead of projections. Because of the diversification of the South Dakota economy, the severity of the downturn was not as great as that of the U.S. economy. South Dakota's nonfarm labor force grew by 3,688 jobs, or an increase of 1.0% during FY2001. In addition to the growth in nonfarm employment, the unemployment rate remained low and personal income grew at a rate greater than inflation.

In South Dakota, the emphasis of government is the basics, protecting people and property, providing educational opportunities, and helping people who cannot help themselves. South Dakota continues to live within its means and provide these services to the citizens as we have since statehood in 1889.

Sincerely,

William J. Janklow

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INTRODUCTORY SECTION

The Honorable William J. Janklow, Governor
of the State of South Dakota
and Members of the South Dakota Legislature

It is my pleasure to submit to you *South Dakota's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001*.

The Bureau of Finance and Management assumes full responsibility for the accuracy, fairness, and completeness of this document. It is my opinion that the information presented herein is, in all material respects, presented fairly, and accurately reflects the financial position of the state of South Dakota at fiscal year-end 2001.

REPORT PRESENTATION

This report is presented in sections: *Introductory*, *Financial*, and *Statistical*. The *Introductory Section* includes a brief description of the state's reporting entity, the state's Risk Management Program, the Cash Management Program, the South Dakota Lottery Fund, the state Auditor General, general fund statistics, a short economic review of the past year, and an economic outlook summary for South Dakota. Also included are a listing of principal state officials, a state organizational chart, and a listing of state government functions. The *Financial Section* includes the independent auditor's report, the state's general purpose financial statements that include figures for various component units of government for which the state has oversight responsibility, the notes to the financial statements, and the combining financial statements. The *Statistical Section* presents various economic, statistical, and demographic data including labor force, education, census information, banking, taxes, farming, etc.

COMPLIANCE WITH ACCOUNTING STANDARDS

South Dakota's Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting principles (GAAP) that are issued by the Governmental Accounting

Standards Board (GASB). South Dakota state government subscribes to and follows all GASB literature, is a member of the Government Finance Officers Association (GFOA), and is dedicated to the practice of GAAP reporting.

South Dakota's financial statements are presented on the modified accrual basis of accounting for governmental funds and expendable trust funds, and records revenues when they are measurable and available as net current assets, and expenditures when the related fund liability is incurred. Proprietary funds, nonexpendable trust funds, and pension trust funds are presented on the full accrual basis of accounting. The state's six university funds are presented in accordance with guidelines and standards issued by one or more of the following organizations: The National Association of College and University Business Officers (NACUBO), the American Institute of Certified Public Accountants (AICPA), and the Governmental Accounting Standards Board (GASB).

STATE REPORTING ENTITY

The statements presented in this report include not only the main operating funds of state government, but also other reporting entities for which the state has oversight responsibility, including six state universities, South Dakota Building Authority, and the South Dakota Housing

Authority. These other reporting entities are included in this report and in the notes to the financial statements.

AUDIT

The South Dakota Department of Legislative Audit, a division of the legislative branch of state government, performs the audit of *South Dakota's Comprehensive Annual Financial Report*. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS) issued by the Comptroller General of the United States. The opinion expressed by the Department of Legislative Audit is expressed on the general purpose financial statements, the notes to the financial statements, and supplementary information, but does not include the *Introductory Section* or the *Statistical Section*.

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

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

RISK MANAGEMENT

The state's Office of Risk Management provides risk management services to all state agencies and institutions. These services include conducting loss control audits to verify agencies and institutions are proactively identifying and addressing liability and workers' compensation exposures; advising agencies on applicable laws, regulations, and standards that contribute to a safe working environment; providing loss control training; reviewing state contracts for adequate risk management language; and, selecting brokers and insurance companies to obtain the best product for the best price.

Housed with the Office of Risk Management is the Public Entity Pool for Liability (PEPL) Fund, a self-insurance program that provides general liability, automobile liability, professional liability, public officials' errors and omissions, law enforcement liability, and some medical malpractice coverage for state employees. The PEPL Fund aggressively manages claims and lawsuits filed against state employees to minimize cost and mitigate damages.

CASH MANAGEMENT

The South Dakota Investment Council manages the state's pooled fund cash on a daily basis. The South Dakota Investment Council was established by the state legislature in 1971 and became operational on July 1, 1972. The council consists of eight voting members: five of the members are chosen by the Executive Board of the Legislative Research Council--a bipartisan board of members of both houses of the legislature--and the other three members consist of the State Treasurer, the Commissioner of School and Public Lands, and a designee of the South Dakota Retirement Board of Trustees.

The Investment Council is responsible for the investment management of the South Dakota Cash Flow Fund, the South Dakota Retirement System, Cement Plant Retirement Fund, School and Public Lands Fund, and Dakota Cement Trust.

Investment Council management of the South Dakota Cash Flow Fund resulted in earnings this year of \$50.7 million, a yield of 6.5%. This fund serves as the state's checking account and has earned taxpayers \$660.8 million over the past 29 years. Total investment income for all funds invested by the Investment Council was (\$66.0) million for fiscal year 2001. Income for the most recent five years totaled \$2.51 billion and, since inception, has exceeded \$5.6 billion.

Performance for the past 28 years (since inception of management responsibilities for SDRS) has placed the council in the top first percentile against state funds for total retirement assets. For the past 28 years, domestic equities have returned 15.2%, outperforming the S&P 500 return of 13.1% by 2.1% annualized. For the past 28 years, fixed income has returned 9.7%, outperforming the bond index by 0.6%. The Investment Council has grown from \$133.0

million in assets at the end of its first year to \$6.111 billion at June 30, 2001.

LOTTERY

The South Dakota Lottery Fund was created during the 1987 legislative session and organized to market instant scratch games. Video lottery was authorized during the 1989 legislative session and operations commenced in October 1989. Legislative approval to participate in a multi-state lotto game was given during the 1990 legislative session. That same year, South Dakota joined the Multi-State Lottery Association (MUSL), a consortium of 21 lottery jurisdictions that currently offer the Powerball game. South Dakota's own lotto game, Dakota Cash, began in FY1993. In FY1994, South Dakota entered into a multi-state agreement with the states of Montana and Idaho to offer the Tri-West Lotto game that began early in February 1994. On September 16, 1996, the South Dakota Lottery began selling MUSL's Daily Millions game. On February 1, 1998, Nebraska joined the Tri-West Lotto group and the group replaced the Tri-West Lotto game with a new game called Wild Card. On March 31, 1998, Daily Millions was replaced with a new MUSL daily game called Cash 4 Life. The Cash 4 Life group is currently made up of nine states. On May 23, 1999, Nebraska dropped out of Wild Card, leaving South Dakota, Idaho, and Montana to participate in a revised version of Wild Card called Wild Card 2. On September 10, 2000, Cash 4 Life was replaced with a new MUSL game called Rolldown. The Rolldown group is currently made up of ten states. The purpose of the lottery is to provide additional monies to fund vital public programs and projects, and as of June 30, 2001, \$864.5 million has been generated to fund many public programs and projects. Lottery revenues provided during FY2001 totaled \$101.8 million.

FINANCIAL

The state's main operating fund is the general fund. The general fund records all revenues and expenditures for carrying out the general day-to-day business of state government. 54.0% of general fund revenue (including transfers) is produced by a 4% sales and use tax. South Dakota does not have a state personal or corporate income tax.

NOTE: All tables in this section are presented on the accrual basis.

GENERAL FUND REVENUE SOURCE/TRANSFERS (Thousands)

	<u>AMOUNT</u>	<u>PERCENT</u>
Taxes	\$654,278	78.0
Use of Money/Property	36,932	4.4
Sales and Services	3,698	0.4
Licenses/Permits/Fees	5,115	0.6
Administering Programs	1,659	0.2
Fines/Forfeits/Penalties	656	0.1
Other	1,252	0.2
TOTAL REVENUE	\$703,590	83.9
Transfer From Property Tax Reduction Fund	\$ 87,300	10.4
Transfer From Dakota Cement Trust Fund	12,000	1.4
Transfer From Component Units	193	0.0
Transfer From Other Agencies	36,113	4.3
TOTAL GENERAL FUND	\$839,196	100.0

TAXES BY SOURCE (Thousands)

	<u>AMOUNT</u>	<u>PERCENT</u>
Sales and Use Tax	\$452,795	69.2
Inheritance Tax	33,734	5.1
Insurance Company Tax	43,093	6.6
Liquor Tax	10,936	1.7
Cigarette Tax	18,159	2.8
Bank Franchise Tax	42,059	6.4
Contractor's Excise Tax	50,150	7.7
Severance Tax	2,174	0.3
Other Tobacco Tax	1,178	0.2
TOTAL	\$654,278	100.0

GENERAL FUND EXPENDITURES BY OBJECT/TRANSFERS (Thousands)

	<u>AMOUNT</u>	<u>PERCENT</u>
Salaries/Wages/Benefits	\$121,412	14.9
Travel	4,806	0.6
Contractual	47,710	5.9
Supplies/Materials	9,265	1.1
Grants/Subsidies	464,732	57.2
Capital Outlay	8,459	1.0
Interest Expense	5,394	0.7
Insurance Claims	3	0.0
Other	2	0.0
TOTAL EXPENDITURES	\$661,783	81.4

Transfers to Universities	\$122,493	15.1
Other Transfers Out	<u>28,855</u>	<u>3.5</u>
TOTAL GENERAL FUND	<u>\$813,131</u>	<u>100.0</u>

**GENERAL FUND EXPENDITURES
BY FUNCTION/TRANSFERS
(Thousands)**

	<u>AMOUNT</u>	<u>PERCENT</u>
General Government	\$ 71,120	8.7
Human Resources	249,044	30.6
Natural Resources	11,982	1.5
Protection of Domain	7,873	1.0
Transportation	410	0.1
Education and Research	318,666	39.2
Economic Resources	<u>2,688</u>	<u>0.3</u>
TOTAL EXPENDITURES	<u>\$661,783</u>	<u>81.4</u>

Transfer to Universities	\$122,493	15.1
Other Transfers Out	<u>28,855</u>	<u>3.5</u>
TOTAL GENERAL FUND	<u>\$813,131</u>	<u>100.0</u>

ECONOMIC OUTLOOK

After slowing precipitously from the beginning to the end of FY2001, South Dakota's economy is expected to continue its downhill slide throughout most of FY2002. It is expected to grow out of the current recession that began in the last part of FY2001 by the end of FY2002. Contributing to the slow economic growth is the recession that the manufacturing sector is in, as well as the national economic recession. Although employment growth is stagnant, wages have continued to remain competitive, the consumer has kept up spending habits, and the housing market has remained strong. A restored consumer confidence, coupled with a recovery in the manufacturing sector and growth in jobs to meet that demand, will allow the South Dakota and national economies to once again experience growth toward the latter half of CY2002.

**ECONOMIC REVIEW FOR
FISCAL YEAR 2001**

South Dakota's economy, after enjoying strong economic growth for many years, slowed toward the end of FY2001. A prime indication of the strength of South Dakota's economy during FY2001 was the growth in South Dakota's labor force. During FY2001, the South Dakota labor force grew 1.0%, as compared to a historical growth rate of 2.5%. The strongest sectors of South Dakota labor force were the construction; finance, insurance, and real estate; and, service sectors, which grew 4.9%, 3.2%, and 2.4%, respectively. The manufacturing sector lost jobs, declining 1.4%. The unemployment rate increased from 2.2% at the beginning of FY2001 to 2.6% by the end of the fiscal year.

During FY2001, nonfarm employment grew by 3,688 jobs, an increase of 1.0%. Nationally, nonfarm employment grew 1.9% during the same period. Building permits issued in South Dakota for FY2001 were down 1.0%; the value of building permits issued decreased 3.2%. Finally, total personal income in South Dakota grew 4.5%, compared to the national growth rate of 6.3%. South Dakota's nonfarm income grew 5.4%.

ACKNOWLEDGMENTS

I want to thank all of the department finance officers for their dedication in accumulating the data needed to produce this report in a timely fashion. Without their cooperation, this report would be impossible to produce. I would also like to thank the Department of Legislative Audit and the Bureau of Finance and Management Accounting Staff for their talents in putting all of this information together in an understandable and informative format. It is my intention that this audited financial report will make state government more accountable to its citizens and also provide a valuable insight into state government operations for bond investors, legislators, and other interested parties.

Sincerely,

Curtis A. Everson, Commissioner
Bureau of Finance and Management

BUREAU OF FINANCE AND MANAGEMENT

The Bureau of Finance and Management (BFM) is a staff agency in the South Dakota Department of Executive Management that is headed by the Governor. Other agencies in the Department of Executive Management include the Governor's Office, Lt. Governor's Office, Office of Tribal Government Relations, Office of Economic Development, Bureau of Administration, Bureau of Information and Telecommunication, and Bureau of Personnel.

The general purpose of the BFM, as described in South Dakota Codified Law, is to "...promote economy and efficiency in the fiscal management of the state government". The functions performed by bureau staff fall into four categories--budget analysis, executive management finance office, financial compliance, and financial systems.

BUDGET ANALYSIS

South Dakota state government has an executive budget process whereby all agencies of state government submit their annual budget requests to the Bureau of Finance and Management. The bureau assists the Governor in developing the Governor's Budget Book that contains the Governor's recommendations to the legislature for funding all state government programs for the next fiscal year.

EXECUTIVE MANAGEMENT FINANCE OFFICE

The Executive Management Finance Office provides annual budget preparation and financial accounting for the BFM, Bureau of Administration, Bureau of Information and Telecommunications, and Bureau of Personnel. The financial accounting output is used for completion of the Comprehensive Annual Financial Report and assurance of compliance with OMB Circular A-87.

FINANCIAL COMPLIANCE

The BFM Financial Compliance Division is primarily responsible for advising South Dakota state agencies on compliance issues in the areas of generally-accepted accounting principles, payroll, statewide cost allocation procedures, and the U.S. Treasury—state agreement pertaining to the Cash Management Improvement Act. The U.S. Treasury—state agreement is between the state of South Dakota, BFM, and the United States Treasury Financial Service and outlines procedures for drawing federal funds for grants that are subject to the agreement. In addition, the BFM Financial Compliance Division is also responsible for reconciling "pooled and restricted cash" on the state's accounting system, computing (for all state government funds) the allocated investment proration amounts due to each fund annually, maintaining and monitoring the Cash Management Improvement Agreement by ensuring development of clearance patterns for federal grants, preparing the South Dakota Statewide Cost Allocation Plan annually, and preparing the South Dakota Comprehensive Annual Financial Report annually.

FINANCIAL SYSTEMS

The BFM Financial Systems Division is responsible for the operation, development, and user education of statewide financial systems for South Dakota. This includes the state purchasing system, accounts payable, general ledger, inventory, fixed asset, central payroll, budget, and the financial decision support system.

SOUTH DAKOTA PRINCIPAL STATE OFFICIALS

EXECUTIVE BRANCH

THE HONORABLE WILLIAM J. JANKLOW, GOVERNOR
THE HONORABLE CAROLE K. HILLARD, LIEUTENANT GOVERNOR

CONSTITUTIONAL OFFICERS

The Honorable Mark W. Barnett, Attorney General
The Honorable Joyce I. Hazeltine, Secretary of State
The Honorable Richard D. Butler, Treasurer
The Honorable Vernon L. Larson, Auditor
The Honorable Curtis J. Johnson, Commissioner, School and Public Lands

PUBLIC UTILITIES COMMISSION

The Honorable Laska L. Schoenfelder, Commissioner
The Honorable Pamela A. Nelson, Commissioner
The Honorable James A. Burg, Commissioner

LEGISLATIVE BRANCH

The Honorable Scott Eccarius
Speaker of the House

The Honorable Barb Everist
Senate Majority Leader

The Honorable Jim Hutmacher
Senate Minority Leader

The Honorable Bill Peterson
House Majority Leader

The Honorable Mel Olson
House Minority Leader

JUDICIAL BRANCH

The Honorable Robert A. Miller
Chief Justice

The Honorable Richard Sabers
Associate Justice

The Honorable Robert Amundson
Associate Justice

The Honorable John Konenkamp
Associate Justice

The Honorable David Gilbertson
Associate Justice

SOUTH DAKOTA FY2001 FUNCTIONS OF STATE GOVERNMENT

GENERAL GOVERNMENT

EXECUTIVE MANAGEMENT
REVENUE
STATE LOTTERY
UNIFIED JUDICIAL SYSTEM
LEGISLATURE
ATTORNEY GENERAL
SCHOOL AND PUBLIC LANDS
SECRETARY OF STATE
STATE TREASURER
STATE AUDITOR

HUMAN RESOURCES

SOCIAL SERVICES
HEALTH
LABOR
HUMAN SERVICES
CORRECTIONS

NATURAL RESOURCES

AGRICULTURE
GAME, FISH, AND PARKS
ENVIRONMENT AND NATURAL RESOURCES

PROTECTION OF PUBLIC AND PRIVATE DOMAIN

COMMERCE AND REGULATION
MILITARY AND VETERANS' AFFAIRS

TRANSPORTATION

TRANSPORTATION

EDUCATION AND RESEARCH

EDUCATION AND CULTURAL AFFAIRS
HIGHER EDUCATION

ECONOMIC RESOURCES

ECONOMIC DEVELOPMENT
TOURISM



FINANCIAL SECTION



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable William J. Janklow
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

We have audited the accompanying general-purpose financial statements of the State of South Dakota as of and for the fiscal year ended June 30, 2001, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the South Dakota Retirement System, which represents 86% of the assets of the trust and agency funds and 99% of the additions in net assets of the pension trust funds; and, the Deferred Compensation Fund, which represents 19% and 18%, respectively, of the assets and revenues of the expendable trust funds. Those financial statements were audited by other auditors whose reports have been furnished to us; and our opinion, insofar as it relates to the amounts included for those funds, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Dakota as of June 30, 2001 and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with government auditing standards, we have also issued our reports dated February 15, 2002 on our consideration of the State of South Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Martin L. Guindon, CPA
Auditor General

February 15, 2002

**STATE OF SOUTH DAKOTA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 2001
 (Expressed in Thousands)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Cash and Cash Equivalents	\$ 61,750	\$ 346,370	\$ 2	\$ 687
Investments		773	89,498	
Securities Lending Collateral	26,047	89,336		363
Accounts Receivable	2,362	7,785		
Taxes Receivable (Net)	12,146	391		
Interest, Dividends, & Penalties Receivable	3,416	278		
Loans and Notes Receivable (Net)		28,897		
Due From Other Funds	93,790	76,567	3,416	38
Due From Primary Government				
Due From Component Units	680	15		
Due From Other Governments	546	92,203		
Inventory	1,300	12,610		
Advances To Other Funds	38	921		
Restricted Assets:				
Cash and Cash Equivalents	39,788			
Investments		10,000		
Deferred Fiscal Charges and Other Assets	521	927		
Property, Plant and Equipment (Net)				
Amount to be Provided				
Amount Available in Debt Service				
Total Assets	\$ 242,384	\$ 667,073	\$ 92,916	\$ 1,088
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts Payable	\$ 15,714	\$ 67,759	\$	\$
Accrued Liabilities	7,427	10,170	3,470	
Compensated Absences Payable		440		
Due To Other Funds	15,659	21,610		44
Due To Primary Government				
Due To Component Units	118	1,206		
Due To Other Governments	18,345	24,523		
Deferred Revenue	1,891	42,457		
Escrow Payable				
Amounts Held in Custody for Others				
Advances From Other Funds	2,780			
Policy Claim Liabilities				
Securities Lending Collateral Liability	26,047	89,336		363
Bonds and Notes Payable (Net)				
Trust Certificates Payable				
Capital Lease Obligations				
Other Liabilities				
Total Liabilities	87,981	257,501	3,470	407
Equity and Other Credits:				
Contributions				
Investment in Fixed Assets				
Retained Earnings:				
Reserved				
Unreserved				
Fund Balance				
Reserved	41,800	62,110	89,446	
Unreserved:				
Designated	39,788			
Undesignated	72,815	347,462		681
Total Fund Equity	154,403	409,572	89,446	681
Total Liabilities and Fund Equity	\$ 242,384	\$ 667,073	\$ 92,916	\$ 1,088

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

Proprietary Fund Types			Fiduciary Fund Type		Account Groups		Component Units
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long-Term Debt			
\$ 55,454	\$ 42,773	\$ 327,526	\$	\$			\$ 305,042
50,343		5,475,113					416,432
13,425	11,329	377,658					14,027
4,996	308	74,249					5,742
		92,389					
1,785		12,520					11,704
106,105		233					1,140,396
4,618	10,680	8,745					
							4,986
177	726	74					2,348
429	56	3,257					4,237
1,495	1,291						8,045
		1,859					
							5,844
766	1,323	443					18,231
1,616	21,695	10,744	411,934				470,270
							130,460
							89,446
<u>\$ 241,209</u>	<u>\$ 90,181</u>	<u>\$ 6,384,810</u>	<u>\$ 411,934</u>	<u>\$ 219,906</u>			<u>\$ 2,407,304</u>
\$ 1,221	\$ 2,242	\$ 264,622	\$	\$			\$ 9,605
669	1,458	3,424		818			18,534
424	4,227	210		39,264			27,600
4,657	1,663	154,221					
							1,672
	62	3,600					2,348
		34,493					5,173
115	3,745						876
25		2					25,804
		6,827					626
		38					
	30,849	3,022					
13,425	11,329	377,658					14,027
22,704	148			105,584			1,542,697
				44,360			8,270
	10,047			29,880			1,137
659							4
<u>43,899</u>	<u>65,770</u>	<u>848,117</u>	<u>0</u>	<u>219,906</u>			<u>1,658,373</u>
43,631	18,470						6,431
			411,934				392,296
5,955							258,580
147,724	5,941						3,190
		5,536,693					61,350
							27,084
<u>197,310</u>	<u>24,411</u>	<u>5,536,693</u>	<u>411,934</u>	<u>0</u>			<u>748,931</u>
<u>\$ 241,209</u>	<u>\$ 90,181</u>	<u>\$ 6,384,810</u>	<u>\$ 411,934</u>	<u>\$ 219,906</u>			<u>\$ 2,407,304</u>

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary	Component
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
Revenue:						
Taxes	\$ 654,278	\$ 136,390	\$	\$	\$ 13,800	\$
Licenses, Permits and Fees	5,115	211,701			165	
Fines, Forfeits and Penalties	656	7,085				
Use of Money and Property	36,932	27,629		68	5,611	41
Sales and Services	3,698	20,433			844	
Administering Programs	1,659	958,734			108	20,569
Deferred Compensation					5,779	
Other Revenue	1,252	13,161		427	7,232	
Total Revenue	<u>703,590</u>	<u>1,375,133</u>	<u>0</u>	<u>495</u>	<u>33,539</u>	<u>20,610</u>
Expenditures:						
Current:						
Education and Research	318,666	96,987			27	
Economic Resources	2,688	28,718				18,246
General Government	54,881	34,120		546	1,616	
Human Resources	249,044	561,220			27,290	
Natural Resources	11,982	73,980			19	
Protection of Domain	7,873	58,565			3,250	
Transportation	410	439,694				
State Shared Revenue Paid to Other Governments	16,239	51,770				
Capital Outlay				65		
Debt Service:						
Principal			11,687			
Interest			8,712			
Total Expenditures	<u>661,783</u>	<u>1,345,054</u>	<u>20,399</u>	<u>611</u>	<u>32,202</u>	<u>18,246</u>
Excess of Revenues Over (Under) Expenditures	41,807	30,079	(20,399)	(116)	1,337	2,364
Other Financing Sources (Uses):						
Operating Transfers In	135,413	128,972	12,683		223	
Operating Transfers From Component Units	193	152	42			
Operating Transfers Out	(28,686)	(131,347)		(41)	(14,409)	
Operating Transfers To Component Units	(122,662)					(447)
Net Other Financing Sources (Uses)	<u>(15,742)</u>	<u>(2,223)</u>	<u>12,725</u>	<u>(41)</u>	<u>(14,186)</u>	<u>(447)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	26,065	27,856	(7,674)	(157)	(12,849)	1,917
Fund Balance at Beginning of Year, restated	128,338	366,563	97,120	838	125,591	18,859
Residual Equity Transfers In		15,153			238,000	
Fund Balance at End Of Year	<u>\$ 154,403</u>	<u>\$ 409,572</u>	<u>\$ 89,446</u>	<u>\$ 681</u>	<u>\$ 350,742</u>	<u>\$ 20,776</u>

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

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND TYPES
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Department	GENERAL			FEDERAL		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
EXECUTIVE MANAGEMENT						
Personal Services	\$ 6,554	\$ 6,553	\$ 1	\$ 604	\$ 351	\$ 253
Operating Expenses	23,453	23,203	250	44,603	29,108	15,495
Total	30,007	29,756	251	45,207	29,459	15,748
REVENUE						
Personal Services	581	559	22			0
Operating Expenses	2,220	950	1,270	83	13	70
Total	2,801	1,509	1,292	83	13	70
AGRICULTURE						
Personal Services	2,789	2,705	84	1,286	1,029	257
Operating Expenses	3,712	3,635	77	1,437	1,126	311
Total	6,501	6,340	161	2,723	2,155	568
TOURISM						
Personal Services			0			0
Operating Expenses			0			0
Total			0	0	0	0
GAME, FISH AND PARKS						
Personal Services	2,290	2,290	0	467	454	13
Operating Expenses	3,916	2,244	1,672	3,257	1,337	1,920
Total	6,206	4,534	1,672	3,724	1,791	1,933
SOUTH DAKOTA LOTTERY						
Personal Services			0			0
Operating Expenses			0			0
Total	0	0	0	0	0	0
SOCIAL SERVICES						
Personal Services	10,677	10,656	21	20,864	20,144	720
Operating Expenses	122,115	120,957	1,158	339,312	331,688	7,624
Total	132,792	131,613	1,179	360,176	351,832	8,344
HEALTH						
Personal Services	3,088	3,088	0	7,126	6,691	435
Operating Expenses	4,017	4,017	0	9,636	8,292	1,344
Total	7,105	7,105	0	16,762	14,983	1,779
LABOR						
Personal Services	361	328	33	12,576	11,443	1,133
Operating Expenses	65	61	4	16,497	13,902	2,595
Total	426	389	37	29,073	25,345	3,728
TRANSPORTATION						
Personal Services	214	214	0	7,018	7,018	0
Operating Expenses	239	239	0	4,315	4,315	0
Total	453	453	0	11,333	11,333	0

Department	OTHER		
	Budgeted	Actual	Variance
EXECUTIVE MANAGEMENT			
Personal Services	\$ 22,783	\$ 21,275	\$ 1,508
Operating Expenses	57,051	45,161	11,890
Total	79,834	66,436	13,398
REVENUE			
Personal Services	6,434	6,291	143
Operating Expenses	7,032	6,901	131
Total	13,466	13,192	274
AGRICULTURE			
Personal Services	1,050	867	183
Operating Expenses	3,229	1,506	1,723
Total	4,279	2,373	1,906
TOURISM			
Personal Services	889	889	0
Operating Expenses	5,187	5,185	2
Total	6,076	6,074	2
GAME, FISH AND PARKS			
Personal Services	4,609	4,207	402
Operating Expenses	7,798	6,638	1,160
Total	12,407	10,845	1,562
SOUTH DAKOTA LOTTERY			
Personal Services	446	381	65
Operating Expenses	1,574	1,213	361
Total	2,020	1,594	426
SOCIAL SERVICES			
Personal Services	1,189	1,117	72
Operating Expenses	21,197	20,044	1,153
Total	22,386	21,161	1,225
HEALTH			
Personal Services	2,087	1,678	409
Operating Expenses	5,120	4,958	162
Total	7,207	6,636	571
LABOR			
Personal Services	1,252	1,245	7
Operating Expenses	1,630	1,629	1
Total	2,882	2,874	8
TRANSPORTATION			
Personal Services	37,263	36,092	1,171
Operating Expenses	52,423	48,682	3,741
Total	89,686	84,774	4,912

Continued on next page

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND TYPES (Continued)
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Department	GENERAL			FEDERAL		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
EDUCATION AND CULTURAL AFFAIRS						
Personal Services	3,410	3,410	0	2,582	2,419	163
Operating Expenses	322,745	321,745	1,000	90,628	90,005	623
Total	326,155	325,155	1,000	93,210	92,424	786
COMMERCE AND REGULATION						
Personal Services	1,133	1,132	1	220	204	16
Operating Expenses	1,823	1,821	2	2,600	2,577	23
Total	2,956	2,953	3	2,820	2,781	39
HIGHER EDUCATION						
Personal Services	110,453	110,450	3	20,522	20,224	298
Operating Expenses	16,383	16,383	0	33,399	32,675	724
Total	126,836	126,833	3	53,921	52,899	1,022
MILITARY AND VETERANS' AFFAIRS						
Personal Services	2,621	2,615	6	513	482	31
Operating Expenses	3,787	3,713	74	1,026	1,008	18
Total	6,408	6,328	80	1,539	1,490	49
CORRECTIONS						
Personal Services	28,202	28,202	0	1,578	1,444	134
Operating Expenses	20,169	20,169	0	4,334	3,991	343
Total	48,371	48,371	0	5,912	5,435	477
HUMAN SERVICES						
Personal Services	23,514	23,514	0	18,744	18,633	111
Operating Expenses	43,287	43,287	0	67,827	67,205	622
Total	66,801	66,801	0	86,571	85,838	733
ENVIRONMENT AND NATURAL RESOURCES						
Personal Services	3,999	3,999	0	2,675	2,418	257
Operating Expenses	1,204	1,204	0	5,087	5,040	47
Total	5,203	5,203	0	7,762	7,458	304
UNIFIED JUDICIAL SYSTEM						
Personal Services	19,487	19,487	0	83	82	1
Operating Expenses	2,902	2,901	1	503	451	52
Total	22,389	22,388	1	586	533	53
LEGISLATIVE						
Personal Services	1,886	1,683	203			0
Operating Expenses	337	271	66			0
L.R.C. Appropriation	4,367	4,115	252			0
Total	6,590	6,069	521	0	0	0

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND TYPES (Continued)
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

<u>Department</u>	<u>OTHER</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EDUCATION AND CULTURAL AFFAIRS			
Personal Services	453	365	88
Operating Expenses	4,241	1,976	2,265
Total	4,694	2,341	2,353
COMMERCE AND REGULATION			
Personal Services	15,400	15,198	202
Operating Expenses	6,753	6,712	41
Total	22,153	21,910	243
HIGHER EDUCATION			
Personal Services	47,401	46,651	750
Operating Expenses	85,755	77,611	8,144
Total	133,156	124,262	8,894
MILITARY AND VETERANS' AFFAIRS			
Personal Services	1,403	1,387	16
Operating Expenses	1,292	1,285	7
Total	2,695	2,672	23
CORRECTIONS			
Personal Services	1,662	1,649	13
Operating Expenses	5,979	4,985	994
Total	7,641	6,634	1,007
HUMAN SERVICES			
Personal Services	286	265	21
Operating Expenses	3,876	3,770	106
Total	4,162	4,035	127
ENVIRONMENT AND NATURAL RESOURCES			
Personal Services	1,640	1,306	334
Operating Expenses	9,035	711	8,324
Total	10,675	2,017	8,658
UNIFIED JUDICIAL SYSTEM			
Personal Services	147	133	14
Operating Expenses	2,489	2,482	7
Total	2,636	2,615	21
LEGISLATIVE			
Personal Services			0
Operating Expenses			0
L.R.C. Appropriation	90	18	72
Total	90	18	72

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STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND TYPES (Continued)
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Department	GENERAL			FEDERAL		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
ATTORNEY GENERAL						
Personal Services	3,618	3,618	0	1,496	1,432	64
Operating Expenses	979	979	0	4,514	4,137	377
Total	<u>4,597</u>	<u>4,597</u>	<u>0</u>	<u>6,010</u>	<u>5,569</u>	<u>441</u>
SCHOOL AND PUBLIC LANDS						
Personal Services	337	336	1			0
Operating Expenses	111	111	0	19	19	0
Total	<u>448</u>	<u>447</u>	<u>1</u>	<u>19</u>	<u>19</u>	<u>0</u>
SECRETARY OF STATE						
Personal Services	611	611	0			0
Operating Expenses	373	173	200			0
Total	<u>984</u>	<u>784</u>	<u>200</u>	<u>0</u>	<u>0</u>	<u>0</u>
STATE TREASURER						
Personal Services	238	238	0			0
Operating Expenses	168	168	0			0
Total	<u>406</u>	<u>406</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
STATE AUDITOR						
Personal Services	685	684	1			0
Operating Expenses	114	114	0			0
Total	<u>799</u>	<u>798</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
STATE OF SOUTH DAKOTA						
Personal Services	226,748	226,372	376	98,354	94,468	3,886
Operating Expenses	574,119	568,345	5,774	629,077	596,889	32,188
L.R.C. Appropriation	4,367	4,115	252	0	0	0
Total	<u>\$ 805,234</u>	<u>\$ 798,832</u>	<u>\$ 6,402</u>	<u>\$ 727,431</u>	<u>\$ 691,357</u>	<u>\$ 36,074</u>

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

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND TYPES (Continued)
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

<u>Department</u>	<u>OTHER</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
ATTORNEY GENERAL			
Personal Services	1,618	1,594	24
Operating Expenses	1,302	1,294	8
Total	<u>2,920</u>	<u>2,888</u>	<u>32</u>
SCHOOL AND PUBLIC LANDS			
Personal Services			0
Operating Expenses	165	165	0
Total	<u>165</u>	<u>165</u>	<u>0</u>
SECRETARY OF STATE			
Personal Services	11	11	0
Operating Expenses	179	179	0
Total	<u>190</u>	<u>190</u>	<u>0</u>
STATE TREASURER			
Personal Services	2,310	2,138	172
Operating Expenses	1,080	967	113
Total	<u>3,390</u>	<u>3,105</u>	<u>285</u>
STATE AUDITOR			
Personal Services			0
Operating Expenses			0
Total	<u>0</u>	<u>0</u>	<u>0</u>
STATE OF SOUTH DAKOTA			
Personal Services	150,333	144,739	5,594
Operating Expenses	284,387	244,054	40,333
L.R.C. Appropriation	90	18	72
Total	<u>\$ 434,810</u>	<u>\$ 388,811</u>	<u>\$ 45,999</u>

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary	Component
	Enterprise	Internal Service	Fund Type Nonexpendable Trust	Units Enterprise
Operating Revenue:				
Licenses, Permits and Fees	\$ 1,142	\$	\$	\$ 3,134
Use of Money and Property	3,469	19	20,582	119,814
Sales and Services	129,800	124,500		70,693
Administering Programs	9,693		20	
Tobacco Settlement			21,916	
Other Revenue	8	68		
Total Operating Revenue	144,112	124,587	42,518	193,641
Operating Expenses:				
Personal Services and Benefits	2,720	24,661	103	17,166
Travel	183	606	19	496
Contractual Services	9,261	26,515	407	19,287
Supplies and Materials	5,944	13,090	6	9,445
Grants			9,609	5,458
Other	235		632	1,363
Interest	1,335	495		84,385
Bad Debts				108
Depreciation/Amortization	166	7,110		6,774
Lottery Prizes	12,610			
Insurance Claims		61,762		
Total Operating Expenses	32,454	134,239	10,776	144,482
Operating Income (Loss)	111,658	(9,652)	31,742	49,159
Nonoperating Revenue (Expenses):				
Gain on Disposal of Assets		12	2,112	
Loss on Disposal of Assets	(27)	(62)		(582)
Interest Income	8,233	4,299		4,702
Interest Expense		(19)		(40)
Other Expense	(784)	(610)		
Grant and Other Income	405			425
Loss on Extinguishment of Debt				(1,436)
Total Nonoperating Revenue (Expenses)	7,827	3,620	2,112	3,069
Net Income (Loss) from Continuing Operations	119,485	(6,032)	33,854	52,228
Discontinued Operations:				
Gain on Disposal of Discontinued Operations (Net)				107,476
Net Income (Loss) Before Operating Transfers	119,485	(6,032)	33,854	159,704
Operating Transfers:				
Operating Transfers In	82	1,469	64	
Operating Transfers From Primary Government				481
Operating Transfers From Component Units				447
Operating Transfers Out	(101,875)	(308)	(2,240)	
Operating Transfers To Primary Government				(12,000)
Operating Transfers To Component Units			(1,616)	
Net Operating Transfers	(101,793)	1,161	(3,792)	(11,072)
Net Income (Loss)	17,692	(4,871)	30,062	148,632
Retained Earnings/Fund Balance at				
Beginning of Year, restated	135,987	11,308	181,805	368,502
Residual Equity Transfers Out		(496)		(255,364)
Retained Earnings/Fund Balance at End of Year	\$ 153,679	\$ 5,941	\$ 211,867	\$ 261,770

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

STATE OF SOUTH DAKOTA

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS

AND DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary	Component
	Enterprise	Internal Service	Nonexpendable Trust	Unit Enterprise
Cash Flows from Operating Activities:				
Operating Income/(Loss) Before Transfers	\$ 111,658	\$ (9,652)	\$ 31,742	\$ 49,159
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation/Amortization Expense	166	7,110		6,774
Bad Debt Expense				108
Unamortized Charges Expensed	95			
Investment Income			(13,311)	(48,824)
Interest Expense	1,335	489		84,385
Miscellaneous Nonoperating Items	353			107
Decrease/(Increase) in Assets:				
Accounts Receivable	(278)	72		1,115
Interest, Dividends & Penalties Receivable	48		(22)	(355)
Loans and Notes Receivable	(4,405)		57	(53,234)
Due From Other Funds	(128)	(789)	(58)	
Due From Primary Government				38
Due From Component Units	469	(34)		45
Due From Other Governments	(41)	13		
Inventory	(3)	240		(4,871)
Advances to Other Funds		496		
Deferred Fiscal Charges and Other Assets	8	83		19
Increase/(Decrease) in Liabilities:				
Accounts Payable	(214)	(577)	14	524
Accrued Liabilities	(3)	96	6	778
Compensated Absences Payable	(22)	250		7
Due To Other Funds	172	353	66	
Due To Primary Government				665
Due To Component Units		(2)	77	13
Deferred Revenue	(61)	375		(40)
Escrow Payable	(4)			1,399
Advances From Other Funds		(496)		
Policy Claim Liabilities		5,862		
Other Liabilities	15			(4)
Total Adjustments	(2,498)	13,541	(13,171)	(11,351)
Net Cash Provided (Used) by Operating Activities	109,160	3,889	18,571	37,808
Cash Flows From Capital and Related Financing Activities:				
Purchases of Capital Assets	(514)	(4,367)		(7,814)
Proceeds From Sale of Assets to GCC Dakota				182,022
Sales of Capital Assets	11	777	439	51
Payments on Notes		(70)		
Payments on Capital Lease Obligations	(16)	(3,761)		(4)
Net Cash Provided (Used) by Capital and Related Financing Activities	(519)	(7,421)	439	174,255

Continued on next page

STATE OF SOUTH DAKOTA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS
AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary	Component
	Enterprise	Internal Service	Fund Type	Unit
			Nonexpendable	Enterprise
			Trust	
Cash Flows From Noncapital Financing Activities:				
Operating Transfers In	82	1,469	27	
Operating Transfers Out	(101,875)	(308)	(2,240)	
Operating Transfers From Component Units				447
Operating Transfers To Component Units			(1,616)	
Operating Transfers From Primary Government				481
Operating Transfers To Primary Government				(12,000)
Residual Equity Transfers In		496		
Residual Equity Transfers Out		(496)		(252,278)
Issuance of Bonds				252,030
Issuance of Loans				536
Payments on Bonds and Notes	(860)			(328,615)
Payments on Loans				(671)
Bond Issuance Costs	(205)			(1,980)
Interest Payments on Bonds and Notes	(1,355)			(84,547)
Net Cash Provided(Used) From Noncapital Financing Activities	(104,213)	1,161	(3,829)	(426,597)
Cash Flows From Investing Activities:				
Investment Income	7,177	3,648	13,246	42,416
Purchase of Investment Securities	(11,426)		(93,338)	(343,428)
Proceeds From Sales and Maturities of Investment Securities	5,597		78,286	440,451
Security Lending Rebate Fees	(756)	(607)	(632)	
Net Cash Provided by Investing Activities	592	3,041	(2,438)	139,439
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year				
	5,020	670	12,743	(75,095)
Cash and Cash Equivalents at Beginning of Year				
	50,434	42,103	50,962	319,156
Cash and Cash Equivalents at End of Year	\$ 55,454	\$ 42,773	\$ 63,705	\$ 244,061
Noncash Investing, Capital and Financing Activities:				
Loss/(Gain) on Disposal of Fixed Assets	28	51		
Gain on Exchange of Land			1,698	
Capital Lease Obligations Entered Into		5,730		
Land Transferred From Other Funds			37	
Extinguishment of Debt				1,436

Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet:

	Trust and Agency	Component Units
Nonexpendable Trust	\$ 63,705	\$
Proprietary Component Units		244,061
Other Trust and Agency	263,821	
Other Component Units		60,981
Total Cash and Cash Equivalents per Combined Balance Sheet	\$ 327,526	\$ 305,042

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

STATE OF SOUTH DAKOTA
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Additions	South Dakota Retirement System	Cement Plant Retirement System	Total
Contributions:			
Employee	\$ 62,311	\$ 224	\$ 62,535
Employer	55,698		55,698
Total Contributions	118,009	224	118,233
Investment Income:			
<i>From Investing Activities</i>			
Net Increase (Decrease) in Fair Value of Investments	(326,167)	(1,493)	(327,660)
Interest	116,265	1,046	117,311
Dividends	47,354	472	47,826
Real Estate	16,116	172	16,288
Investment Activity Income	(146,432)	197	(146,235)
Less Investment Activity Expenses	(9,827)	(18)	(9,845)
Net Investment Activity Income	(156,259)	179	(156,080)
<i>From Security Lending Activities</i>			
Security Lending Income	19,865	57	19,922
Security Lending Expenses	(18,381)	(53)	(18,434)
Net Security Lending Activity Income	1,484	4	1,488
Total Investment Income	(154,775)	183	(154,592)
Total Additions	(36,766)	407	(36,359)
Deductions			
Benefits	153,193	1,747	154,940
Refunds of Contributions	24,227		24,227
Administrative Expenses	2,403	245	2,648
Operating Transfers To Component Units		481	481
Total Deductions	179,823	2,473	182,296
Net Increase	(216,589)	(2,066)	(218,655)
Net Assets Held In Trust For Pension Benefits			
Beginning of Year, restated	5,156,295	36,444	5,192,739
End of Year	\$ 4,939,706	\$ 34,378	\$ 4,974,084

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

STATE OF SOUTH DAKOTA

HIGHER EDUCATION

COMBINED STATEMENT OF CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Revenues and Other Additions:			
Tuition and Fees	\$ 88,152	\$	\$
Federal Appropriations		7,004	
Federal Grants and Contracts	37	50,604	1,059
State Grants and Contracts	1	3,637	
Private Gifts, Grants and Contracts	284	14,078	34
Auxiliary Enterprise Revenue	33,941		
Retirement of Indebtedness			
Indirect Cost Recovery	4,081		
Investment Income	2,357	7	685
Expended for Plant Facilities			
Transfer of Bonds to Investment in Plant			
Sales and Services	23,726		
Other Sources	1,445		178
Total Revenue and Other Additions	<u>154,024</u>	<u>75,330</u>	<u>1,956</u>
Expenditures and Other Deductions:			
Education and General	230,808	69,483	
Auxiliary Enterprise	31,554	200	
Expended for Plant Facilities			
Retirement of Indebtedness			
Interest on Indebtedness			
Indirect Costs Recovered		4,081	
Disposal of Plant			
Loan Cancellations and Write-Offs			537
Administrative and Collection Costs			198
Transfer of Bonds From Unexpended Plant Funds			
Other	2	14	
Total Expenditures and Other Deductions	<u>262,364</u>	<u>73,778</u>	<u>735</u>
Transfers Among Funds - Additions (Deductions):			
Non-Mandatory:			
Net Interfund Transfers	(7,890)	951	(35)
Operating Transfers To Primary Government	(331)	(56)	
Operating Transfers From Primary Government	124,278		
Mandatory:			
Principal and Interest	(7,725)		
Renewals and Replacements	(1,244)		
Loan Fund Matching	(98)		98
Net Transfers In (Out)	<u>106,990</u>	<u>895</u>	<u>63</u>
Net Increase (Decrease) for Year	(1,350)	2,447	1,284
Fund Balance at Beginning of Year, restated	<u>15,074</u>	<u>1,902</u>	<u>32,712</u>
Fund Balance at End of Year	<u>\$ 13,724</u>	<u>\$ 4,349</u>	<u>\$ 33,996</u>

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

Plant Funds

	Unexpended Plant Funds	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions:				
Tuition and Fees	\$	\$ 741	\$ 311	\$
Federal Appropriations				
Federal Grants and Contracts				
State Grants and Contracts				
Private Gifts, Grants and Contracts		2,967		1,323
Auxiliary Enterprise Revenue				
Retirement of Indebtedness				4,033
Indirect Cost Recovery				
Investment Income	380	1,184	424	
Expended for Plant Facilities				32,753
Transfer of Bonds to Investment in Plant	11,201			
Sales and Services				
Other Sources	1,214	36	110	1
Total Revenue and Other Additions	<u>12,795</u>	<u>4,928</u>	<u>845</u>	<u>38,110</u>
Expenditures and Other Deductions:				
Education and General				
Auxiliary Enterprise				
Expended for Plant Facilities	11,624	13,043		
Retirement of Indebtedness	66		3,967	
Interest on Indebtedness	348		4,476	
Indirect Costs Recovered				
Disposal of Plant				5,664
Loan Cancellations and Write-Offs				
Administrative and Collection Costs				
Transfer of Bonds From Unexpended Plant Funds				11,201
Other	134	149	79	
Total Expenditures and Other Deductions	<u>12,172</u>	<u>13,192</u>	<u>8,522</u>	<u>16,865</u>
Transfers Among Funds - Additions (Deductions):				
Non-Mandatory:				
Net Interfund Transfers	314	6,933	(273)	
Operating Transfers To Primary Government				
Operating Transfers From Primary Government				
Mandatory:				
Principal and Interest	113		7,612	
Renewals and Replacements		1,244		
Loan Fund Matching				
Net Transfers In (Out)	<u>427</u>	<u>8,177</u>	<u>7,339</u>	<u>0</u>
Net Increase (Decrease) for Year	1,050	(87)	(338)	21,245
Fund Balance at Beginning of Year, restated	<u>1,141</u>	<u>13,182</u>	<u>641</u>	<u>371,051</u>
Fund Balance at End of Year	<u>\$ 2,191</u>	<u>\$ 13,095</u>	<u>\$ 303</u>	<u>\$ 392,296</u>

	<u>Total</u>
Revenues and Other Additions:	
Tuition and Fees	\$ 89,204
Federal Appropriations	7,004
Federal Grants and Contracts	51,700
State Grants and Contracts	3,638
Private Gifts, Grants and Contracts	18,686
Auxiliary Enterprise Revenue	33,941
Retirement of Indebtedness	4,033
Indirect Cost Recovery	4,081
Investment Income	5,037
Expended for Plant Facilities	32,753
Transfer of Bonds to Investment in Plant	11,201
Sales and Services	23,726
Other Sources	2,984
Total Revenue and Other Additions	<u>287,988</u>
Expenditures and Other Deductions:	
Education and General	300,291
Auxiliary Enterprise	31,754
Expended for Plant Facilities	24,667
Retirement of Indebtedness	4,033
Interest on Indebtedness	4,824
Indirect Costs Recovered	4,081
Disposal of Plant	5,664
Loan Cancellations and Write-Offs	537
Administrative and Collection Costs	198
Transfer of Bonds From Unexpended Plant Funds	11,201
Other	378
Total Expenditures and Other Deductions	<u>387,628</u>
Transfers Among Funds - Additions (Deductions):	
Non-Mandatory:	
Net Interfund Transfers	0
Operating Transfers To Primary Government	(387)
Operating Transfers From Primary Government	124,278
Mandatory:	
Principal and Interest	0
Renewals and Replacements	0
Loan Fund Matching	0
Net Transfers In (Out)	<u>123,891</u>
Net Increase (Decrease) for Year	24,251
Fund Balance at Beginning of Year, restated	<u>435,703</u>
Fund Balance at End of Year	<u>\$ 459,954</u>

**STATE OF SOUTH DAKOTA
HIGHER EDUCATION
COMBINED STATEMENT OF CURRENT FUNDS REVENUES,
EXPENDITURES, AND OTHER CHANGES
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Current Funds</u>
Revenues:			
Tuition and Fees	\$ 88,152	\$	\$ 88,152
Federal Appropriations		7,004	7,004
Federal Grants and Contracts	37	45,725	45,762
State Grants and Contracts	1	3,243	3,244
Private Gifts, Grants and Contracts	284	13,706	13,990
Auxiliary Enterprise Revenue	33,941		33,941
Investment Income	2,357	5	2,362
Sales and Services	29,252		29,252
Total Revenue	<u>154,024</u>	<u>69,683</u>	<u>223,707</u>
Expenditures and Mandatory Transfers:			
Education and General:			
Instruction	104,336	5,943	110,279
Research	13,670	20,695	34,365
Public Service	16,646	14,910	31,556
Academic Support	32,168	1,529	33,697
Student Services	20,572	1,360	21,932
Institutional Support	25,613	2,048	27,661
Operation and Maintenance of Plant	16,763	63	16,826
Scholarships and Fellowships	1,040	22,935	23,975
Education and General Expenditures	<u>230,808</u>	<u>69,483</u>	<u>300,291</u>
Auxiliary Enterprises:			
Expenditures	<u>31,554</u>	<u>200</u>	<u>31,754</u>
Mandatory Transfers:			
For Principal and Interest	7,725		7,725
For Renewals and Replacements	1,244		1,244
For Loan Fund Matching	98		98
Total Mandatory Transfers	<u>9,067</u>	<u>0</u>	<u>9,067</u>
Total Expenditures and Mandatory Transfers	<u>271,429</u>	<u>69,683</u>	<u>341,112</u>
Other Transfers and Additions (Deductions):			
Operating Transfers To Primary Government	(331)	(56)	(387)
Operating Transfers From Primary Government	124,278		124,278
Net Transfers In (Out)	(7,890)	951	(6,939)
Other Fund Balance Changes	(2)		
Excess of Restricted Receipts Over (Under)			
Transfers to Revenue		1,552	1,552
Total Other Transfers and Additions (Deductions)	<u>116,055</u>	<u>2,447</u>	<u>118,504</u>
Net Increase/(Decrease) in Fund Balance	<u>\$ (1,350)</u>	<u>\$ 2,447</u>	<u>\$ 1,097</u>

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

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). University funds reported under the higher education discrete presentation have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants.

B. Reporting Entity

For financial reporting purposes, the state of South Dakota includes all fund types and account groups administered by state departments, bureaus, boards, commissions, universities, and authorities determined to be part of the state's financial reporting entity.

The Governmental Accounting Standards Board has set forth the basic criterion for including a potential component unit in a governmental unit's reporting entity. The reporting entity includes all organizations for which the primary government is 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.

Despite being legally separate entities, some component units may be so intertwined with the primary government that they are, in substance, the same as the primary government. These component units are blended and reported as a part of the primary government. The Building Authority and the South Dakota Conservancy District were blended with the primary government. As a result of the sale of the Cement Plant, as discussed further in Note 17, the Cement Plant Commission was considered to be a blended component unit and was reported as a part of the primary government.

Component units that are legally separate organizations, but are financially accountable to the state or their exclusion would cause the state's financial statements to be misleading or incomplete, are discretely presented. The following entities are included in the Component Unit columns in the financial statements.

Conservation Reserve Enhancement Program (CREP)
Cement Plant
South Dakota Finance Authority
State Fair
South Dakota Housing Authority
Higher Education

Related organizations are excluded from the reporting entity because the state's accountability does not extend beyond appointing a voting majority of the organizations' board members. The Health and Educational Facilities Authority was considered a related organization.

Financial statements of the component units are available from the Bureau of Finance and Management.

C. Fund Accounting

Financial activities of the state are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Financial resources are segregated by fund for the purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Account groups are presented for general fixed assets and general long-term debt.

The state has established the following fund categories, fund types, and account groups:

GOVERNMENTAL FUNDS

General Fund - Is the primary operating fund of the state. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Account for specific revenue sources that are legally restricted to expenditures for specific purposes. Special revenue funds account for federal grant programs, taxes levied with statutorily-defined distributions and other resources restricted as to purpose.

Debt Service Funds – Represents the Building Authority Fund, which accounts for resources accumulated for the retirement of general long-term debt principal and interest.

Capital Projects Funds – Represents the Building Authority Fund, which accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary, fiduciary, or higher education funds).

PROPRIETARY FUNDS

Enterprise Funds - Account for activities that are financed and operated in a manner similar to private business enterprises where: (a) the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or, (b) the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate.

Internal Service Funds - Account for the financing of goods or services provided by one department or agency to other departments or agencies of the state, or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - Account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, nonexpendable trust, pension trust, and agency funds. Nonexpendable trust and pension trust funds are accounted for in the same manner as proprietary funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature and do not involve the measurement of the results of operations.

ACCOUNT GROUPS

General Fixed Asset Account Group - Accounts for all fixed assets acquired or constructed by governmental and expendable trust funds.

General Long-Term Debt Account Group - Accounts for long-term obligations of governmental funds and expendable trust funds not paid with current resources. Long-term obligations include bonds, accrued annual and sick leave, and capital leases.

COMPONENT UNITS

The Component Units include proprietary, fiduciary, and governmental type organizations, along with higher education, that are legally separate from the state, but are considered a part of the reporting entity. The

Housing Authority is the only component unit reported in governmental funds.

The higher education discrete presentation reflects transactions related to resources received and used for the operation of the state's universities. The higher education funds include:

Current Funds - Unrestricted - Account for economic resources that are expendable for the purpose of performing the primary objectives of the universities for which no stipulation has been made by donors or other external agencies as to the purpose for which they should be expended.

Current Funds - Restricted - Account for resources received from donors or other external agencies that are restricted by them for specific operating purposes.

Loan Funds - Account for resources available for loans to students.

Plant Funds - Account for: (1) resources to be used in the acquisition of physical properties, but unexpended at the date of reporting; (2) resources set aside for renewals and replacements; (3) resources set aside for debt service charges and for retirement of indebtedness; and, (4) resources expended for and thus invested in university property.

Agency Funds - Account for resources held by a university acting in the capacity of an agent for distribution to designated beneficiaries.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Governmental, expendable trust, and agency funds are reported on the modified accrual basis of accounting.

Revenues of governmental and expendable trust funds are recognized when they become measurable and available as net current assets. Significant revenue sources that are susceptible to accrual include sales tax, motor fuel taxes, bank card taxes, grant revenues, investment income, and charges for goods and services. Licenses, permits, fees and other miscellaneous revenues are recognized when received since they are normally measurable only at that time.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick leave, and other employee amounts are accrued only to the extent that the expenditure would be made from expendable available financial resources with long-term portions reported in the general long-term debt account group; and, (2) principal and interest on general long-term obligations are recognized when due.

Proprietary, pension trust, and nonexpendable trust funds are reported on the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The state's proprietary funds follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Higher education, a component unit, is reported on the accrual basis of accounting, except that depreciation is not reported for plant fund assets.

E. Budgetary Accounting

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

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

Interim appropriations are requested by state agencies through the Bureau of Finance and Management. The Joint Committee on Appropriations reviews the requests and makes the final determination. During fiscal year 2001, interim appropriations of \$100,108,487 were approved. This represented an

increase of \$66,025,436 in federal fund authority and \$34,083,051 in other fund authority.

Monies appropriated on a program basis by the general appropriations act may be transferred between program accounts within or between departments and bureaus at the written request of the state agency with the approval of the Legislative Interim Appropriations Committee.

The general appropriations act includes only appropriations for ordinary current and capital expenses of the executive, legislative, and judicial branches of the state. Law classifies appropriations into general, federal, and other fund classifications. The budget is controlled at the program level for personal services and operating expenses. Detailed appropriation information at this level is presented in the Available Funds Report that is available at the Bureau of Finance and Management. Encumbrances and certain monies available to departments and component units are not included in the general appropriations act and are not budgeted.

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 outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances at June 30, 2001 totaled \$81,372,426.

Budget authority and appropriations in an amount equal to outstanding encumbrances may be carried forward for two fiscal years after the expiration of the appropriation acts with the approval of the Commissioner of the Bureau of Finance and Management.

F. Budgetary - GAAP Reporting Reconciliation

The Combined Statement of Expenditures - Budget and Actual (Budgetary Basis), All Budgeted Fund Types, presents comparisons of the general appropriations act with actual data on the budgetary basis. Because accounting principles used to present budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of the different basis for the fiscal year ended June 30, 2001 is presented below (expressed in thousands):

	<u>GENERAL FUND</u>	<u>FEDERAL FUND</u>	<u>OTHER FUND</u>	<u>SPECIAL REVENUE</u>	<u>EXPENDABLE TRUST</u>
EXPENDITURES, BUDGET BASIS	\$798,832	\$691,357	\$388,811	\$	\$
ADJUSTMENTS:					
To Adjust for Encumbrances	(20,979)	(20,255)	(6,696)		
To Adjust Expenditures/Expenses for Accruals	(46,039)			21,533	3,871
To Adjust for Budgeted Transfers	(136)	(627)	(294)		
RECLASSIFICATION AND OTHER ADJUSTMENTS:					
To Eliminate Colleges and Universities	(122,493)	(52,630)	(123,977)		
To Reclassify Expenditures into Financial Statement Fund Types		(617,845)	(257,844)	804,339	1,418
To Record Payments of Shared State Revenue	16,239			51,770	
To Record Nonbudgeted Expenditures/Expenses	<u>36,359</u>	<u> </u>	<u> </u>	<u>467,412</u>	<u>26,913</u>
Expenditures/Expenses (GAAP Basis)	<u>\$661,783</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,345,054</u>	<u>\$32,202</u>

	<u>NON- EXPENDABLE TRUST</u>	<u>PENSION TRUST</u>	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
EXPENDITURES, BUDGET BASIS				
ADJUSTMENTS:				
To Adjust Expenditures/Expenses for Accruals	\$ 541	\$ (27)	\$ 16	\$ 7,149
RECLASSIFICATION AND OTHER ADJUSTMENTS:				
To Reclassify Expenditures into Financial Statement Fund Types	622	2,337	6,481	60,492
To Record Nonbudgeted Expenditures/Expenses	<u>9,613</u>	<u>207,784</u>	<u>26,768</u>	<u>67,289</u>
Expenditures/Expenses (GAAP Basis)	<u>\$ 10,776</u>	<u>\$210,094</u>	<u>\$33,265</u>	<u>\$134,930</u>

G. Cash and Cash Equivalents and Investments

For reporting purposes, cash includes cash on hand, cash in local banks, and cash in the State Treasury. Cash equivalents are reported at fair value. Cash equivalents include short-term investments with original maturities of three months or less. Cash balances of most state funds are pooled and invested by the State Investment Officer. Investment income is allocated to participating funds at year-end.

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

H. Inventories

Inventories reported in the governmental fund types are reported at cost using the moving 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 discrete presentation are reported at cost using the FIFO method, except for livestock inventories that are reported at June 30, 2001 market price. Inventories are expensed using the consumption method for governmental funds, proprietary funds, and the higher education discrete presentation.

Food stamps are reported in a special revenue fund as revenue and expenditures when distributed and any unexpended balances at year-end are reported at their face value offset with deferred revenue. At June 30, 2001, the food stamp inventory was reported in the amount of \$789,049.

I. Deferred Fiscal Charges and Other Assets

Deferred charges are the amortization of bond and note issuance costs, using the bonds outstanding method, over the life of the bonds.

J. Property, Plant, and Equipment

General fixed assets used by governmental funds are recorded as capital expenditures in the purchasing fund and the related assets are recorded in the General Fixed Asset Account Group. Depreciation is not recorded for assets in the General Fixed Asset Account Group. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges, railroad tracks, right-of-ways, and lighting systems are not capitalized. Proprietary, pension trust, and nonexpendable trust fund purchases of property, plant, and equipment are capitalized in the fund in which they are utilized and depreciated on the straight line basis over the estimated useful life of each asset. Higher education, a component unit, records its property, plant, and equipment in the plant fund. Depreciation is not recorded for plant fund assets.

Property, plant, and equipment are capitalized at cost, or estimated historical cost, if original cost records are not available. Property, plant, and equipment acquired through capital leases are capitalized at fair market value at the inception of the lease. Donated property, plant, and equipment are valued at fair market value at the date of donation.

K. Deficit Fund Equity

The following individual funds had deficit fund equity at June 30, 2001 (expressed in thousands).

<u>FUND TYPE/FUND</u>	<u>DEFICIT</u>
Expendable Trust:	
Second Injury	\$ 939
Internal Service:	
State Worker's Compensation	13,527
Personnel	25

The deficit in the Second Injury Fund represents estimate of the unfunded portion of claims incurred prior to June 30, 2001. By law, the Second Injury Fund can only make assessments against insurance companies when the cash balance in the fund falls below \$200,000.

The deficit in the State Worker's Compensation Fund represents an actuarial estimate of the unfunded portion of claims incurred prior to June 30, 2001 that will be paid in the future.

The deficit in the Personnel Fund will be recovered through increases in rates in future years.

L. Restricted Assets

The 1991 South Dakota Legislature established a budget reserve fund in the amount of \$20,000,000. Each year, the unobligated cash balance of the General Fund is to be transferred to the budget reserve fund. The maximum balance of the budget reserve fund is five percent of the prior year's General Fund appropriations. The balance in the budget reserve fund at June 30, 2001 is \$39,788,091. The budget reserve is reported under restricted assets and unreserved designated accounts in the General Fund.

The Finance Authority, a component unit enterprise fund, reported restricted investments of \$5,844,420, representing \$3,000,000 to fund debt service payments in the event of deficiencies in the fund's operations, and \$2,844,420 held in an escrow account authorized to be disbursed to a preferred development project.

As described further in Note 17, the Cement Plant Commission Fund reported restricted investments of \$10,000,000 to pay for the costs of obtaining an air quality permit.

M. Compensated Absences

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

Liabilities for compensated absences were recorded in accordance with GASB. The liabilities are reported in governmental fund types and fiduciary fund types, where a liability is due and payable at June 30 with the long-term portion reported in the General Long-Term Debt Account Group. Proprietary fund types and higher education funds accrue compensated absences in the period they are earned.

N. 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, 2001, the amount of certificate of deposits being held by the lottery was

\$657,303 and is included in cash and cash equivalents on the balance sheet. The amount of \$5,057,300 was in the form of surety bonds or irrevocable letters of credit and is not reported on the balance sheet.

2. RESTATEMENTS, RECLASSIFICATIONS, AND OTHER CHANGES

CHANGE IN ACCOUNTING PRINCIPLE

The Finance Authority Fund, reported as a component unit enterprise fund, decided not to report conduit debt on its financial statements as allowable per Interpretation No. 2 of the Governmental Accounting Standards Board. The Finance Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued. The net effect of the change was a \$256,000 increase to beginning retained earnings.

FUND REPORTING CHANGES

The Public Buildings Fund, which had previously been reported as a capital projects fund, has been reclassified as a special revenue fund. This resulted in a \$705,000 decrease in fund balances in the capital projects funds and a corresponding increase in the fund balances reported for special revenue funds.

REPORTING ENTITY CHANGES

The Vocational Education Bond Program administered by the Health and Education Facilities Authority (HEFA) had previously been reported as a blended component unit. The state's management determined that the HEFA is a related organization and, in accordance with GASB Statement 14, the funds administered by the HEFA for the Vocational Education Bond Program would not be reported as a part of the state's reporting entity. As a result, the Vocational Education Facilities Funds reported as debt service funds and capital projects funds were removed from the statements except for \$1,843,000 held by the state for lease payments, which was reclassified to special revenue funds. In addition, \$30,120,000 in bonds payable previously reported in the General Long-Term Debt Account Group has been reclassified as capital lease obligations.

As a result of the sale of the Cement Plant, the Cement Plant Retirement Fund, which was previously reported as a component unit pension trust fund, was reclassified as a pension trust fund under the primary government.

RESTATEMENTS

Restatements are made to fund balance/retained earnings account balances due to reclassifications, adjustments and the implementation of new accounting standards.

In FY2001, the state changed the capitalization policy for land improvements, buildings and building improvements reported in the general fixed asset account group from \$5,000 to \$50,000 or greater for land improvements and \$100,000 or greater for buildings and building improvements. This change is reflected in Note 5 as "Change in Reporting Policy".

General Fund: Beginning fund balance was decreased by \$655,000 for a restatement of receivables and \$237,099 for a restatement of liabilities reported.

Special Revenue: Beginning fund balance was increased \$598,000 in the Tourism Revolving Fund and \$57,000 in the Water and Environment Fund for the restatement of receivables reported.

Component Units – Higher Education: The higher education fund balances were increased \$5,000 in the Loan Fund, and \$119,000 in the Unexpended Plant Fund. The higher education fund balances were decreased \$74,000 in the Unrestricted Fund, \$1,000 in the Restricted Fund, \$34,000 in the Renewals and Replacement Fund, \$14,000 in the Retirement of Indebtedness Fund, and \$742,000 in the Investment of Plant Fund for various restatements to assets and liabilities reported in the prior year.

GASB 33 CHANGES

The state implemented GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB Statement 36, Recipient Reporting for Certain Shared Nonexchange Revenues, for fiscal year 2001. As a result, the state began to record tax and other revenue the state shares with local governments in the General Fund and Motor Vehicle Fund, a special revenue fund. In prior years, this shared revenue, along with related receivables and liabilities to the local governments, was recorded in an agency fund. The effect of the change was an increase of \$18,152,176 in assets and liabilities and \$16,239,459 in revenue and expenditures in the General Fund, and an increase of \$12,156,625 in assets and liabilities and \$51,770,226 in revenue and expenditures in the Motor Vehicle Fund. The beginning assets and liabilities in the Agency Fund were decreased by \$34,051,351.

The following table summarizes the above restatements and reclassifications (expressed in thousands):

	Fund Balance/ Retained Earnings as Previously Reported <u>June 30, 2000</u>	<u>Restatements</u>	Change in Accounting Principle	Fund and Reporting Entity Changes	Restated Fund Balance/ Retained Earnings <u>July 1, 2000</u>
PRIMARY GOVERNMENT:					
General Fund	\$ 129,230	\$ (892)	\$	\$	\$ 128,338
Special Revenue	363,360	655		2,548	366,563
Debt Service	101,162			(4,042)	97,120
Capital Projects	6,179			(5,341)	838
Pension Trust	5,156,295			36,444	5,192,739
COMPONENT UNITS:					
Enterprise	368,246		256		368,502
Pension Trust	36,444			(36,444)	0
Higher Education					
Unrestricted	15,148	(74)			15,074
Restricted	1,903	(1)			1,902
Loan Fund	32,707	5			32,712
Unexpended Plant	1,022	119			1,141
Renewals and Replacements	13,216	(34)			13,182
Retirement of Indebtedness	655	(14)			641
Investment in Plant	371,793	(742)			371,051

3. CASH, DEPOSITS, AND INVESTMENTS

South Dakota Codified Laws (SDCL) and administrative rules authorize the types of deposits and investments. 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. Additionally, bond provisions may require restrictions on types of investments. Except as otherwise indicated, the state was in compliance with legal requirements governing deposit and investing activities.

State public funds are deposited and invested 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. The cash and cash equivalents balance in the General Fund was reduced by \$12,778,998 for deficit cash balances that existed in various state funds at June 30, 2001. Interfund receivables and payables were established between the General Fund and the funds with deficit cash balances in the amount of the deficits.

DEPOSITS

A. Primary Government

As of June 30, 2001, the carrying amount of deposits was \$74,776,759 and the bank balance was \$74,776,498. Of the bank balance, \$20,088,940 was fully insured or collateralized with securities held by the primary government or its agent in the primary

government's name (Category 1), \$31,704,518 was collateralized with securities held by the pledging financial institution's trust department or its agent in the primary government's name (Category 2), and \$22,983,040, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).

B. Component Units

As of June 30, 2001, the carrying amount of deposits was \$10,936,125, and the bank balance was \$11,203,390. Of the bank balance, \$8,026,202 was fully insured or collateralized with securities held by the respective component units or their agents in the component unit's name (Category 1) and \$3,177,188, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).

INVESTMENTS

Authorized investments generally include obligations consisting of securities guaranteed either directly or indirectly by the United States of America, or the state of South Dakota; notes or bonds issued and guaranteed by political subdivisions of the state; notes, bonds, or debentures of solvent corporations, provided they are rated in the four highest classifications established by at least two rating services.

State (permanent) school and endowment funds (also known as School and Public Lands funds) are authorized to be invested, additionally, in corporate

equity securities, loans made by the Veteran's Administration, Farmer's Home Administration, Federal Housing Administration, and Small Business Administration, as well as loans made under the Federal Higher Education Act of 1965, as amended.

Housing Development Authority funds can also be invested in obligations issued by Government National Mortgage Association, Federal National Mortgage Association, Federal Land Bank, Federal Home Loan Bank, Bank for Cooperatives, and Federal Farm Credit Banks.

Public employee pension funds are authorized to be invested, additionally, in corporate equity securities, and other types of investments, consistent with the "prudent man concept", considering the probable safety of capital, as well as the probable income.

The state's investments are categorized to give an indication of the level of risk assumed by the entity. Category A are those that are insured or registered, or held by the state or its agent in the state's name. Category B are those that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name. Category C are those that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the state's name.

At June 30, 2001, the state's investments consisted of the following (expressed in thousands):

	<u>CATEGORY A</u>	<u>CATEGORY B</u>	<u>CATEGORY C</u>	<u>FAIR VALUE</u>
PRIMARY GOVERNMENT:				
Short-Term Investments	\$ 481,584	\$ 4,998	\$	\$ 486,582
US Government-Backed Securities	895,068	19,580		914,648
US Government-Backed Loans	14,541			14,541
Corporate Notes and Bonds	834,059	99,820		933,879
Corporate Equity Securities	1,738,758	291,112		2,029,870
International Funds	<u>685,416</u>			<u>685,416</u>
TOTAL	4,649,426	415,510		5,064,936
Unclassified:				
Mutual Funds				632,585
Guaranteed Investment Contracts				50,343
Annuity Contract				89,498
Real Estate				285,326
International Funds				96,531
Private Equity				176,782
Deferred Compensation				69,862
Unemployment Compensation Funds				
Funds Pooled with US Treasury				46,947
Investments Held by Brokers-Dealers				
Under Securities Lending Program:				
US Government Securities				174,000
Corporate Notes				20,843
Equities				188
Short-Term Collateral				333,219
Component Units in Primary				
Government's Investment Pool				(65,404)
TOTAL PRIMARY GOVERNMENT				6,975,656
COMPONENT UNITS:				
Repurchase Agreements	129,674			129,674
US Government-Backed Securities	318,585		7,868	326,453
US Government-Backed Loans	28,666		1,411	30,077
Corporate Notes and Bonds			537	537
State of South Dakota Bonds	<u>10,997</u>			<u>10,997</u>
TOTAL	487,922		9,816	497,738
Unclassified:				
Mutual Investment Funds				166,584
Investments in Primary Government's				
Investment Pool				<u>65,404</u>
TOTAL COMPONENT UNITS				729,726
TOTAL REPORTING ENTITY	<u>\$5,137,348</u>	<u>\$ 415,510</u>	<u>\$ 9,816</u>	<u>\$7,705,382</u>

Short-term investments consist primarily of commercial paper rated as required by statute. Higher Education and State Fair are component units with investments in the primary government's investment pool.

The pension fund investment portfolio includes futures contracts due September 19 through September 21, 2001 that will increase the market exposure for domestic fixed income investments by \$68,748,811 and domestic equity securities by \$257,777,229, and decrease short-term investments by \$326,256,040.

CASH AND INVESTMENT RECONCILIATION

Cash and investments per above schedules (expressed in thousands):

Deposits – Bank Balance	\$ 85,980
Investments	<u>7,705,382</u>
TOTAL	<u>7,791,362</u>
Outstanding Warrants	(34,278)
Purchased Interest	1,756
Other Adjustments	<u>740</u>
TOTAL CASH AND INVESTMENTS	<u>\$7,759,580</u>

SECURITIES LENDING TRANSACTIONS

State statutes and the South Dakota Investment Council (SDIC) policies permit the use of investments for securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral in the form of cash or securities with the simultaneous agreement to return the collateral for the same securities in the future. The securities custodian is an agent in lending the domestic and international securities for 100% cash collateral, 102% U.S. government-backed securities and short-term money markets, 105% asset-backed securities and 110% corporate securities of the loaned securities' fair value. The cash collateral is reinvested by the lending agent in accordance with contractual investment guidelines that are designed to ensure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, result in gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

At year-end, no credit risk exposure to borrowers existed because the amounts owed the borrowers exceeded the amounts the borrowers owed. The contract with the lending agent requires them to indemnify, if the borrowers fail to return the loaned securities (and the collateral is inadequate to replace the securities lent).

Either the SDIC or the borrower can terminate the securities loans on demand, although the average term of the loans is one business day. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short-term investments.

The ability to pledge or sell collateral securities can be made without borrower default. In addition, no restrictions on the amount of the loans exist or can be made.

DERIVATIVE FINANCIAL INSTRUMENTS IN PENSION TRUST FUNDS

South Dakota Retirement System: Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. The South Dakota Retirement System (SDRS) is exposed to a variety of derivative products through the investment management of the SDIC and their outside managers.

The SDIC purchases and sells financial and interest rate futures as a means of adjusting the SDRS portfolio mix and as a lower transaction cost substitute for transactions that would otherwise occur in the underlying portfolios. Futures contracts outstanding at June 30, 2001 were as follows (expressed in thousands):

	Open	Contracts	Fair Value
	Positions		
S&P 500 Index due			
September 20, 2001	Long	817	\$250,088
NASDAQ 100 Index due			
September 21, 2001	Long	42	7,689
U.S. Treasury Note due			
September 19, 2001	Long	341	42,674
U.S. Treasury Bond due			
September 19, 2001	Long	136	25,805

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. 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 fluctuation in value of the contract. The use of futures contracts is subject to various market risks. The maximum amount at risk from the purchase (long position) of a futures contract is the contract value. The amount at risk from the sale (short position) of a futures contract depends upon the amount that the contract rises in value. Although short positions have theoretically no maximum risk, the SDRS short positions are hedged against the underlying portfolio to limit the exposure. Each S&P 500 contract is defined as 500 times the price of the S&P 500 index. Each note and bond contract is defined as \$100,000 par

value of an 8% U.S. Treasury security adjusted for duration.

The hedging guidelines of the SDRS arbitrage portfolios managed by the SDIC provide that stock and other noncash considerations to be received may be hedged through the use of options, short sales, or when-and-if issued sales. The two arbitrage portfolios had short sales valued at \$197,148,801 as of June 30, 2001. A short sale involves the sale of securities not yet owned, but borrowed through a broker to be later repurchased to cover the loan. The arbitrage portfolios use the short sales to hedge the disparities between the existing price of a security and the present value of considerations to be received as a result of restructuring or merger activity.

The SDIC also enters into foreign exchange forward contracts to hedge foreign currency transactions. These contracts are purchased to reduce the impact of foreign currency fluctuations. The SDIC does not engage in foreign currency speculation. The contracts do not subject SDRS to risk due to exchange rate movements as gains and losses on the contracts offset gains and losses on the transactions being hedged. SDRS' theoretical risk in these transactions is the cost of replacing, at current market rates, these contracts in the event of default by the other party. Management believes the risk of incurring such losses is remote as the contracts are entered into with major financial institutions.

In addition to the derivatives listed above, the SDRS fixed income portfolio also held mortgage-backed securities in the form of GNMMAs, FHLMMCs, and FNMMAs. The fair value of these securities as of June 30, 2001 was \$425,305,908. The SDIC is using this investment to enhance fixed returns.

Cement Plant Retirement Fund: The South Dakota Cement Plant Retirement Fund is a unit pension trust fund. Investment portfolio management is the statutory responsibility of the SDIC. The SDIC purchases and sells financial and interest rate futures as a means of adjusting the plan's portfolio mix. Futures contracts outstanding at June 30, 2001 were as follows (expressed in thousands):

	<u>Open</u>		
	<u>Positions</u>	<u>Contracts</u>	<u>Fair Value</u>
S&P 500 Index due September 2001	Long	4	\$ 1,224
Midcap 400, due September 2001	Long	1	260

In addition to the derivatives listed above, the Cement Plant Retirement Fund also held mortgage-backed securities in the form of GNMMAs, GHLMCs, and FNMMAs. The fair value of these securities as of June 30, 2001 was \$2,629,526. The SDIC is using this investment to enhance fixed returns.

4. TAXES, NOTES, AND LOANS RECEIVABLE

Taxes Receivable: Taxes receivable at June 30, 2001 are shown net of the allowance for doubtful accounts of \$4,467,187. The allowance represents \$3,249,351 in taxes ultimately due to the General Fund and \$1,217,836 due to other governmental entities.

Loans and Notes Receivable: Loans and notes receivable at June 30, 2001 consisted of the following (expressed in thousands):

	<u>SPECIAL REVENUE</u>	<u>ENTER- PRISE</u>	<u>NONEX- PENDABLE TRUST</u>	<u>COMPONENT UNITS</u>	<u>TOTAL</u>
Economic Development					
Loans	\$	\$ 24,704	\$	\$ 8,468	\$ 33,172
Housing Loans				1,093,645	1,093,645
School Loans				32,200	32,200
Water District Loans	14,493				14,493
Waste Water Construction					
Loans		63,790			63,790
Drinking Water Construction		18,772			18,772
Agriculture Loans	8,759			6,224	14,983
Land Sale Notes	22		233		255
Energy Loans	204				204
Railroad Authority Loans	5,243				5,243
Other Loans and Notes	<u>613</u>				<u>613</u>
	29,334	107,266	233	1,140,537	1,277,370
Less: Allowance for Doubtful Accounts	<u>437</u>	<u>1,161</u>		<u>141</u>	<u>1,739</u>
Loans and Notes Receivable, Net	<u>\$ 28,897</u>	<u>\$106,105</u>	<u>\$ 233</u>	<u>\$1,140,396</u>	<u>\$1,275,631</u>

5. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at June 30, 2001 consisted of the following (expressed in thousands):

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>COMPONENT UNITS</u>
Land and Improvements	\$ 260	\$ 708	\$ 10,595	\$ 51,924	\$ 5,366
Less: Accumulated Depreciation		(354)			(557)
Buildings	963	352	120	217,930	310,602
Less: Accumulated Depreciation	(339)	(276)			(2,553)
Equipment	1,783	53,985	68	137,998	135,914
Less: Accumulated Depreciation	(1,520)	(35,838)	(39)		(1,538)
Construction in Progress	<u>469</u>	<u>3,118</u>		<u>4,082</u>	<u>23,036</u>
TOTAL PROPERTY, PLANT, AND EQUIPMENT (NET)	<u>\$ 1,616</u>	<u>\$21,695</u>	<u>\$ 10,744</u>	<u>\$411,934</u>	<u>\$470,270</u>

Changes in general fixed assets for the year ended June 30, 2001 (expressed in thousands) were:

	<u>BALANCE JULY 1, 2000</u>	<u>NET ADDITIONS (DEDUCTIONS)</u>	<u>CHANGE IN REPORTING POLICY</u>	<u>BALANCE JUNE 30, 2001</u>
Land and Improvements	\$ 42,127	\$ 4,567	\$ 5,230	\$ 51,924
Buildings	258,013	(3,189)	(36,894)	217,930
Equipment	129,860	8,138		137,998
Construction in Progress	<u>815</u>	<u>3,267</u>		<u>4,082</u>
TOTAL GENERAL FIXED ASSETS	<u>\$430,815</u>	<u>\$ 12,783</u>	<u>(\$ 31,664)</u>	<u>\$411,934</u>

Construction in progress at June 30, 2001 is as follows:

GENERAL FIXED ASSETS:

Department of Human Services	
SDDC – Willhite Bathroom Remodel	\$ 325,826
Department of Transportation	
Slim Buttes – Install Radio Tower	122,972
Pierre Region Control Lab Prep & Eng	718,861
Presho – New Cold Storage Shed	103,699
Rapid City – New Equipment Storage Shed	153,552
Pierre Region New Shop & Lab Construction	2,328,713
Yankton Maintenance Shop Addition	116,892
Other Construction Under \$100,000	<u>211,017</u>
TOTAL GENERAL FIXED ASSETS	<u>\$4,081,532</u>

COMPONENT UNITS:

Higher Education:	
Black Hills State University	
Energy Saving Project	\$ 375,074
Other Construction Under \$100,000	32,835
Northern State University	
MeWalldt-Jensen Hall	46,192
Other Construction under \$100,000	35,361
University of South Dakota	
Softball Complex	648,579
South Dakota Union	105,551
Coyote Student Center	408,420
Dakota Dome	8,117,243
New Business School	250,811
Other Construction Under \$100,000	103,458
South Dakota State University	
Animal Resource Wing	2,843,949
ASC Chiller Pump	191,528
Central Heating Plant – Boiler	1,956,074
CEH Addition & Remodeling	464,326
CMP Electrical Loop PH2	176,006
CPE Restoration/Repair	485,403
Masonry Repairs Brown/Mathews, Pierson	479,668
NFH Asbestos Phase II/3 rd Floor	224,610
NFH Phase IV	106,419
PC Child Develop Lab #2	136,591
PEC Track Replacement	136,920
Performing Arts Center	1,169,780
Printing/Journalism Asbestos/AGH A&B	195,835
P.J. Central Mail Renovation	141,271
SD Art Museum Addition/Remodel	1,766,709
SH 306 Lab Remodel	155,761
Shepard Lab & Office Study	1,572,262
USU Jacks Place Remodel	219,259
Water Main Replacement	117,035
Other Construction Under \$100,000	<u>372,657</u>
Total Higher Education	<u>23,035,587</u>
TOTAL COMPONENT UNITS	<u>\$23,035,587</u>

INTERNAL SERVICE FUNDS:

Bureau of Information and Telecommunications	
Remodel Server Room	\$ 80,080
Super Servers	95,300
Bureau of Finance & Management	
Payroll System	<u>2,942,769</u>
TOTAL INTERNAL SERVICE FUNDS	<u>\$ 3,118,149</u>

ENTERPRISE FUNDS:

Department of Corrections	
Pheasantland Industries – Springfield	\$ 308,770
Pheasantland Industries – Sioux Falls	<u>160,551</u>

ENTERPRISE FUNDS **\$ 469,321**

6. RETIREMENT PLANS

South Dakota Retirement System, Plan

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

As of June 30, 2001, the number of participating governmental employers was:

School Districts	189
State of South Dakota	1
Board of Regents	1
Municipalities	135
Counties	61
Boards and Commissions	<u>67</u>
Total Employers	<u>454</u>

The SDRS financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for a pension trust fund. Revenue is recorded when earned and expenses recorded when incurred. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits are recorded when payable by law and refunds are paid and recorded upon receipt of an approved application.

Investments are carried at fair value to properly reflect the asset values of the fund at June 30, 2001. Fair values were determined based on closing market prices at June 30, 2001 for those securities traded on national and international stock exchanges and at the average of bid-and-asked quotations for those securities traded in the over-the-counter market. Investments not traded on any exchange are valued at

fair value based on estimates made by management. The value of foreign securities in foreign currency amounts is expressed in U.S. dollars at the closing daily rate of exchange. Real estate is valued at market based upon annual appraisals. Net appreciation in the fair value of investments held at or traded during the twelve months prior to June 30, 2001 are determined using an average cost basis. Purchases and sales are recorded as of the trade date.

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

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

Interest and dividends are accrued in the period they are earned.

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

- Class A members - 5%
- Class B Judicial members - 9%
- Class B Public Safety members - 8%

All participating employers are required to contribute an amount equal to the member's contributions. Members may make an additional contribution of 8/10 of 1% of compensation for optional spouse coverage.

Contributions during fiscal year 2001 totaling \$118,008,897 (\$62,310,957 employee and \$55,697,940 employer) were made in accordance with statutory rates. These contributions represent 11.5% of current year covered payroll for all participating units. The employee contributions exceed the employer contributions because of optional spouse coverage contributions and employee service purchase payments. The employer contributions for fiscal years 2000 and 1999 were \$52,622,437 and \$50,069,614, respectively.

SDRS is funded by fixed member and employer contributions at a rate established by state law. On an

annual basis, an independent actuarial valuation of SDRS is made to determine the adequacy of the fixed contractually-required contributions to pay the normal cost, expenses and amortize the frozen unfunded actuarial accrued liability. The June 30, 2001 actuarial valuation of the plan determined that the contractually-required employer contributions equal the requirements for the annual required contribution of the employers under GASB Statement No. 25.

SDRS allows participating entities to pay their deferred contributions for funding of accrued benefits over periods of up to 20 years and members to pay for the purchase of certain prior service over periods of up to 10 years. Interest is charged at rates of 5% to 8%. Future payments will be received as follows:

<u>JUNE 30</u>	<u>EMPLOYERS</u>	<u>EMPLOYEES</u>
2002	\$ 66,010	\$1,693,574
2003	28,524	731,608
2004	28,524	450,251
2005	20,544	298,288
2006	11,604	179,780
Later	<u>3,247</u>	<u>267,184</u>
	158,453	3,620,685
Less interest	<u>17,265</u>	<u>495,162</u>
Deferred contributions receivable at June 30, 2001	<u>\$141,188</u>	<u>\$3,125,523</u>

South Dakota Cement Commission Retirement Plans: The South Dakota Cement Commission (SDCC) administers six defined benefit pension plans that cover all former employees of the state Cement Plant. The plans are noncontributory, single-employer, public employee retirement plans. The plans are actuarially funded, using the entry age normal, level percent of pay, funding method. The plans' funding policies provide for the unfunded actuarial accrued liability to be amortized as a level dollar over an open 20-year period. Based on this, the annual required contribution for 2001 is \$408,300.

On March 16, 2001, the state of South Dakota sold the state Cement Plant. Prior to the sale, the plans were reported on a calendar year. The state is administering the plans and has converted the plans to a fiscal year reporting period ending June 30. This change in the reporting period resulted in the current financial statement covering an eighteen-month period ended June 30, 2001.

The retirement plans were frozen as to new participants, final average earnings, credited service, and primary social security benefits. The normal retirement age is 65, and early retirement is at age 55, with required credited service. The plans provide disability benefits to those former employees totally and permanently disabled on or before March 16, 2001. All participants in the plans on March 16, 2001 were 100% vested. A survivor benefit will be paid to a surviving

spouse provided: a) the spouse has dependent children; or, b) the surviving spouse has attained the age of 65; or, c) the employee had purchased the surviving spouse coverage option. Plan contributions are established by Administrative Rules of South Dakota.

Copies of a separately issued financial report on the plans may be obtained by writing to the South Dakota Cement Plant, P.O. Box 360, Rapid City, South Dakota 57709-0360, or by calling (605) 394-5200.

The plans' financial statements are prepared on the accrual basis of accounting. Contributions are recognized as revenue in the period in which employee services are performed. Benefits are recorded when payable by administrative rule.

Investments are carried at fair value that is based on the quoted market price of each of the plans' investments. Interest and dividends are accrued in the period they are earned. The unrealized appreciation or depreciation in the current value of the investments held at June 30, 2001 and the realized gain or loss on sales of investments during the period then ended are determined using the average cost of the investments. Investments representing 5% or more of the net assets available for benefits were: Provident Mutual Fund, which had a market value of \$2,340,924; and, the Merger Mutual Fund, which had a market value of \$2,550,860.

At June 30, 2001, the fair value of net assets held in trust for pension benefits was \$34,377,914.

Assets Held by Insurance Company: The Board of Regents of the state of South Dakota joined the SDRS in July 1975. Prior to this time, the Board of Regents had a separate retirement plan through an insurance company under which their members contributed a percentage of their salary to the plan, with a matching amount contributed by the Board of Regents. Upon entering the SDRS, employees were given the option of keeping their contributions with the insurance company, or moving their assets to SDRS.

Upon retirement, members who contributed to the insurance company plan may apply for and receive benefits from the insurance company. In addition, they will receive benefits from the SDRS, with the member's calculated normal benefits from the SDRS being reduced accordingly by the amount they would have received had the funds held by the insurance company been held for the full period by the SDRS. The benefits that will be received from the insurance company will be in the form of an annuity contract between the employee and the company. The state of South Dakota will not be responsible for any deficiencies that arise from these contracts, and the state will not be entitled to any excess funds remaining after the contracts have been fulfilled.

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

In March 1987, the plan was separated into two plans, based on participant status at January 1, 1987; the active life plan representing active and vested terminated participants; and, the retired life plan representing all covered retired participants. Effective April 1, 1987, the retired life plan was terminated. Annuities were purchased to cover the monthly benefit amounts for participants in the retired life plan.

Financial statements are not available from the insurance company. The latest actuarial information available is as of July 1, 2000. The following actuarial information covers all employees of the active life plan,

plus any cost-of-living increases granted to retired life plan participants after January 1, 1987.

For the fiscal year ended June 30, 2000 (most recent actuarial valuation date), the payroll and contributions for employees covered by the plan was \$3,035,791 and \$148,902, respectively. On June 30, 2000, participants in the plan consisted of the following:

Active Participants	93
Vested Terminated Participants	6
Retired Participants and Beneficiaries	201

Investments are carried at fair value to properly reflect asset values at June 30, 2000. Contributions are made by active life plan participants at 5% of their salaries. The Department of Labor has not contributed to the plan since 1994 and no future employer contributions are expected to be required, based on the actuarial assumptions used.

DEPARTMENT OF LABOR

Fiscal Year Ended June 30	Actuarially Net Assets Available For Benefits	Entry Age Normal Assets in Accrued Liability (AAL)	Percent Funded (1)-(2)	Annual Excess of AAL (1)-(2)	Annual Covered Payroll	Assets in Excess of AAL as a Percent of Covered Payroll (4)-(5)
1998	\$54,376,531	\$41,296,646	131.7%	\$13,079,885	\$3,386,017	386.0%
1999	57,210,946	42,559,280	134.4	14,651,666	3,264,009	448.0
2000	59,369,863	44,456,018	133.5	14,913,845	3,035,791	491.0

7. DEFERRED COMPENSATION PLAN

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

All amounts of compensation deferred under the plan, all property and rights held by the fund, at all times until made available to a participant or the participant's beneficiary, shall be held in trust for the exclusive benefit of the participants.

The state has no liability for losses under the plan.

8. COMMITMENTS

Construction and Other Commitments: At June 30, 2001, the Department of Transportation had contractual construction commitments of \$202,863,393 for various highway projects and maintenance commitments of \$2,308,763. Financing for these future expenditures will be primarily from approved federal grants and highway use taxes.

The Department of Environment and Natural Resources had construction and other contractual commitments of \$37,551,760 for various water development projects. Financing for these future expenditures will be from approved federal grants, legislative appropriations, and a bond issue. The following funds/programs make up the \$37,551,760 of commitments:

- 1) The Clean Water State Revolving Fund has \$10,921,907 in commitments.
- 2) The Drinking Water State Revolving Fund has \$5,048,002 in commitments.

- 3) The Water and Environment Fund Program has \$15,036,011 in commitments.
- 4) Federal grants have subgrant commitments of \$6,545,840.

The Building Authority has construction contracts and other construction commitments of \$1,530,194.

The South Dakota Housing Development Authority had commitments to purchase home-ownership mortgage loans aggregating approximately \$44,219,264. Financing for these future expenditures will be from home-ownership mortgage bonds.

The Office of the Governor had construction and other contractual commitments of \$17,356,334. Financing for these future expenditures will be from approved federal grants, from a previous 1% sales tax, and an employer's investment in South Dakota's future fee. The following funds/programs make up the \$17,356,334 of commitments:

- 1) The REDI Fund has \$6,040,191 in commitments.
 - a) \$15,512 in the RECD Intermediary Relending Program.
 - b) \$35,679 in the Value-Added Agriculture Subfund grants/loans approved, but not disbursed as of June 30, 2001.
 - c) \$5,989,000 of Revolving Economic Development Initiative Fund loans approved, but not disbursed as of June 30, 2001.
- 2) The Economic Development Finance Authority's RECD Intermediary Relending Program has \$420,000 in commitments.
- 3) The Community Development Block Grant (CDBG) has \$8,063,390 (includes all grants with a balance of \$100,000 or more) in commitments.
- 4) The South Dakota Future Fund Program has \$2,832,753 in commitments.

The Petroleum Release Fund has commitments of \$6,700,000.

The state of South Dakota, acting through the Department of Environment and Natural Resources, has contracted with the United States Environmental Protection Agency for participation in the reclamation and remediation of the former Gilt Edge and Brohm Mine in Lawrence County. The state is expected to pay 10% of the final costs of reclamation and remediation of the site, currently estimated to be \$45 million. The state has already spent approximately \$1.5 million from the Regulated Response Fund. The state had approximately \$6.5 million in the form of a cash deposit contributed by Brohm for reclamation costs. The

state's contribution to the costs of reclamation and remediation will come from the sums already expended from the Regulated Response Fund and from the cash deposit contributed by Brohm, together with interest earned on the cash deposit. After reclamation is completed, and after a holding period by the United States, the state will take control of the site. Costs incurred when the state takes control of the site cannot be anticipated at this time.

9. 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 substantially all 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 Unemployment Insurance Expendable Trust 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 and is being financed as claims are paid. As a result, there is an unfunded liability of \$13,924,092 at June 30, 2001. 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. Changes in the balances of claims liabilities during fiscal years 2001 and 2000 for the workers' compensation fund were as follows:

TOTAL CLAIMS LIABILITIES

	<u>WORKERS' COMPENSATION</u>	
	<u>FY2001</u>	<u>FY2000</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year:	<u>\$12,518,717</u>	<u>\$11,597,579</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,686,119	2,879,908
Changes in provision for insured events of prior fiscal years	<u>5,549,592</u>	<u>946,285</u>
Total incurred claims and claim adjustment expenses	<u>8,235,711</u>	<u>3,826,193</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	723,731	743,596
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,121,751</u>	<u>2,161,459</u>
Total payments	<u>2,845,482</u>	<u>2,905,055</u>
Unpaid claims and claim adjustment expenses at end of fiscal year:	<u>\$17,908,946</u>	<u>\$12,518,717</u>

B. Health and Life Insurance

The state (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance and life insurance benefits (an insurance carrier, however, provides claims administration services for health insurance). The health and life insurance programs are accounted for in the Self-Insurance Internal Service Fund. "Premiums" are charged to state funds for all covered employees. Employees may purchase varying levels of health and/or life coverage for their spouses and/or dependents. Claims payable for health insurance is reported using an actuarial estimate based on historical experience that includes actual claims

submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. Claims expenses and liabilities for life insurance are reported using a case-by-case review of claims. Allocated claim adjustment expenses are uncommon and immaterial. Unallocated claim adjustment expenses are not included. At the end of FY2001, \$725,000 of the retained earnings balance in the self-insurance fund was designated for future catastrophic losses relating to life insurance.

TOTAL CLAIMS LIABILITIES

	<u>HEALTH INSURANCE</u>		<u>LIFE INSURANCE</u>	
	<u>FY2001</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2000</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year:	<u>\$ 6,025,739</u>	<u>\$ 5,167,926</u>	<u>\$ 108,000</u>	<u>\$ 50,000</u>
Incurred claims and claim adjustment expenses:				
44,521,634	<u>44,521,634</u>	<u>41,191,348</u>	<u>1,155,000</u>	<u>939,000</u>
PAYMENTS:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	38,330,221	35,165,609	1,101,500	831,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,025,739</u>	<u>5,167,926</u>	<u>108,000</u>	<u>50,000</u>
Total payments	<u>44,355,960</u>	<u>40,333,535</u>	<u>1,209,500</u>	<u>881,000</u>
Unpaid claims and claim adjustment expenses at end of fiscal year:	<u>\$ 6,191,413</u>	<u>\$ 6,025,739</u>	<u>\$ 53,500</u>	<u>\$ 108,000</u>

C. Public Entity Pool for Liability

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

All funds and agencies of the state participate in the PEPL fund. The PEPL fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund and agency based on the number of automobiles titled to each agency (for automobile liability) or approved full-time employees (for general tort liability). The PEPL fund initially limited claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The state claimed sovereign immunity for all other tort liabilities. A state Supreme Court opinion now allows noneconomic damages against employees of the state while they are performing ministerial acts; therefore, beginning in FY1996, the PEPL fund coverage document was

amended to provide liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance was purchased. Excess of loss reinsurance was purchased for claims costs between \$100,000 and \$1,000,000.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of FY2001, \$5,758,963 of the retained earnings balance in the PEPL fund was designated for future catastrophic losses.

TOTAL CLAIMS LIABILITIES

	<u>FY2001</u>	<u>FY2000</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year:	<u>\$5,948,757</u>	<u>\$6,298,262</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	982,798	1,095,350
Changes in provision for insured events of prior fiscal years	<u>12,792</u>	(818,366)
Total incurred claims and claim adjustment expenses	<u>995,590</u>	<u>276,984</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	183,293	458,754
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>556,920</u>	<u>167,735</u>
Total payments	<u>740,213</u>	<u>626,489</u>
Unpaid claims and claim adjustment expenses at end of fiscal year:	<u>\$6,204,134</u>	<u>\$5,948,757</u>

D. Risk Management

The state is insured for boiler insurance, aircraft, and performance bonds through outside insurance companies. Entities participating in these insurance coverages are only billed for premiums applicable to their coverage needs.

The state is uninsured for property losses, with the exception of bonded and revenue-producing buildings that are covered through outside insurance companies.

10. CAPITAL LEASES

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

Capital lease obligations for the governmental funds are reported in the General Long-Term Debt Account Group and the related assets are reported in the general fixed assets account group. Capital leases for the proprietary funds are reported in those funds, along

with the related assets. Capital leases for higher education are reported as an obligation in the Investment in Plant Funds, along with the related assets.

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2001 (expressed in thousands):

FISCAL YEAR ENDING JUNE 30,	GENERAL LONG-TERM DEBT	PROPRIETARY FUNDS	COMPONENT UNITS
2002	\$ 2,786	\$ 4,495	\$ 270
2003	2,668	3,440	192
2004	2,653	2,076	143
2005	2,642	948	143
2006	2,633	0	143
Thereafter	<u>34,718</u>	<u>0</u>	<u>555</u>
Total Minimum Lease Payments	48,100	10,959	1,446
Less:			
Amount Representing Interest	<u>18,220</u>	<u>912</u>	<u>309</u>
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$29,880</u>	<u>\$10,047</u>	<u>\$1,137</u>

11. OPERATING LEASES

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

The following schedule is a summary of future minimum rental payments by years required under operating leases with lease terms in excess of one year as of June 30, 2001 (expressed in thousands):

FISCAL YEAR ENDING JUNE 30,	PRIMARY GOVERNMENT	COMPONENT UNITS
2002	\$ 3,431	\$ 654
2003	2,811	531
2004	1,775	256
2005	925	158
2006	737	148
Thereafter	<u>3,976</u>	<u>624</u>
Total Minimum Payments	<u>\$13,655</u>	<u>\$2,371</u>

The total rental expenses for all operating leases for the fiscal year ended June 30, 2001 was \$9,785,880 for the primary government and \$540,946 for component units.

12. LONG-TERM DEBT

Long-term debt in the form of bonds, notes, certificates of participation, and other obligations are issued by the Building Authority, Housing Development Authority, Health and Educational Facilities Authority, Finance Authority, and by Higher Education.

A. Component Units

The following are the changes in bonds, notes, and other obligations payable (expressed in thousands):

	<u>BALANCE JULY 1, 2000</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>Change In Accounting Policy</u>	<u>BALANCE JUNE 30, 2001</u>
ENTERPRISE FUNDS:					
Revenue Bonds Payable from User Charges:					
Housing Development Authority	\$1,534,489	\$ 252,030	\$ 327,314	\$	\$1,459,205
Building Authority	7,373		781		6,592
Finance Authority	33,587		520	(25,797)	7,270
Total Revenue Bonds	1,575,449	252,030	328,615	(25,797)	1,473,067
Accrued Employee Benefits	1,267		1,107		160
Capital Leases	107		107		0
Total Enterprise Funds	1,576,823	252,030	329,829	(25,797)	1,473,227
HIGHER EDUCATION:					
Revenue Bonds Payable from User Charges:					
Higher Education Facilities Fund	31,432		1,182		30,250
Building Authority	34,462	6,505	1,587		39,380
Total Bonds Payable	65,894	6,505	2,769	0	69,630
Certificates of Participation:					
Building Authority	87		87		0
Revenue Trust Certificates:					
Building Authority	9,250		980		8,270
Accrued Employee Benefits	24,807	1,927			26,734
Capital Leases	1,335		198		1,137
Total Higher Education	101,373	8,432	4,034	0	105,771
Total Component Units	\$1,678,196	\$ 260,462	\$ 333,863	(\$ 25,797)	\$1,578,998

1. Housing Development Authority

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

Bonds Payable

Following is a schedule of bonds, consolidated by category, outstanding at June 30, 2001 (expressed in thousands):

	<u>MATURITY DATES</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
HOME-OWNERSHIP			
MORTGAGE PROGRAM:			
Serial Bonds	2002 - 2032	3.25%-8.50%	\$ 247,145
Term Bonds			1,121,155
Less Unamortized Premium (Discount)			260
Total Home-Ownership Mortgage Program			1,368,560

	<u>MATURITY DATES</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
MULTIFAMILY HOUSING			
TRUST BONDS:			
Serial Bonds	2002 - 2022	6.00%-8.375%	2,865
Term Bonds			<u>52,480</u>
Total Multifamily Housing Trust Bonds			<u>55,345</u>
Multifamily Housing Revenue Bonds:	2031	Variable	<u>6,495</u>
Multifamily Mortgage Pass-Through Fund Bonds	2010 - 2015	Variable	<u>16,040</u>
HOUSING DEVELOPMENT			
REVENUE BONDS:			
Term Bonds	2004	4.50%	<u>5,615</u>
MULTIFAMILY RISK			
SHARING BONDS:			
Term Bonds	2009 - 2040	5.4 - 5.85%	<u>7,150</u>
Total Bonds Payable			<u>\$1,459,205</u>

As of June 30, 2001, debt service requirements for principal and interest for the Housing Development Authority were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 146,069	\$ 80,838	\$ 226,907
2003	33,663	75,274	108,937
2004	34,968	73,557	108,525
2005	42,106	71,612	113,718
2006	37,841	69,555	107,396
Thereafter	<u>1,164,558</u>	<u>874,557</u>	<u>2,039,115</u>
Total	<u>\$ 1,459,205</u>	<u>\$1,245,393</u>	<u>\$2,704,598</u>

2. Building Authority

The authority issues taxable revenue bonds for the Conservation Reserve Enhancement Program (CREP). The CREP involves making loans to certain individuals who have CREP contracts with the Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture. Under this program, certain individuals enter into ten-year contracts with the CCC and receive annual payments for performing specified conservation practices.

Annual CREP payments made to the authority will be used by the trustee to make the debt service payments on the bonds. Bonds of the authority 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 bonds are payable solely from the revenues or assets of the authority.

The following is a schedule of bonds outstanding as of June 30, 2001 (expressed on thousands):

<u>SERIES NUMBER</u>	<u>MATURITY DATE</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
Third Series	2002	8.08 - 8.94	\$ 252
Series 1998A	2009	5.80 - 6.50	<u>6,340</u>
Total			<u>\$ 6,592</u>

As of June 30, 2001, debt service requirements for principal and interest for the Building Authority (CREP Program) were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 831	\$ 388	\$ 1,219
2003	891	335	1,226
2004	805	283	1,088
2005	860	231	1,091
2006	915	175	1,090
Thereafter	<u>2,290</u>	<u>179</u>	<u>2,469</u>
Total	<u>\$ 6,592</u>	<u>\$ 1,591</u>	<u>\$ 8,183</u>

3. South Dakota Economic Development Finance Authority

Tax-exempt bonds are issued in the name of the South Dakota Economic Development Finance Authority and administered by a trustee bank. The bond proceeds are used to provide capital in the form of economic development loans to private businesses. A separate series of bonds is issued to finance each loan. The total outstanding amount of bonds issued cannot exceed \$300,000,000. Bonds of the authority do not constitute a debt or liability of the state of South Dakota

or any political subdivision thereof, and neither the faith nor credit, or the taxing power of the state or any political subdivision thereof is pledged for payments relating to these bonds. The authority has no obligation relating to these bonds except from the revenues and assets specifically pledged as security for these bonds. The authority has no taxing power.

During the year, the authority had a change in accounting policy that removed all conduit debt from their financial statements. This change reduced the bonds payable reported by the authority by \$25,797,000.

The following is a schedule of outstanding bonds as of June 30, 2001 (expressed in thousands):

SOUTH DAKOTA ECONOMIC DEVELOPMENT FINANCE AUTHORITY

<u>SERIES NUMBER</u>	<u>MATURITY THROUGH</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
1987A	2007	9.00%	\$ 165
1996A	2009	5.00%-6.10%	680
1996A	2016	6.75%	950
1996B	2007	5.75%	1,080
1996C	2006	5.50%	100
1996C	2007	5.85%	430
1996D	2007	4.50%-5.90%	615
1998A	2018	5.50%	685
1998B	2009	7.00%	310
1999	2009	4.95%	755
1999	2010	5.25%	115
1999	2019	5.50%	1,385
TOTAL			<u>\$ 7,270</u>

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The monies on deposit in the Capital Reserve Account are 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 12½% 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, 2001, the balance in the Capital Reserve Account was \$2,656,000 and the reserve requirement was \$2,500,000.

The 1996B (Technical Ordinance) Series bond issue required a Special Reserve Account of at least \$500,000. The amount in excess of \$500,000 may be transferred to the Capital Reserve Account on April 1 of each year, if the loan is not in default. At June 30, 2001, the balance in the Special Reserve Account was \$526,000.

As of June 30, 2001, debt service requirements for principal and interest for the South Dakota Economic Development Finance Authority were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 550	\$ 427	\$ 977
2003	580	395	975
2004	610	361	971
2005	645	325	970
2006	670	287	957
Thereafter	<u>4,215</u>	<u>1,613</u>	<u>5,828</u>
Total	<u>\$ 7,270</u>	<u>\$ 3,408</u>	<u>\$ 10,678</u>

4. Higher Education

a. Higher Education Facilities

Revenue bonds were issued for the purpose of constructing buildings. The bonds are payable only from income and revenues pledged and assigned and do not constitute a legal or moral debt of the state of South Dakota.

Following are revenue bonds outstanding at June 30, 2001 (expressed in thousands):

HIGHER EDUCATION FACILITIES

<u>ISSUE</u>	<u>AMOUNT</u>
School of Mines and Technology:	
1973 Series C	\$ 364
1973 Series D	60
University of South Dakota:	
1974 Revenue Refunding	860
South Dakota State University:	
1967 Series	35
1972 Revenue Refunding	1,387
1994A Series	12,950
Northern State University:	
1984 Series G	305
1998 Series	2,690
Dakota State University:	
1984 Revenue Refunding	941
1995 Series	2,600
Black Hills State University:	
1961 Series B	20
1965 Series C	94
1968 Series D	79
1993 Series	4,215
1995 Series	3,650
Total	<u>\$30,250</u>

As of June 30, 2001, debt service requirements for principal and interest for the Higher Education Facilities were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 1,047	\$ 1,498	\$ 2,545
2003	939	1,457	2,396
2004	976	1,416	2,392
2005	1,028	1,374	2,402
2006	1,065	1,324	2,389
Thereafter	<u>25,195</u>	<u>12,950</u>	<u>38,145</u>
Total	<u>\$ 30,250</u>	<u>\$ 20,019</u>	<u>\$ 50,269</u>

b. Building Authority

The Building Authority issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities for higher education institutions. Lease payments are made from tuition and fees paid by students. The obligations incurred or created by the Building Authority may not be a lien, charge, or liability against the state of South Dakota. All related financial transactions used to finance buildings and related projects of higher education are reported in the component units column.

Following is a schedule of bonds and certificates outstanding at June 30, 2001 (expressed in thousands):

BUILDING AUTHORITY

BOND SERIES:	MATURITY THROUGH	INTEREST RATES	AMOUNT
1993A	2012	4.600%-6.500%	\$ 5,030
1993B	2013	4.875%-5.450%	4,195
1995A	2015	4.850%-6.250%	9,390
1996C	2014	4.100%-5.300%	3,915
1997	2021	5.00%	2,253
1999	2020	4.500%-6.500%	8,092
2000	2025	4.500%-6.500%	6,505
TRUST CERTIFICATE SERIES:			
1991B	2016	4.700%-6.750%	1,780
1993B	2018	6.300%-8.300%	6,490
TOTAL			<u>\$47,650</u>

As of June 30, 2001, debt service requirements for principal and interest for the Building Authority (higher education portion) were as follows (expressed in thousands):

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2002	\$ 3,062	\$ 2,617	\$ 5,679
2003	3,317	2,417	5,734
2004	3,530	2,204	5,734
2005	3,760	1,979	5,739
2006	3,931	1,742	5,673
Thereafter	30,050	10,566	40,616
Total	<u>\$ 47,650</u>	<u>\$ 21,525</u>	<u>\$ 69,175</u>

B. General Long-Term Debt

The following schedule provides the changes in bonds, trust certificates, certificates of participation, and other obligations payable (expressed in thousands). The beginning balances are restated to show the change in reporting of the Vocational Education Bond Program as described in Note 2.

	BALANCE JULY 1, 2000 Restated	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2001
BONDS PAYABLE FROM TAXES AND LICENSE FEES:				
Building Authority Bonds	\$ 115,018	\$	\$ 9,434	\$105,584
CERTIFICATES OF PARTICIPATION:				
Building Authority	83		83	
TRUST CERTIFICATES:				
Building Authority	46,530		2,170	44,360
Accrued Employee Benefits	37,917	1,347		39,264
Capital Leases	30,969	275	1,364	29,880
Workers Compensation	0	818		818
Total General Long-Term Debt	<u>\$230,517</u>	<u>\$ 2,440</u>	<u>\$ 13,051</u>	<u>\$219,906</u>

1. Building Authority

The Building Authority 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 Building Authority and state departments and institutions. Lease payments for bonds and certificates of participation reported in the General Long-Term Debt Account Group are paid from the state General Fund and other state dedicated fees of state departments, boards, and commissions, and an annuity.

The Building Authority sold trust certificates to a trustee bank and assigned the right to receive lease rental payments over to the trustee bank. The lease payments were previously assigned to the payment of bonds and certificates of participation issued by the authority. The revenue from the trust certificates will be utilized to defease several bond issues and certificates of participation. The principal and interest payments on the certificates are payable solely from amounts payable by the state under the leases. The certificates are not an indebtedness of the authority within the meaning of any constitution or statutory debt limit, nor may the certificates be a claim against the property of the authority.

The indebtedness, bonds, or obligations incurred or created by the Building Authority may not be or become a lien, charge, or liability against the state of South Dakota. The bonds and all related financial transactions used to finance buildings of state departments and institutions, other than state universities, are reported in the capital projects and debt service funds and the General Long-Term Debt Account Group. This financial presentation does not change the legal liability of the bonds.

Following are Building Authority bonds, certificates of participation, and trust certificates outstanding at June 30, 2001 (expressed in thousands):

BUILDING AUTHORITY

	<u>MATURITY THROUGH</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
BOND SERIES:			
1991A	2002	7.650%-9.150%	\$ 175
1993B	2013	4.875%-5.450%	155
1996A	2016	4.400%-5.950%	93,746
1996C	2014	4.100%-5.300%	8,000
1996D	2011	5.200%-6.000%	2,020
1999	2020	4.500%-6.500%	1,488
TRUST CERTIFICATE SERIES:			
1991A&B	2016	4.700%-6.750%	15,220
1993A&B	2017	6.300%-8.300%	<u>29,140</u>
TOTAL			<u>\$149,944</u>

As of June 30, 2001, debt service requirements for principal and interest for the Building Authority were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 11,428	\$ 7,743	\$ 19,171
2003	11,288	7,154	18,442
2004	11,250	6,574	17,824
2005	11,200	5,996	17,196
2006	11,139	5,383	16,522
Thereafter	<u>93,639</u>	<u>35,390</u>	<u>129,029</u>
Total	<u>\$ 149,944</u>	<u>\$ 68,240</u>	<u>\$218,184</u>

C. Proprietary Funds

The following are the changes in bonds and other obligations payable (expressed in thousands):

	<u>BALANCE JULY 1, 2000</u>	<u>ADDI- TIONS</u>	<u>REDUC- TIONS</u>	<u>JUNE 30, 2001</u>
ENTERPRISE FUNDS:				
Bonds and Notes Payable:				
Clean Water State Revolving Fund	\$18,155	\$	\$ 860	\$17,295
Drinking Water State Revolving Fund	6,450		205	6,245
Accrued Employee Benefits	448		24	424
Capital Leases	<u>16</u>		<u>16</u>	<u>0</u>
TOTAL ENTERPRISE FUNDS	<u>25,069</u>	<u>0</u>	<u>1,105</u>	<u>23,964</u>
INTERNAL SERVICE FUNDS:				
Bonds and Notes Payable	207		59	148
Accrued Employee Benefits	3,977	250		4,227
Capital Leases	<u>7,610</u>	<u>5,730</u>	<u>3,293</u>	<u>10,047</u>
TOTAL INTERNAL SERVICE FUNDS	<u>11,794</u>	<u>5,980</u>	<u>3,352</u>	<u>14,422</u>
TOTAL PROPRIETARY FUNDS	<u>\$36,863</u>	<u>\$5,980</u>	<u>\$4,457</u>	<u>\$38,386</u>

Department of Environment and Natural Resources

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

The South Dakota Conservancy District bonds do not constitute a debt or liability of the state of South Dakota, or a pledge of the faith and credit of the state. The bonds are paid solely from the interest earned on the loan repayments and bond proceeds and, if necessary, a legislative appropriation of \$1,200,000 for the Clean Water State Revolving Fund only.

The following is a schedule of outstanding bonds as of June 30, 2001 (expressed in thousands):

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

<u>ISSUE</u>	<u>MATURITY THROUGH</u>	<u>INTEREST RATE</u>	<u>AMOUNT</u>
CLEAN WATER STATE REVOLVING FUND			
Series 1994	2012	3.10% - 5.30%	\$ 7,815
Series 1995	2015	5.00% - 6.20%	6,895
Series 1996	2017	4.40% - 5.63%	<u>2,585</u>
			17,295
DRINKING WATER STATE REVOLVING FUND			
Series 1998	2012	3.90% - 4.90%	3,285
Term 1998	2019	5.00%	<u>2,960</u>
			6,245
Total			<u>\$ 23,540</u>

As of June 30, 2001, debt service requirements for principal and interest for the Department of Environment and Natural Resources were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
CLEAN WATER STATE REVOLVING FUND			
2002	\$ 900	\$ 918	\$ 1,818
2003	945	874	1,819
2004	985	826	1,811
2005	1,035	775	1,810
2006	1,090	721	1,811
Thereafter	<u>12,340</u>	<u>3,501</u>	<u>15,841</u>
Total	<u>\$ 17,295</u>	<u>\$ 7,615</u>	<u>\$ 24,910</u>
DRINKING WATER STATE REVOLVING FUND			
2002	\$ 215	\$ 292	\$ 507
2003	225	283	508
2004	230	273	503
2005	240	263	503
2006	255	252	507
Thereafter	<u>5,080</u>	<u>1,953</u>	<u>7,033</u>
Total	<u>\$ 6,245</u>	<u>\$ 3,316</u>	<u>\$ 9,561</u>

Bureau of Administration

The city of Pierre installed an electrical upgrade to the capitol complex. The state entered into a long-term contract with the city of Pierre to pay for the costs of the upgrade.

As of June 30, 2001, debt service requirements for principal and interest for the internal service fund were as follows (expressed in thousands):

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 104	\$ 8	\$ 112
2003	44	1	45
Total	<u>\$ 148</u>	<u>\$ 9</u>	<u>\$ 157</u>

D. Conduit Debt Obligations

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

1. South Dakota Railroad Authority

State law established the South Dakota Railroad Authority in 1980 for the purpose of improving rail service in the state. The authority is authorized to acquire property and construct, maintain, and equip railroad facilities pursuant to legislative declarations. The authority is also authorized to issue revenue bonds and participating interests in mortgage notes in amounts authorized by the state legislature. In 1996, the authority purchased rail facilities through the sale of \$20,000,000 of revenue bonds. Dakota, Minnesota and Eastern Railroad received \$14,500,000 of the bond proceeds. Additionally, a \$10,000,000 loan agreement was entered into between Dakota, Minnesota and Eastern Railroad Corporation and First National Bank of Brookings. The proceeds for the loan consisted of \$5,500,000 from the bond proceeds, \$4,000,000 from an institutional investor, and \$500,000 from the First National Bank. The bonds will be paid off with proceeds from a lease agreement with Dakota, Minnesota and Eastern Railroad Corporation with principal payments of \$14,500,000 and bank loan payments of \$5,500,000. Dakota, Minnesota and Eastern Railroad Corporation will be responsible for paying the two institutional investors \$4,500,000 on the loan. As of June 30, 2001, \$15,615,000 in revenue bonds and \$3,513,375 in a bank loan was outstanding.

2. South Dakota Value Added Finance Authority

State law established the South Dakota Value Added Finance Authority in 1986 for the purpose of financing agricultural enterprises in the state of South Dakota to acquire agricultural property at lower interest rates. The authority is authorized to issue federal tax-exempt bonds. The bond proceeds are lent to qualifying applicants. The applicant assumes the bond payment obligation to the bond purchaser in the form of a loan with the third party bond purchaser.

As of June 30, 2001, there were two hundred and nineteen Beginning Farmer Bond Program series revenue bonds outstanding. The aggregate principal amount payable on June 30, 2001 could not be determined; however, their original issue amount totaled \$21,398,973.

As of June 30, 2001, there were two Agribusiness Bonding Program series revenue bonds outstanding. The aggregate principal amount payable on June 30, 2001 could not be determined; however, the original issue amount totaled \$920,000.

3. South Dakota Economic Development Finance Authority

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

As of June 30, 2001, the aggregate amount of stand-alone (conduit) bond principal outstanding was \$24,538,542. The original issue amount of stand-alone bonds totaled \$29,200,000.

E. Refunded Bonds

1. Building Authority

In prior years, the Building Authority defeased certain refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt

service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 2001, \$51,585,000 of the Building Authority bonds outstanding are considered defeased.

2. Higher Education

In prior years, Black Hills State University and South Dakota State University defeased certain refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 2001, \$13,880,000 of university bonds outstanding are considered defeased.

3. South Dakota Conservancy District

In prior years, the South Dakota Conservancy District defeased certain refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 2001, \$6,925,000 of the South Dakota Conservancy District bonds outstanding are considered defeased. As a result of these advanced refundings, the difference between the reacquisition price and the net carrying amount of the old debt is being amortized over the life of the new bonds. At June 30, 2001, bonds payable is reported net of unamortized charges of \$835,671.

13. INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

The following represents interfund receivable and payable balances between all funds at June 30, 2001. Amounts to be paid or received within one year are reported as due to or from other funds, due to or from component units, and due to or from primary government (expressed in thousands).

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
GENERAL FUND	<u>\$ 94,470</u>	<u>\$ 15,777</u>
SPECIAL REVENUE FUNDS:		
Transportation Fund	32,846	1,377
Social Services Federal Fund	509	5,839
Education Federal Fund		919
Human Services Federal Fund	109	2,926
Labor Federal Fund	265	235
Health Federal Fund	19	253
Military Affairs Federal Fund		1,191
Natural Resources Federal Fund		400
Game, Fish, and Parks Federal Fund	316	1,290
Game and Fish Fund	1,815	1,520
Parks and Recreation Fund	1,808	289
Securities and Insurance Fund	496	64
Motor Vehicle Fund	1,267	660
Revenue Fund	441	402
Employer's Investment in SD Fund	1,463	643
Property Tax Reduction Fund	13,411	
Petroleum Release Compensation Fund	2,713	358
Maintenance and Repair Fund	495	242
Water and Environment Fund	2,240	218
Energy Conservation Fund	728	
Cement Plant Commission	2,426	
Attorney General Federal Fund	57	372
Corrections Federal Funds	318	1
Tourism Revolving Fund	878	45
Law Enforcement Revolving Fund	221	34
Corrections Local and Endowment Fund	550	49
Aeronautics Fund	493	25
Public Transit Fund	2,176	12
Railroad Trust Fund	550	59
Fire Suppression Fund		1,890
Agriculture Revolving Fund	320	7
Environment and Natural Resources Fund	892	36
Energy Impact Fund	528	115
Social Services Other Fund	816	44
Intergovernmental Transfer Fund	783	
Snowmobile Trails Fund	467	3
Other	<u>4,166</u>	<u>1,298</u>
Total Special Revenue Funds	<u>76,582</u>	<u>22,816</u>
DEBT SERVICE FUNDS:		
Building Authority Fund	<u>3,416</u>	
Total Debt Service Funds	<u>3,416</u>	<u>0</u>
CAPITAL PROJECTS FUNDS:		
Building Authority Fund	<u>38</u>	<u>44</u>
Total Capital Projects Funds	<u>38</u>	<u>44</u>

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
ENTERPRISE FUNDS:		
Lottery Fund	614	4,584
Economic Development Loan Fund	3,400	3
Pheasantland Industries Fund	549	37
Federal Surplus Property Fund	222	10
Other	<u>10</u>	<u>23</u>
Total Enterprise Funds	<u>4,795</u>	<u>4,657</u>
INTERNAL SERVICE FUNDS:		
Self-Insurance Fund	1,139	35
Information Services Fund	1,460	109
Telecommunications Fund	1,568	194
Accounting and Payroll Fund	969	156
Buildings and Grounds Fund	938	29
Central Mail Services Fund	356	6
Public Entity Pool For Liability Fund	945	4
Fleet and Travel Management Fund	1,892	601
Personnel Fund	250	46
State Workers Compensation Fund	339	2
Investment Council Fund	270	5
Central Duplicating Fund	248	45
State Collections Services Fund	19	283
Other	<u>1,013</u>	<u>210</u>
Total Internal Service Funds	<u>11,406</u>	<u>1,725</u>
COMPONENT UNITS:		
Housing Authority Special Revenue Fund	13	
Housing Authority Enterprise Fund		97
Finance Authority		109
State Fair Fund	1	730
Higher Education	<u>7,320</u>	<u>3,084</u>
Total Component Units	<u>7,334</u>	<u>4,020</u>
AGENCY AND TRUST FUNDS:		
Agency Funds:		
Department of Revenue	1,871	94,612
Investment Council	123	58,159
Other	<u>1,823</u>	<u>4,418</u>
Total Agency Funds	<u>3,817</u>	<u>157,189</u>
EXPENDABLE TRUST FUNDS:		
Unemployment Insurance Fund	40	20
Vocational Education Facilities Fund	121	100
Second Injury Fund	150	
Antitrust Litigation Fund	29	37
Community-Based Education Fund	99	
Other	<u>141</u>	<u>41</u>
Total Expendable Trust Funds	<u>580</u>	<u>198</u>
NONEXPENDABLE TRUST FUNDS:		
Youth at Risk	803	21
People's Trust and Interest Fund	2,796	
School and Public Lands Permanent Fund		<u>150</u>
Total Nonexpendable Trust Funds	<u>3,599</u>	<u>171</u>
PENSION TRUST FUNDS:		
South Dakota Retirement Fund	823	259
Cement Plant Retirement Fund		<u>4</u>
Total Pension Trust Funds	<u>823</u>	<u>263</u>
Total Trust and Agency Funds	<u>8,819</u>	<u>157,821</u>
TOTAL INTERFUND RECEIVABLES AND PAYABLES	<u>\$206,860</u>	<u>\$206,860</u>

Advances to/from other funds represent long-term loans existing between funds. The funds and amounts advanced at June 30, 2001 were as follows (expressed in thousands):

	<u>ADVANCES TO OTHER FUNDS</u>	<u>ADVANCES FROM OTHER FUNDS</u>
GENERAL FUND	<u>\$ 38</u>	<u>\$2,780</u>
SPECIAL REVENUE FUNDS:		
Aeronautics Fund	<u>921</u>	<u> </u>
EXPENDABLE TRUST FUNDS:		
Unclaimed Property Fund	1,274	
Redfield Resident Investment Fund		38
Total Expendable Trust Funds	<u>1,274</u>	<u>38</u>
NONEXPENDABLE TRUST FUNDS:		
Youth at Risk Fund	<u>585</u>	<u> </u>
TOTAL ADVANCE TO/FROM OTHER FUNDS	<u>\$2,818</u>	<u>\$2,818</u>

B. Inequality of Operating Transfers

Transfers to primary government exceeds transfers from component units by \$12,000,000 because the Cement Plant, a component unit, reported for the period of January 1, 2000 through March 16, 2001.

14. RESIDUAL EQUITY TRANSFERS AND CHANGES IN CONTRIBUTED CAPITAL

Residual Equity Transfers:

Two residual equity transfers were made during the fiscal year. A \$495,837 transfer was made from the Information Services Fund to the Rural Development Telecommunications Network Fund. Both are reported as internal service funds. This transfer represented the forgiveness of an advance between the funds. The transaction is reported as residual equity transfer out and an increase to contributed capital in the funds.

As a result of sale described in Note 17, the Cement Plant Fund, reported as a component unit enterprise fund, reported a residual equity transfer out of \$255,364,172. The Dakota Cement Trust Fund, an expendable trust fund and the Cement Plant Commission Fund, a special revenue fund, reported residual equity transfers-in in the amount of \$238,000,000 and \$15,152,700, respectively. In addition, \$2,973,472 in assets and \$762,000 in liabilities were reported in the General Fixed Asset Account Group and General Long-Term Debt Account Group, respectively, at the time of the sale.

Changes in Contributed Capital:

The following represents the changes in contributed capital (expressed in thousands):

	BEGINNING BALANCE <u>7/1/00</u>	ASSETS CONTRIBUTED BY PRIMARY GOVERNMENT	ENDING BALANCE <u>6/30/01</u>
INTERNAL SERVICE FUNDS:			
Rural Development Tele- communications Network	\$4,025	\$ 496	\$4,521

15. FUND EQUITY - RESERVATIONS AND DESIGNATIONS

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following is a summary of the reservations and designations at June 30, 2001 (expressed in thousands).

<u>GENERAL FUND</u>			<u>NONEXPENDABLE TRUST</u>		
Reserved for Encumbrances		\$ 41,762	Reserved for Public Schools		\$ 134,736
Reserved for Noncurrent Assets		<u>38</u>	People's Trust and Interest		53,673
Total Reservations		41,800	Reserved for Specific Purposes		<u>23,458</u>
			Total Reservations		211,867
Designated for Budget Reserve		39,788			
<u>SPECIAL REVENUE</u>			<u>PENSION TRUST</u>		
Reserved for Encumbrances		27,067	Reserved for Pension Benefits		4,974,084
Reserved for Noncurrent Assets		24,288			
Reserved for Air Quality Permit		10,000	<u>COMPONENT UNIT - SPECIAL REVENUE</u>		
Reserved for Loan Guarantee		<u>755</u>	Reserved for Specific Purposes		20,776
Total Reservations		62,110			
<u>DEBT SERVICE</u>			<u>COMPONENT UNIT - ENTERPRISE</u>		
Reserve for Debt Service		89,446	Reserved for Debt Service		255,553
			Reserved for Loan Escrow		<u>3,027</u>
			Total Reservations		258,580
<u>ENTERPRISE</u>			<u>COMPONENT UNIT - HIGHER EDUCATION</u>		
Reserve for Debt Service		2,688	Reserved for Encumbrances		12,544
Reserved for Specific Purposes		<u>3,267</u>	Reserved for Noncurrent Assets		<u>28,030</u>
Total Reservations		5,955	Total Reservations		40,574
<u>EXPENDABLE TRUST</u>					
Reserved for Unemployment					
Benefit Payments		47,800			
Reserved for Deferred					
Compensation		69,988			
Dakota Cement Trust		227,228			
Reserved for Specific Purposes		<u>5,726</u>			
Total Reservations		350,742			

16. VOCATIONAL TECHNICAL INSTITUTES

The state primary government has an ongoing financial responsibility for the funding of four technical institutes in the state. The technical institutes are considered part of the local school districts in the district where they are located. By law, the state may adopt rules governing the operation of the technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2001, the state provided \$13,155,215 in General Fund state aid payments to the technical institutes.

The state provides funding for the construction and renovation of facilities with proceeds from debt issued by the Health and Education Facilities Authority. The Health and Educational Facilities Authority was created as a public instrumentality of the state to provide tax-exempt revenue bonds, notes or other obligations on behalf of nonprofit health and educational institutions within the state. Although the state primary government appoints a voting majority of the board, the state's accountability for this organization does not extend beyond making the

appointments and is considered a related organization of the state.

The state enters into lease purchase agreements with the Health and Educational Facilities Authority and sub-leases the facilities to the school districts. Lease payments are made by the state to the Health and Educational Facilities Authority from a combination of state General Fund appropriations, interest earnings from an expendable trust fund and from student facility fees collected by the technical institutes and remitted to the state. Upon completion of payments under the lease agreements, title to the facilities pass to the state. The sub-lease agreements with the school districts are then extended annually as long as the school districts pay the state \$100 per year and continue to use the facilities for postsecondary vocational education.

Facilities constructed or renovated under the lease purchase agreements between the state and the Health and Educational Facilities Authority are reported by the state in the General Fixed Asset Account Group. The related debt is reported as capital lease obligations in the General Long-Term Debt Account Group.

17. CEMENT PLANT SALE

The state, acting by and through the South Dakota State Cement Plant Commission, entered into an agreement to sell substantially all of the assets and transfer certain of the liabilities of the Cement Plant to GCC Dakota, Inc. The closing date for the sale was March 16, 2001, with a gross selling price of \$252,350,000. The Cement Plant recognized a gain on disposal of discontinued operations of \$107,475,740.

In connection with the sale agreement with GCC Dakota, Inc, the state granted two separate options to GCC Dakota, Inc. to purchase two parcels of land at a total price of \$2,425,000. These options expire on March 16, 2002. Assets retained by the state in connection with the sale are reported in the General Fixed Asset Account Group. The state retained liabilities associated with workers compensation, which are reported in the General Long-Term Debt Account Group. The state retained control over the Cement Plant Retirement Plans covering former employees of the Cement Plant and the actuarially accrued liability of the plans.

Through an amendment to the constitution approved by a vote of the people of the state, the Dakota Cement Trust Fund was created to account for the net proceeds from the sale. The intent of the trust fund is to provide continuous funding of \$12 million per year to the state General Fund. An additional amount representing the difference between the \$12 million General Fund transfer and 5% of the market value in the trust fund will be used for the support of education.

The financial statements for the Cement Plant operating and retirement funds had previously been presented using a December 31 year-end and were reported as financial statements of discretely presented component units. As a result of the sale, the financial statements for the Cement Plant Operating Fund are shown for the period January 1, 2000 through March 16, 2001 (the date of the sale), and continue to be reported as a component unit enterprise fund. The Cement Plant Retirement Fund is now being reported as a fund of the primary government. The reporting period has been changed from December 31 to June 30. As a result of this change, the Cement Plant

Retirement Fund financial statements are shown for the eighteen-month period ended June 30, 2001.

A portion of the sales proceeds was deposited in the Cement Plant Commission Fund, a special revenue fund of the primary government, to account for the liquidation of remaining assets and liabilities retained by the state. The proceeds from the sale of the assets retained by the state will also be deposited in this fund. Expenses of the commission will be paid from this fund. The cash balance remaining in the Cement Plant Commission Fund after the commission is dissolved will be deposited in the Dakota Cement Trust Fund. Included in the fund is \$10,000,000 reported as restricted assets being held in a trust account with a financial institution. The funds are to be maintained in the account until the later of two years, or the issuance of an air quality permit. With respect to any capital improvements that may be necessary to obtain the permit, GCC Dakota, Inc. will bear the first \$12,000,000 of the costs. Any costs in excess of \$12,000,000 to be shared equally by GCC Dakota, Inc. and the state. The state is solely responsible for any fines or penalties that might be incurred related to this air quality issue as it existed on the date of the sale. Any liabilities incurred by the state under these provisions would be paid from the restricted account. Any portion of the restricted assets not needed to obtain an air quality permit will be deposited in the Dakota Cement Trust Fund.

18. CONTINGENCIES AND LITIGATION

The state of South Dakota participates in a number of federally assisted grant programs. These programs are subject to audits by the grantors or their representatives. Any disallowance as a result of these audits may become a liability of the state.

The state of South Dakota is party to numerous legal proceedings, many of which occur in the normal course of governmental operation. Adverse judgment of these lawsuits could result in liabilities to the state. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the state.

The contingent liabilities at June 30, 2001 are as follows:

WORKERS' COMPENSATION FUND

	<u>NUMBER OF CLAIMANTS</u>	<u>WEEKLY BENEFITS</u>	<u>PAYMENTS REMAINING</u>
Permanent Partial Disability - Benefits are paid weekly up to a predetermined amount	14	\$ 3,987	\$ 70,995
Temporary Total and Temporary Partial Disability - Benefits are paid weekly for an unspecified period of time	12	3,278	Unknown
Permanent Total Disability - Benefits are paid weekly for the life of the client	28	3,319	Unknown
Supplemental Wage - Wages are paid - weekly for a predetermined period of time	1	92	\$ 10,396
Spouse (Fatality) Disability - Benefits are paid for life or upon remarriage spouse would receive a lump sum equal to two years of weekly benefits	11	1,836	Unknown
Child Disability - Benefits paid at rate of \$50.00 per month until 18 years of age	<u>6</u>	<u>69</u>	\$ 16,895
TOTAL	<u>72</u>	<u>\$ 12,581</u>	

The Petroleum Release Compensation Fund (PRCF) provides reimbursement for remediation of sites where a petroleum release has occurred. As of June 30, 2001, PRCF was currently involved with 500 active cases, 364 active/monitoring cases, and 32 pending cases (spill report not yet filed), for a total of 896 cases. Contingent liabilities for the PRCF are \$13,500,000 for sites that haven't received any payments.

Jandrain v. Hough. This matter is a personal injury action against employees of the South Dakota Department of Transportation. The plaintiff was rendered a quadriplegic in a truck rollover accident in Pennington County. His suit claims that employees of the South Dakota Department of Transportation were negligent in the manner in which they applied a certain surface to a state highway. Any judgment in excess of \$1,000,000 will not be covered by the PEPL fund and, therefore, an accrual has not been made for any amount exceeding \$1,000,000.

Northern Telecom, Inc. v. Department of Revenue. Northern Telecom, Inc. has brought a sales tax refund action contesting the payment of taxes accruing from 1986 to the present currently in the amount of \$1,041,748 plus interest, which would be payable at 1.25% per month on any refunded amount. The case is at the administrative hearing level and counsel is currently awaiting a decision from the Office of Hearing Examiners. The Department of Revenue is vigorously defending the action.

Loren Pourier, dba Muddy Creek Oil and Gas Inc. and Muddy Creek Oil and Gas Inc. v. Department of Revenue. Pourier has brought a motor fuel tax refund action contesting the payment of taxes accruing from July 1995 through January 13, 2000. The amount at issue is \$937,820 plus interest, which would accrue at the rate of 1.25% per month. The refund action is premised on the fact that Pourier is an enrolled tribal member and is selling fuel within Indian Country. The matter is currently before the South Dakota Supreme Court. The Department of Revenue is vigorously defending the action. Due to the nature of the procedural and substantive defenses, however, counsel is not in a position to give any opinion at this time as to the risk of an unfavorable outcome regarding this case and, if so, the amount of money that would be at issue.

SDDS Inc. v. State of South Dakota. This is an inverse condemnation action filed in state court by South Dakota Disposal System Incorporated (SDDS) concerning the operation of a solid waste facility. The matter was tried before a jury in Hughes County, South Dakota Circuit Court. The plaintiff obtained a verdict. The Circuit Court later vacated the verdict. The matter is now on appeal to the South Dakota Supreme Court. A briefing has been completed; the case has been argued and is awaiting decision. The vacated judgment is in the amount of approximately \$10.1 million, with \$5.5 million of interest as of the judgment's date. If the South Dakota Supreme Court rules this was in error, it could potentially rule that the vacated judgment be reinstated. The attorneys working on this

case are unable to express any opinion regarding the likelihood of success on appeal, or the risk of an unfavorable outcome.

Homestake v. Subsequent Injury Fund. This is an action brought by Homestake involving the repeal of the Subsequent Injury Fund. In March of 1999, the legislature repealed the Subsequent Injury Fund and gave employers until June 30, 1999 to file any additional claims against the fund. The action contends that the law repealing the Subsequent Injury Fund is unconstitutional because of violations of due process and impairment of contracts. The circuit court's judgment in favor of Homestake was appealed to the South Dakota Supreme Court. The matter was just argued before the South Dakota Supreme Court and is awaiting a decision at the time of this report. If the Supreme Court on appeal upholds the circuit court, it could stop the fund from being repealed. Under the repeal statute that now exists, any remaining balance in the fund after all obligations of the fund have been satisfied is to be deposited into the General Fund. As of June 30, 2001, the Subsequent Injury Fund's remaining cash balance of \$1,908,456 was reported in an expendable trust fund. If Homestake receives a favorable judgment from the South Dakota Supreme Court, there may be other claims brought against the Subsequent Injury Fund.

19. SEGMENT INFORMATION

The state has three major enterprise funds that provide for operating the state lottery, low interest economic development loans, and water development loans. The state has five component unit enterprise funds that provide for low-interest housing loans, economic loans, cement production and sales, crop reduction payments, and operating the state fair.

Selected financial information by segment is as follows (expressed in thousands):

ENTERPRISE FUNDS:

	<u>STATE LOTTERY</u>	<u>REVOLVING ECONOMIC DEVELOPMENT INITIATIVE</u>	<u>WATER POLLUTION CONTROL REVOLVING</u>	<u>DRINKING WATER REVOLVING</u>	<u>OTHER</u>	<u>TOTAL</u>
Operating Revenues	\$ 121,718	\$ 727	\$ 8,528	\$ 4,771	\$ 8,368	\$ 144,112
Depreciation, Depletion and Amortization	5		36	15	110	166
Operating Income (Loss)	99,823	54	7,206	4,237	338	111,658
Operating Transfers:						
In					82	82
Out	101,817		23	21	14	101,875
Net Income (Loss)	(1,304)	4,107	9,768	4,529	592	17,692
Plant, Property and Equipment:						
Additions	13				501	514
Deletions	62				252	314
Net Increase (Decrease) in Cash and Cash Equivalents	(1,358)	6,097	459	190	(368)	5,020
Total Assets	12,171	82,984	112,969	25,862	7,223	241,209
Total Equity	4,411	71,383	96,048	19,433	6,035	197,310

COMPONENT UNIT ENTERPRISE FUNDS:

	<u>HOUSING AUTHORITY</u>	<u>FINANCE AUTHORITY</u>	<u>CEMENT PLANT</u>	<u>CROP REDUCTION ENHANCEMENT PROGRAM</u>	<u>STATE FAIR</u>	<u>TOTAL</u>
Operating Revenues	\$ 126,298	\$ 1,380	\$ 63,821	\$ 566	\$1,576	\$ 193,641
Depreciation, Depletion and Amortization	1,615		4,970	34	155	6,774
Operating Income (Loss)	27,641	(157)	22,424	(34)	(715)	49,159
Operating Transfers:						
In	447		481			928
Out			12,000			12,000
Net Income (Loss)	26,652	(157)	122,932	(34)	(761)	148,632
Plant, Property and Equipment:						
Additions	383		7,395		36	7,814
Deletions	536		131,013		94	131,643
Net Increase (Decrease) in Cash and Cash Equivalents	(12,833)	(135)	(58,381)	54	0	(71,295)
Total Assets	1,756,344	20,918	0	7,570	3,040	1,787,872
Total Equity	255,553	9,999	0	890	1,759	268,201

COMPONENT UNIT - HIGHER EDUCATION:

	<u>ASSETS</u>	<u>LIABILITIES</u>				
	<u>PROPERTY, PLANT, AND EQUIPMENT</u>	<u>DUE TO PRIMARY GOVERNMENT</u>	<u>BONDS, NOTES, COPs AND TRUST CERTIFICATES</u>	<u>TOTAL ASSETS</u>	<u>TOTAL LIABILITIES</u>	<u>FUND BALANCE</u>
Current Funds:						
Unrestricted	\$	\$ 605	\$	\$ 57,138	\$ 43,414	\$ 13,724
Restricted		138		9,988	5,639	4,349
Loan Funds			3	34,084	88	33,996
Plant Funds:						
Unexpended	407	1	672	5,405	3,214	2,191
Renewal and Replacement		3		16,668	3,573	13,095
Retirement of Indebtedness			4,614	6,735	6,432	303
Investment in Plant	465,271		72,611	465,271	72,975	392,296
Agency Funds		2		526	526	
Higher Education Totals	\$ 465,678	\$ 749	\$ 77,900	\$595,815	\$ 135,861	\$459,954

20. TOBACCO SETTLEMENT

South Dakota joined many other states in agreeing to settlement terms with U.S. tobacco companies. Per the master settlement agreement, South Dakota is annually receiving payments for reimbursement of tobacco-related health care costs incurred by the state. For fiscal year 2001, the state received approximately \$21.9 million. The legislature has created the Peoples Trust Fund, where payments from the master settlement agreement will be deposited. Expenditure of the interest proceeds deposited to the trust fund must be appropriated by the legislature.

21. SUBSEQUENT EVENTS

South Dakota Economic Development Finance Authority

On July 24, 2001, the authority approved the final resolution for a bond in the amount of \$2,700,000 to Lomar Development Company for the expansion of Twin

City Fan Company in Mitchell, South Dakota. This bond is conduit debt of the authority.

Housing Authority

In August of 2001, the authority issued \$75,000,000 of Homeownership Mortgage Bonds Series 2001 D and E. The bonds will mature on May 1, 2003 through May 1, 2032, with interest rates from 3.45% to 5.55%. In August of 2001, the authority issued \$20,000,000 of Homeownership Mortgage Bonds Series 2001 F. The bonds will mature on May 1, 2032, and have a variable interest rate. In August of 2001, the authority issued \$13,000,000 of Multifamily Housing Revenue Bonds Series 2001. The bonds mature on September 15, 2034, and have a variable interest rate. In October of 2001, the authority issued \$7,790,000 of Multifamily Housing Revenue Bonds Series 2001. The bonds will mature on May 1, 2004 through May 1, 2043, with interest rates from 2.90% to 5.35%. In February of 2002, the authority issued \$60,590,000 of Homeownership Mortgage Bonds Series 2002 A, B, and C. The bonds will mature on May 1, 2003 through May 1, 2033, with interest rates from 2.05% to 5.60%. In February of 2002, the authority

issued \$80,000,000 Single Family Mortgage Revenue Bonds, Drawdown Series B. The bonds will mature on December 1, 2005, and have a variable interest rate.

Department of Environment and Natural Resources

On October 1, 2001, the South Dakota Conservancy District issued \$4,405,000 of Clean Water State Revolving Fund Revenue Bonds Series 2001. The bonds will mature on August 1, 2003 through August 1, 2022, and are at interest rates from 4.0% to 5.0%. Proceeds from the bonds will fund projects of the Clean Water State Revolving Fund Program.

On October 1, 2001, the South Dakota Conservancy District issued \$5,270,000 of Drinking Water State Revolving Fund Program Bonds Series 2001. The bonds will mature on August 1, 2003 through August 1, 2022, and are at interest rates from 4.0% to 5.0%. Proceeds from the bonds will fund projects of the Drinking Water State Revolving Fund Program.

Building Authority

On September 1, 2001, the authority issued \$6,825,000 South Dakota Building Authority Revenue Bonds Series 2002. The bonds mature on September 1, 2002 through September 1, 2013, and are at interest rates from 6.75% to 7.00%. The Series 2002 Bonds are being issued to redeem the South Dakota Building Authority's, Revenue Bonds, Series 1988A, and Certificates of Participation, Series 1989, which were being held in escrow.

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2001
(Expressed in Thousands)

Assets	Transportation	Social Services Federal	Education Federal	Human Services Federal	Labor Federal
Cash and Cash Equivalents	\$ 19,625	\$	\$	\$	\$ 688
Investments					
Securities Lending Collateral	5,179				185
Accounts Receivable	157	2,600	6		
Taxes Receivable (Net)					
Interest, Dividends & Penalties Receivable	3				
Loans and Notes Receivable (Net)	343			10	
Due From Other Funds	32,841	509		109	265
Due From Component Units	5				
Due From Other Governments	21,926	25,619	12,102	9,844	1,799
Inventory	10,641	789		240	166
Advances To Other Funds					
Restricted Assets:					
Investments					
Deferred Fiscal Charges and Other Assets		335	61		26
Total Assets	\$ 90,720	\$ 29,852	\$ 12,169	\$ 10,203	\$ 3,129
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$ 28,299	\$ 21,170	\$ 1,091	\$ 5,621	\$ 953
Accrued Liabilities	3,322	1,138	153	1,214	662
Compensated Absences Payable	440				
Due To Other Funds	1,377	5,777	815	2,926	235
Due To Component Units		62	104		
Due To Other Governments			9,297		
Deferred Revenue		1,448	192	192	
Securities Lending Collateral Liability	5,179				185
Total Liabilities	38,617	29,595	11,652	9,953	2,035
Fund Equity:					
Fund Balance:					
Reserved	2,363	62	24	123	
Unreserved:					
Undesignated	49,740	195	493	127	1,094
Total Fund Equity	52,103	257	517	250	1,094
Total Liabilities and Fund Equity	\$ 90,720	\$ 29,852	\$ 12,169	\$ 10,203	\$ 3,129

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	Health Federal	Governor's Office Federal	Military Affairs Federal	Natural Resources Federal	Game, Fish and Parks Federal	Game and Fish
Cash and Cash Equivalents	\$ 666	\$ 181	\$ 32	\$	\$	\$ 20,876
Investments						
Securities Lending Collateral	179	48				5,525
Accounts Receivable	2					146
Taxes Receivable (Net)						
Interest, Dividends & Penalties Receivable						
Loans and Notes Receivable (Net)						
Due From Other Funds	19				316	1,815
Due From Component Units						
Due From Other Governments	1,224	781	3,150	1,140	1,573	
Inventory	556					
Advances To Other Funds						
Restricted Assets:						
Investments						
Deferred Fiscal Charges and Other Assets	2	3	20			
Total Assets	\$ 2,648	\$ 1,013	\$ 3,202	\$ 1,140	\$ 1,889	\$ 28,362
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	\$ 591	\$ 24	\$ 1,836	\$ 424	\$ 329	\$ 196
Accrued Liabilities	372	16	157	167	184	427
Compensated Absences Payable						
Due To Other Funds	253	2	1,191	400	895	1,518
Due To Component Units					395	2
Due To Other Governments		920			86	
Deferred Revenue						
Securities Lending Collateral Liability	179	48				5,525
Total Liabilities	1,395	1,010	3,184	991	1,889	7,668
Fund Equity:						
Fund Balance:						
Reserved	1,051	6,949	4	4,313	98	667
Unreserved:						
Undesignated	202	(6,946)	14	(4,164)	(98)	20,027
Total Fund Equity	1,253	3	18	149	0	20,694
Total Liabilities and Fund Equity	\$ 2,648	\$ 1,013	\$ 3,202	\$ 1,140	\$ 1,889	\$ 28,362

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	Parks and Recreation	Securities and Insurance	Health	Gaming Commission	Motor Vehicle	Revenue
Cash and Cash Equivalents	\$ 1,491	\$ 1,944	\$ 3,678	\$ 5,288	\$ 7,112	\$ 841
Investments						
Securities Lending Collateral	322	499	910	134	1,887	219
Accounts Receivable			104		24	
Taxes Receivable (Net)				391		
Interest, Dividends & Penalties Receivable						
Loans and Notes Receivable (Net)						
Due From Other Funds	1,808	496	233	101	1,267	441
Due From Component Units						
Due From Other Governments			27		7,360	
Inventory			159			
Advances To Other Funds						
Restricted Assets:						
Investments						
Deferred Fiscal Charges and Other Assets		7	19			
Total Assets	\$ 3,621	\$ 2,946	\$ 5,130	\$ 5,914	\$ 17,650	\$ 1,501
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	\$ 198	\$ 501	\$ 873	\$ 12	\$ 92	\$ 85
Accrued Liabilities	34	94	221	31	229	263
Compensated Absences Payable						
Due To Other Funds	289	64	72	174	660	402
Due To Component Units						
Due To Other Governments				444	13,226	
Deferred Revenue				4,795		
Securities Lending Collateral Liability	322	499	910	134	1,887	219
Total Liabilities	843	1,158	2,076	5,590	16,094	969
Fund Equity:						
Fund Balance:						
Reserved	286	25	1,999		128	134
Unreserved:						
Undesignated	2,492	1,763	1,055	324	1,428	398
Total Fund Equity	2,778	1,788	3,054	324	1,556	532
Total Liabilities and Fund Equity	\$ 3,621	\$ 2,946	\$ 5,130	\$ 5,914	\$ 17,650	\$ 1,501

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	Employer's Investment	Property Tax Reduction	Petroleum Release Compensation	Maintenance and Repair	Water and Environment	Rural Rehabilitation
Cash and Cash Equivalents	\$ 19,737	\$ 72,397	\$ 19,161	\$ 4,708	\$ 12,841	\$ 2,259
Investments						
Securities Lending Collateral	5,229	19,425	5,079	1,248	3,402	596
Accounts Receivable				31		
Taxes Receivable (Net)						
Interest, Dividends & Penalties Receivable					53	96
Loans and Notes Receivable (Net)				22	14,493	7,849
Due From Other Funds	1,463	13,411	2,713	495	2,240	223
Due From Component Units						
Due From Other Governments						
Inventory						
Advances To Other Funds						
Restricted Assets:						
Investments						
Deferred Fiscal Charges and Other Assets						
Total Assets	\$ 26,429	\$ 105,233	\$ 26,953	\$ 6,504	\$ 33,029	\$ 11,023
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	\$ 136	\$	\$ 250	\$ 551	\$ 1,017	\$ 1
Accrued Liabilities			24			14
Compensated Absences Payable						
Due To Other Funds	9		358	242	218	9
Due To Component Units	634					
Due To Other Governments					395	
Deferred Revenue				19		
Securities Lending Collateral Liability	5,229	19,425	5,079	1,248	3,402	596
Total Liabilities	6,008	19,425	5,711	2,060	5,032	620
Fund Equity:						
Fund Balance:						
Reserved				19	12,080	7,144
Unreserved:						
Undesignated	20,421	85,808	21,242	4,425	15,917	3,259
Total Fund Equity	20,421	85,808	21,242	4,444	27,997	10,403
Total Liabilities and Fund Equity	\$ 26,429	\$ 105,233	\$ 26,953	\$ 6,504	\$ 33,029	\$ 11,023

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	Energy Conservation	Cement Plant Commission	Other	Total
Cash and Cash Equivalents	\$ 7,497	\$ 4,483	\$ 140,865	\$ 346,370
Investments			773	773
Securities Lending Collateral	1,985	1,187	36,098	89,336
Accounts Receivable		13	4,702	7,785
Taxes Receivable (Net)				391
Interest, Dividends & Penalties Receivable	2	29	95	278
Loans and Notes Receivable (Net)	151		6,029	28,897
Due From Other Funds	728	2,426	12,648	76,567
Due From Component Units			10	15
Due From Other Governments			5,658	92,203
Inventory			59	12,610
Advances To Other Funds			921	921
Restricted Assets:				
Investments		10,000		10,000
Deferred Fiscal Charges and Other Assets			454	927
Total Assets	\$ 10,363	\$ 18,138	\$ 208,312	\$ 667,073
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$ 5	\$ 378	\$ 3,126	\$ 67,759
Accrued Liabilities		1	1,447	10,170
Compensated Absences Payable				440
Due To Other Funds			3,724	21,610
Due To Component Units			9	1,206
Due To Other Governments			155	24,523
Deferred Revenue			35,811	42,457
Securities Lending Collateral Liability	1,985	1,187	36,098	89,336
Total Liabilities	1,990	1,566	80,370	257,501
Fund Equity:				
Fund Balance:				
Reserved	140	10,000	14,501	62,110
Unreserved:				
Undesignated	8,233	6,572	113,441	347,462
Total Fund Equity	8,373	16,572	127,942	409,572
Total Liabilities and Fund Equity	\$ 10,363	\$ 18,138	\$ 208,312	\$ 667,073

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Transportation</u>	<u>Social Services Federal</u>	<u>Education Federal</u>	<u>Human Services Federal</u>	<u>Labor Federal</u>
Revenue:					
Taxes	\$ 116,510	\$	\$	\$	\$
Licenses, Permits and Fees	48,748				
Fines, Forfeits and Penalties					
Use of Money and Property	3,099	25			
Sales and Services	1,112				
Administering Programs	235,221	383,150	92,608	87,074	26,762
Other Revenue	1,856	2,251	37	38	
Total Revenue	<u>406,546</u>	<u>385,426</u>	<u>92,645</u>	<u>87,112</u>	<u>26,762</u>
Expenditures:					
Education and Research			92,444		
Economic Resources					
General Government	2,322				
Human Resources		385,394		87,469	27,735
Natural Resources					
Protection of Domain	14,092				
Transportation	437,845				
State Shared Revenue Paid to Other Governments					
Total Expenditures	<u>454,259</u>	<u>385,394</u>	<u>92,444</u>	<u>87,469</u>	<u>27,735</u>
Excess of Revenue Over (Under)					
Expenditures	(47,713)	32	201	(357)	(973)
Other Financing Sources (Uses):					
Operating Transfers In	1,235	4	1,589	141	885
Operating Transfers From Component Units					
Operating Transfers Out	(2,740)		(1,483)	(462)	
Net Other Financing Sources (Uses)	<u>(1,505)</u>	<u>4</u>	<u>106</u>	<u>(321)</u>	<u>885</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(49,218)	36	307	(678)	(88)
Fund Balance at Beginning of Year, Restated Residual Equity Transfers In	101,321	221	210	928	1,182
Fund Balance at End of Year	<u>\$ 52,103</u>	<u>\$ 257</u>	<u>\$ 517</u>	<u>\$ 250</u>	<u>\$ 1,094</u>

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	Health Federal	Governor's Office Federal	Military Affairs Federal	Natural Resources Federal	Game, Fish and Parks Federal	Game and Fish
Revenue:						
Taxes	\$	\$	\$	\$	\$	\$
Licenses, Permits and Fees	107					19,287
Fines, Forfeits and Penalties						670
Use of Money and Property			135			2,297
Sales and Services						335
Administering Programs	21,668	15,457	13,326	6,003	6,964	101
Other Revenue			54	2	3	150
Total Revenue	<u>21,775</u>	<u>15,457</u>	<u>13,515</u>	<u>6,005</u>	<u>6,967</u>	<u>22,840</u>
Expenditures:						
Education and Research						
Economic Resources		15,459				
General Government						
Human Resources	21,357					
Natural Resources				5,843	6,778	16,907
Protection of Domain			13,297			
Transportation						
State Shared Revenue Paid to Other Governments						
Total Expenditures	<u>21,357</u>	<u>15,459</u>	<u>13,297</u>	<u>5,843</u>	<u>6,778</u>	<u>16,907</u>
Excess of Revenue Over (Under)						
Expenditures	418	(2)	218	162	189	5,933
Other Financing Sources (Uses):						
Operating Transfers In	7			40	1	249
Operating Transfers From Component Units						
Operating Transfers Out			(215)	(88)	(190)	(3,389)
Net Other Financing Sources (Uses)	<u>7</u>	<u>0</u>	<u>(215)</u>	<u>(48)</u>	<u>(189)</u>	<u>(3,140)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
	425	(2)	3	114		2,793
Fund Balance at Beginning of Year, Restate Residual Equity Transfers In	828	5	15	35		17,901
Fund Balance at End of Year	<u>\$ 1,253</u>	<u>\$ 3</u>	<u>\$ 18</u>	<u>\$ 149</u>	<u>\$ 0</u>	<u>\$ 20,694</u>

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	Parks and Recreation	Securities and Insurance	Health	Gaming Commission	Motor Vehicle	Revenue
Revenue:						
Taxes	\$ 1,438	\$	\$	\$ 4,553	\$ 2,512	\$ 3,007
Licenses, Permits and Fees	3,995	28,438	5,214	5,190	56,176	1,665
Fines, Forfeits and Penalties				12		
Use of Money and Property	276	655		132	206	205
Sales and Services	66	1			1,672	3,485
Administering Programs	18		398			
Other Revenue	8		6		4	
Total Revenue	<u>5,801</u>	<u>29,094</u>	<u>5,618</u>	<u>9,887</u>	<u>60,570</u>	<u>8,362</u>
Expenditures:						
Education and Research						
Economic Resources						
General Government					5,579	7,839
Human Resources			5,367			
Natural Resources	5,036					
Protection of Domain		3,056		8,333	2,514	
Transportation						
State Shared Revenue Paid to Other Governments					51,770	
Total Expenditures	<u>5,036</u>	<u>3,056</u>	<u>5,367</u>	<u>8,333</u>	<u>59,863</u>	<u>7,839</u>
Excess of Revenue Over (Under)						
Expenditures	765	26,038	251	1,554	707	523
Other Financing Sources (Uses):						
Operating Transfers In	8	528	1,603			
Operating Transfers From Component Units						
Operating Transfers Out	(446)	(26,122)	(618)	(1,889)	(397)	(208)
Net Other Financing Sources (Uses)	<u>(438)</u>	<u>(25,594)</u>	<u>985</u>	<u>(1,889)</u>	<u>(397)</u>	<u>(208)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
	327	444	1,236	(335)	310	315
Fund Balance at Beginning of Year, Restated	2,451	1,344	1,818	659	1,246	217
Residual Equity Transfers In						
Fund Balance at End of Year	<u>\$ 2,778</u>	<u>\$ 1,788</u>	<u>\$ 3,054</u>	<u>\$ 324</u>	<u>\$ 1,556</u>	<u>\$ 532</u>

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	<u>Employer's Investment</u>	<u>Property Tax Reduction</u>	<u>Petroleum Release Compensation</u>	<u>Maintenance and Repair</u>	<u>Water and Environment</u>	<u>Rural Rehabilitation</u>
Revenue:						
Taxes	\$	\$	\$	\$	\$ 674	\$
Licenses, Permits and Fees	6,661		7,368		5,899	79
Fines, Forfeits and Penalties						
Use of Money and Property	1,929		1,856	468	1,410	829
Sales and Services	335			688		4
Administering Programs	238			194		
Other Revenue	39		2		8	6
Total Revenue	9,202	0	9,226	1,350	7,991	918
Expenditures:						
Education and Research						
Economic Resources	6,692					
General Government	238			2,013		
Human Resources						
Natural Resources					7,070	840
Protection of Domain			3,973			
Transportation						
State Shared Revenue Paid to Other Governments						
Total Expenditures	6,930	0	3,973	2,013	7,070	840
Excess of Revenue Over (Under)						
Expenditures	2,272	0	5,253	(663)	921	78
Other Financing Sources (Uses):						
Operating Transfers In	4	105,946			1,057	
Operating Transfers From Component Units						
Operating Transfers Out		(87,300)	(47)	(48)	(401)	(43)
Net Other Financing Sources (Uses)	4	18,646	(47)	(48)	656	(43)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
	2,276	18,646	5,206	(711)	1,577	35
Fund Balance at Beginning of Year, Restated	18,145	67,162	16,036	5,155	26,420	10,368
Residual Equity Transfers In						
Fund Balance at End of Year	\$ 20,421	\$ 85,808	\$ 21,242	\$ 4,444	\$ 27,997	\$ 10,403

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	<u>Energy Conservation</u>	<u>Cement Plant Commission</u>	<u>Other</u>	<u>Total</u>
Revenue:				
Taxes	\$	\$	\$ 7,696	\$ 136,390
Licenses, Permits and Fees			22,874	211,701
Fines, Forfeits and Penalties			6,403	7,085
Use of Money and Property	772	1,817	11,518	27,629
Sales and Services			12,735	20,433
Administering Programs	93		69,459	958,734
Other Revenue		177	8,520	13,161
Total Revenue	<u>865</u>	<u>1,994</u>	<u>139,205</u>	<u>1,375,133</u>
Expenditures:				
Education and Research			4,543	96,987
Economic Resources	368		6,199	28,718
General Government			16,129	34,120
Human Resources			33,898	561,220
Natural Resources			31,506	73,980
Protection of Domain		575	12,725	58,565
Transportation			1,849	439,694
State Shared Revenue Paid to Other Governments				51,770
Total Expenditures	<u>368</u>	<u>575</u>	<u>106,849</u>	<u>1,345,054</u>
Excess of Revenue Over (Under)				
Expenditures	497	1,419	32,356	30,079
Other Financing Sources (Uses):				
Operating Transfers In			15,675	128,972
Operating Transfers From Component Units			152	152
Operating Transfers Out			(5,261)	(131,347)
Net Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>10,566</u>	<u>(2,223)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	497	1,419	42,922	27,856
Fund Balance at Beginning of Year, Restated	7,876		85,020	366,563
Residual Equity Transfers In		15,153		15,153
Fund Balance at End of Year	<u>\$ 8,373</u>	<u>\$ 16,572</u>	<u>\$ 127,942</u>	<u>\$ 409,572</u>

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
June 30, 2001
(Expressed in Thousands)

Assets	Lottery	Revolving Economic Development & Initiative	Water Pollution Control Revolving	Drinking Water Revolving	Other	Total
Cash and Cash Equivalents	\$ 5,674	\$ 44,469	\$ 2,593	\$ 416	\$ 2,302	\$ 55,454
Investments			44,466	5,877		50,343
Securities Lending Collateral	1,316	11,535			574	13,425
Accounts Receivable	4,542	6			448	4,996
Interest, Dividends & Penalties Receivable		31	1,438	316		1,785
Loans and Notes Receivable (Net)		23,543	63,790	18,772		106,105
Due From Other Funds	614	3,291			713	4,618
Due From Component Units		109			68	177
Due From Other Governments			203	226		429
Inventory					1,495	1,495
Deferred Fiscal Charges and Other Assets	11		479	255	21	766
Property, Plant and Equipment (Net)	14				1,602	1,616
Total Assets	\$ 12,171	\$ 82,984	\$ 112,969	\$ 25,862	\$ 7,223	\$ 241,209
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	\$ 843	\$ 7	\$ 29	\$ 20	\$ 322	\$ 1,221
Accrued Liabilities	74	17	400	131	47	669
Compensated Absences Payable	169	39	28	27	161	424
Due To Other Funds	4,584	3	5	6	59	4,657
Deferred Revenue	90				25	115
Escrow Payable	25					25
Securities Lending Collateral Liability	1,316	11,535			574	13,425
Bonds and Notes Payable (Net)			16,459	6,245		22,704
Other Liabilities	659					659
Total Liabilities	7,760	11,601	16,921	6,429	1,188	43,899
Fund Equity:						
Contributions		40,450	1,200	1,424	557	43,631
Retained Earnings:						
Reserved		3,267	2,095	593		5,955
Unreserved	4,411	27,666	92,753	17,416	5,478	147,724
Total Fund Equity	4,411	71,383	96,048	19,433	6,035	197,310
Total Liabilities and Fund Equity	\$ 12,171	\$ 82,984	\$ 112,969	\$ 25,862	\$ 7,223	\$ 241,209

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Lottery</u>	<u>Revolving Economic Development & Initiative</u>	<u>Water Pollution Control Revolving</u>	<u>Drinking Water Revolving</u>	<u>Other</u>	<u>Total</u>
Operating Revenue:						
Licenses, Permits and Fees	\$ 1,142	\$	\$	\$	\$	\$ 1,142
Use of Money and Property		727	2,098	644		3,469
Sales and Services	120,576		668	196	8,360	129,800
Administering Programs			5,762	3,931		9,693
Other Revenue					8	8
Total Operating Revenue	<u>121,718</u>	<u>727</u>	<u>8,528</u>	<u>4,771</u>	<u>8,368</u>	<u>144,112</u>
Operating Expenses:						
Personal Services and Benefits	1,117	271	142	132	1,058	2,720
Travel	118	20	7	6	32	183
Contractual Services	7,405	128	94	80	1,554	9,261
Supplies and Materials	640	19	5	4	5,276	5,944
Other		235				235
Interest			1,038	297		1,335
Depreciation/Amortization	5		36	15	110	166
Lottery Prizes	12,610					12,610
Total Operating Expenses	<u>21,895</u>	<u>673</u>	<u>1,322</u>	<u>534</u>	<u>8,030</u>	<u>32,454</u>
Operating Income (Loss)	<u>99,823</u>	<u>54</u>	<u>7,206</u>	<u>4,237</u>	<u>338</u>	<u>111,658</u>
Nonoperating Revenue (Expenses):						
Loss on Disposal of Assets					(27)	(27)
Interest Income	803	4,319	2,585	313	213	8,233
Other Expense	(141)	(611)			(32)	(784)
Grant and Other Income	28	345			32	405
Total Nonoperating Revenue (Expenses)	<u>690</u>	<u>4,053</u>	<u>2,585</u>	<u>313</u>	<u>186</u>	<u>7,827</u>
Net Income (Loss) Before Operating Transfers	100,513	4,107	9,791	4,550	524	119,485
Operating Transfers:						
Operating Transfers In					82	82
Operating Transfers Out	(101,817)		(23)	(21)	(14)	(101,875)
Net Operating Transfers	<u>(101,817)</u>	<u>0</u>	<u>(23)</u>	<u>(21)</u>	<u>68</u>	<u>(101,793)</u>
Net Income (Loss)	<u>(1,304)</u>	<u>4,107</u>	<u>9,768</u>	<u>4,529</u>	<u>592</u>	<u>17,692</u>
Retained Earnings At Beginning of Year	<u>5,715</u>	<u>26,826</u>	<u>85,080</u>	<u>13,480</u>	<u>4,886</u>	<u>135,987</u>
Retained Earnings at End of Year	<u>\$ 4,411</u>	<u>\$ 30,933</u>	<u>\$ 94,848</u>	<u>\$ 18,009</u>	<u>\$ 5,478</u>	<u>\$ 153,679</u>

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Lottery</u>	<u>Revolving Economic Development & Initiative</u>	<u>Water Pollution Control Revolving</u>	<u>Drinking Water Revolving</u>	<u>Other</u>	<u>Totals</u>
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ 99,823	\$ 54	\$ 7,206	\$ 4,237	\$ 338	\$ 111,658
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation/Amortization Expense	5		36	15	110	166
Unamortized Charges Expensed			95			95
Interest Expense			1,038	297		1,335
Miscellaneous Nonoperating Items	1	345			7	353
Decrease/(Increase) in Assets:						
Accounts Receivable	(58)	(6)			(214)	(278)
Interest, Dividends & Penalties Receivable		5	(11)	54		48
Loans and Notes Receivable		2,373	(3,876)	(2,902)		(4,405)
Due From Other Funds					(128)	(128)
Due From Component Units		476			(7)	469
Due From Other Governments			(34)	(7)		(41)
Inventory					(3)	(3)
Deferred Fiscal Charges and Other Assets					8	8
Increase/(Decrease) in Liabilities:						
Accounts Payable	(65)	(4)	15	(10)	(150)	(214)
Accrued Liabilities	(5)	2	(1)		1	(3)
Compensated Absences Payable	(7)	7	4	2	(28)	(22)
Due To Other Funds	169		2	1		172
Deferred Revenue	(43)				(18)	(61)
Escrow Payable	(4)					(4)
Other Liabilities	15					15
Total Adjustments	<u>8</u>	<u>3,198</u>	<u>(2,732)</u>	<u>(2,550)</u>	<u>(422)</u>	<u>(2,498)</u>
Net Cash Provided (Used) by Operating Activities	<u>99,831</u>	<u>3,252</u>	<u>4,474</u>	<u>1,687</u>	<u>(84)</u>	<u>109,160</u>
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets	(13)				(501)	(514)
Sales of Capital Assets					11	11
Payments on Capital Lease Obligations					(16)	(16)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(13)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(506)</u>	<u>(519)</u>
Cash Flows From Noncapital Financing Activities:						
Operating Transfers In					82	82
Operating Transfers Out	(101,817)		(23)	(21)	(14)	(101,875)
Payments on Bonds and Notes			(860)			(860)
Bond Issuance Costs				(205)		(205)
Interest Payments on Bonds and Notes			(1,055)	(300)		(1,355)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(101,817)</u>	<u>0</u>	<u>(1,938)</u>	<u>(526)</u>	<u>68</u>	<u>(104,213)</u>
Cash Flows From Investing Activities:						
Investment Income	755	3,456	2,494	287	185	7,177
Purchase of Investment Securities			(9,663)	(1,763)		(11,426)
Proceeds From Sales and Maturities of Investment Securities			5,092	505		5,597
Security Lending Rebate Fees	(114)	(611)			(31)	(756)
Net Cash Provided (Used) by Investing Activities	<u>641</u>	<u>2,845</u>	<u>(2,077)</u>	<u>(971)</u>	<u>154</u>	<u>592</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(1,358)	6,097	459	190	(368)	5,020
Cash and Cash Equivalents at Beginning of Year	<u>7,032</u>	<u>38,372</u>	<u>2,134</u>	<u>226</u>	<u>2,670</u>	<u>50,434</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,674</u>	<u>\$ 44,469</u>	<u>\$ 2,593</u>	<u>\$ 416</u>	<u>\$ 2,302</u>	<u>\$ 55,454</u>
Noncash Investing, Capital and Financing Activities:						
Loss/(Gain) on Disposal of Fixed Assets					28	28

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2001
(Expressed in Thousands)**

Assets	Self- Insurance	Information Services	Tele- Communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Cash and Cash Equivalents	\$ 13,249	\$ 3,060	\$ 2,398	\$ 1,667	\$ 456	\$ 510
Securities Lending Collateral	3,503	813	636	440	121	136
Accounts Receivable			55	1	1	10
Due From Other Funds	1,139	1,430	1,304	936	938	355
Due From Component Units		30	264	33		1
Due From Other Governments						
Inventory		17	679		55	193
Deferred Fiscal Charges and Other Assets	489	351	170	262	11	5
Property, Plant and Equipment (Net)	6	717	1,675	4,131	416	115
Total Assets	\$ 18,386	\$ 6,418	\$ 7,181	\$ 7,470	\$ 1,998	\$ 1,325
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	\$ 433	\$ 403	\$ 573	\$ 115	\$ 80	\$ 4
Accrued Liabilities	16	486	234	25	129	17
Compensated Absences Payable	40	1,498	592	117	279	49
Due To Other Funds	35	109	194	156	29	6
Due To Component Units						
Deferred Revenue	3,708					
Policy Claims Liabilities	6,736					
Securities Lending Collateral Liability	3,503	813	636	440	121	136
Bonds and Notes Payable (Net)					148	
Capital Lease Obligations			396			
Total Liabilities	14,471	3,309	2,625	853	786	212
Fund Equity:						
Contributions	520	2,876	2,577	13	456	682
Retained Earnings:						
Unreserved	3,395	233	1,979	6,604	756	431
Total Fund Equity	3,915	3,109	4,556	6,617	1,212	1,113
Total Liabilities and Fund Equity	\$ 18,386	\$ 6,418	\$ 7,181	\$ 7,470	\$ 1,998	\$ 1,325

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Assets	Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation
Cash and Cash Equivalents	\$ 363	\$ 11,061	\$ 1,504	\$ 317	\$ 4,089
Securities Lending Collateral	96	2,925	404	84	1,082
Accounts Receivable	16	6	1	1	1
Due From Other Funds	192	945	1,559	249	339
Due From Component Units	3	333	1	1	1
Due From Other Governments	3	333	1	1	1
Inventory	3	333	1	1	1
Deferred Fiscal Charges and Other Assets	3	333	1	1	1
Property, Plant and Equipment (Net)	78	13,408	13	13	13
Total Assets	\$ 748	\$ 14,931	\$ 17,214	\$ 665	\$ 5,510
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$ 35	\$ 12	\$ 263	\$ 12	\$ 17
Accrued Liabilities	18	7	23	141	7
Compensated Absences Payable	40	20	26	407	20
Due To Other Funds	22	4	540	46	2
Due To Component Units	61	61	61	61	61
Deferred Revenue	61	61	61	61	61
Policy Claims Liabilities	6,204	6,204	6,204	6,204	6,204
Securities Lending Collateral Liability	96	2,925	404	84	1,082
Bonds and Notes Payable (Net)	9,081	9,081	9,081	9,081	9,081
Capital Lease Obligations	9,081	9,081	9,081	9,081	9,081
Total Liabilities	211	9,172	10,398	690	19,037
Fund Equity:					
Contributions	4,521	5,033	107	107	107
Retained Earnings:	(3,984)	5,759	1,783	(132)	(13,527)
Unreserved	(3,984)	5,759	1,783	(132)	(13,527)
Total Fund Equity	537	5,759	6,816	(25)	(13,527)
Total Liabilities and Fund Equity	\$ 748	\$ 14,931	\$ 17,214	\$ 665	\$ 5,510

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Assets	Investment Council	Other	Total
Cash and Cash Equivalents	\$ 285	\$ 3,814	\$ 42,773
Securities Lending Collateral	77	1,012	11,329
Accounts Receivable		218	308
Due From Other Funds	270	1,024	10,680
Due From Component Units		61	726
Due From Other Governments		56	56
Inventory		347	1,291
Deferred Fiscal Charges and Other Assets	14	21	1,323
Property, Plant and Equipment (Net)	8	1,128	21,695
Total Assets	\$ 654	\$ 7,681	\$ 90,181

Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ 62	\$ 233	\$ 2,242
Accrued Liabilities	104	251	1,458
Compensated Absences Payable	398	741	4,227
Due To Other Funds	5	515	1,663
Due To Component Units		1	62
Deferred Revenue		37	3,745
Policy Claims Liabilities			30,849
Securities Lending Collateral Liability	77	1,012	11,329
Bonds and Notes Payable (Net)			148
Capital Lease Obligations		570	10,047
Total Liabilities	646	3,360	65,770
Fund Equity:			
Contributions		1,685	18,470
Retained Earnings:			
Unreserved	8	2,636	5,941
Total Fund Equity	8	4,321	24,411
Total Liabilities and Fund Equity	\$ 654	\$ 7,681	\$ 90,181

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Self- Insurance</u>	<u>Information Services</u>	<u>Tele- Communi- cations</u>	<u>Accounting and Payroll</u>	<u>Buildings and Grounds</u>	<u>Central Mail</u>
Operating Revenue:						
Use of Money and Property	\$ 1	\$	\$	\$	\$ 18	\$
Sales and Services	53,980	14,110	14,599	2,995	3,728	3,351
Other Revenue					12	
Total Operating Revenue:	<u>53,981</u>	<u>14,110</u>	<u>14,599</u>	<u>2,995</u>	<u>3,758</u>	<u>3,351</u>
Operating Expenses:						
Personal Services and Benefits	266	8,163	3,828	412	2,132	287
Travel	11	79	133	3	5	5
Contractual Services	4,385	4,220	7,791	1,493	967	147
Supplies and Materials	76	678	1,070	95	472	2,950
Interest			28		11	
Depreciation/Amortization	1	562	880	1,009	71	41
Insurance Claims	52,335					
Total Operating Expenses	<u>57,074</u>	<u>13,702</u>	<u>13,730</u>	<u>3,012</u>	<u>3,658</u>	<u>3,430</u>
Operating Income (Loss)	<u>(3,093)</u>	<u>408</u>	<u>869</u>	<u>(17)</u>	<u>100</u>	<u>(79)</u>
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets			1		7	
Loss on Disposal of Assets		(7)				
Interest Income	1,491	227	230	217	36	30
Interest Expense						
Other Expense	(212)	(31)	(33)	(30)	(4)	(4)
Total Nonoperating Revenue (Expenses)	<u>1,279</u>	<u>189</u>	<u>198</u>	<u>187</u>	<u>39</u>	<u>26</u>
Net Income (Loss) Before Operating Transfers	(1,814)	597	1,067	170	139	(53)
Operating Transfers:						
Operating Transfers In			149	1,022		35
Operating Transfers Out						
Net Operating Transfers	<u>0</u>	<u>0</u>	<u>149</u>	<u>1,022</u>	<u>0</u>	<u>35</u>
Net Income (Loss)	<u>(1,814)</u>	<u>597</u>	<u>1,216</u>	<u>1,192</u>	<u>139</u>	<u>(18)</u>
Retained Earnings At Beginning of Year	5,209	132	763	5,412	617	449
Residual Equity Transfers Out		(496)				
Retained Earnings at End of Year	<u>\$ 3,395</u>	<u>\$ 233</u>	<u>\$ 1,979</u>	<u>\$ 6,604</u>	<u>\$ 756</u>	<u>\$ 431</u>

Continued on Next Page

	Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation
Operating Revenue:					
Use of Money and Property	\$	\$	\$	\$	\$
Sales and Services	813	28	10,607	3,073	3,080
Other Revenue					
Total Operating Revenue:	<u>813</u>	<u>28</u>	<u>10,607</u>	<u>3,073</u>	<u>3,080</u>
Operating Expenses:					
Personal Services and Benefits	248	129	357	2,281	120
Travel	10	16	13	73	1
Contractual Services	424	1,573	1,682	594	220
Supplies and Materials	86	27	4,404	320	7
Interest		2	372		
Depreciation/Amortization	42	6	4,143	5	
Insurance Claims		996			8,236
Total Operating Expenses	<u>810</u>	<u>2,749</u>	<u>10,971</u>	<u>3,273</u>	<u>8,584</u>
Operating Income (Loss)	<u>3</u>	<u>(2,721)</u>	<u>(364)</u>	<u>(200)</u>	<u>(5,504)</u>
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets					
Loss on Disposal of Assets	(3)		(52)		
Interest Income	31	1,241		20	446
Interest Expense			(19)		
Other Expense	(4)	(176)		(4)	(63)
Total Nonoperating Revenue (Expenses)	<u>24</u>	<u>1,065</u>	<u>(71)</u>	<u>16</u>	<u>383</u>
Net Income (Loss) Before Operating Transfers	27	(1,656)	(435)	(184)	(5,121)
Operating Transfers:					
Operating Transfers In			63	175	
Operating Transfers Out					
Net Operating Transfers	<u>0</u>	<u>0</u>	<u>63</u>	<u>175</u>	<u>0</u>
Net Income (Loss)	27	(1,656)	(372)	(9)	(5,121)
Retained Earnings At Beginning of Year	(4,011)	7,415	2,155	(123)	(8,406)
Residual Equity Transfers Out					
Retained Earnings at End of Year	<u>\$ (3,984)</u>	<u>\$ 5,759</u>	<u>\$ 1,783</u>	<u>\$ (132)</u>	<u>\$ (13,527)</u>

Continued on Next Page

	Investment Council	Other	Total
Operating Revenue:			
Use of Money and Property	\$	\$	\$ 19
Sales and Services	3,227	10,909	124,500
Other Revenue		56	68
Total Operating Revenue:	<u>3,227</u>	<u>10,965</u>	<u>124,587</u>
Operating Expenses:			
Personal Services and Benefits	2,204	4,234	24,661
Travel	47	210	606
Contractual Services	874	2,145	26,515
Supplies and Materials	49	2,856	13,090
Interest		82	495
Depreciation/Amortization	2	348	7,110
Insurance Claims		195	61,762
Total Operating Expenses	<u>3,176</u>	<u>10,070</u>	<u>134,239</u>
Operating Income (Loss)	<u>51</u>	<u>895</u>	<u>(9,652)</u>
Nonoperating Revenue (Expenses):			
Gain on Disposal of Assets		4	12
Loss on Disposal of Assets			(62)
Interest Income		330	4,299
Interest Expense			(19)
Other Expense		(49)	(610)
Total Nonoperating Revenue (Expenses)	<u>0</u>	<u>285</u>	<u>3,620</u>
Net Income (Loss) Before Operating Transfers	51	1,180	(6,032)
Operating Transfers:			
Operating Transfers In		25	1,469
Operating Transfers Out		(308)	(308)
Net Operating Transfers	<u>0</u>	<u>(283)</u>	<u>1,161</u>
Net Income (Loss)	51	897	(4,871)
Retained Earnings At Beginning of Year	(43)	1,739	11,308
Residual Equity Transfers Out			(496)
Retained Earnings at End of Year	<u>\$ 8</u>	<u>\$ 2,636</u>	<u>\$ 5,941</u>

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Self- Insurance</u>	<u>Information Services</u>	<u>Tele- communi- cations</u>	<u>Accounting and Payroll</u>	<u>Buildings and Grounds</u>	<u>Central Mail</u>
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ (3,093)	\$ 408	\$ 869	\$ (17)	\$ 100	\$ (79)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation/Amortization Expense	1	562	880	1,009	71	41
Interest Expense			24		11	
Decrease/(Increase) in Assets:						
Accounts Receivable		4	39	3	2	(8)
Due From Other Funds		20	(89)	110	(60)	(20)
Due From Component Units		(4)	11	13		
Due From Other Governments						
Inventory		10	24		6	177
Advances to Other Funds		496				
Deferred Fiscal Charges and Other Assets	(22)	(42)	(72)	(120)	(4)	21
Increase/(Decrease) in Liabilities:						
Accounts Payable	(13)	102	(369)	50	1	(3)
Accrued Liabilities	3	30	17	(2)	5	1
Compensated Absences Payable	(2)	64	37	(3)	24	6
Due To Other Funds	14	(29)	13	22	(6)	
Due To Component Units						
Deferred Revenue	383					
Advances From Other Funds						
Policy Claim Liabilities	217					
Total Adjustments	<u>581</u>	<u>1,213</u>	<u>515</u>	<u>1,082</u>	<u>50</u>	<u>215</u>
Net Cash Provided (Used) by Operating Activities	<u>(2,512)</u>	<u>1,621</u>	<u>1,384</u>	<u>1,065</u>	<u>150</u>	<u>136</u>
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets		(332)	(936)	(2,181)	(28)	(24)
Sales of Capital Assets			1		11	
Payments on Notes					(70)	
Payments on Capital Lease Obligations			(208)			
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>	<u>(332)</u>	<u>(1,143)</u>	<u>(2,181)</u>	<u>(87)</u>	<u>(24)</u>
Cash Flows From Noncapital Financing Activities:						
Operating Transfers In			149	1,022		35
Operating Transfers Out						
Residual Equity Transfers In						
Residual Equity Transfers Out		(496)				
Net Cash Provided(Used) From Noncapital Financing Activities	<u>0</u>	<u>(496)</u>	<u>149</u>	<u>1,022</u>	<u>0</u>	<u>35</u>
Cash Flows From Investing Activities						
Investment Income (Expense)	1,387	179	87	120	30	13
Security Lending Rebate Fees	(212)	(31)	(32)	(30)	(4)	(4)
Net Cash Provided (Used) by Investing Activities	<u>1,175</u>	<u>148</u>	<u>55</u>	<u>90</u>	<u>26</u>	<u>9</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(1,337)	941	445	(4)	89	156
Cash and Cash Equivalents at Beginning of Year	14,586	2,119	1,953	1,671	367	354
Cash and Cash Equivalents at End of Year	<u>\$ 13,249</u>	<u>\$ 3,060</u>	<u>\$ 2,398</u>	<u>\$ 1,667</u>	<u>\$ 456</u>	<u>\$ 510</u>
Noncash Investing, Capital and Financing Activities:						
Loss/(Gain) on Disposal of Fixed Assets		7			(7)	
Capital Lease Obligations Entered Into						

Continued on Next Page

	Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 3	\$ (2,721)	\$ (364)	\$ (200)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation/Amortization Expense	42	6	4,143	5
Interest Expense			372	
Decrease/(Increase) in Assets:				
Accounts Receivable	10		14	4
Due From Other Funds	(158)	19	(464)	186
Due From Component Units	20		(97)	
Due From Other Governments				
Inventory				
Advances to Other Funds				
Deferred Fiscal Charges and Other Assets		320		
Increase/(Decrease) in Liabilities:				
Accounts Payable	31	(13)	(223)	(25)
Accrued Liabilities	8	(1)	2	5
Compensated Absences Payable	16	(5)	1	2
Due To Other Funds	3	(2)	257	(15)
Due To Component Units			(3)	
Deferred Revenue			(1)	
Advances From Other Funds	(496)			
Policy Claim Liabilities		255		
Total Adjustments	(524)	579	4,001	162
Net Cash Provided (Used) by Operating Activities	(521)	(2,142)	3,637	(38)
Cash Flows From Capital and Related Financing Activities:				
Purchases of Capital Assets	(10)		(715)	
Sales of Capital Assets			765	
Payments on Notes				
Payments on Capital Lease Obligations			(3,256)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(10)	0	(3,206)	0
Cash Flows From Noncapital Financing Activities:				
Operating Transfers In			63	175
Operating Transfers Out				
Residual Equity Transfers In	496			
Residual Equity Transfers Out				
Net Cash Provided(Used) From Noncapital Financing Activities	496	0	63	175
Cash Flows From Investing Activities				
Investment Income (Expense)	27	1,072	78	13
Security Lending Rebate Fees	(4)	(176)		(4)
Net Cash Provided (Used) by Investing Activities	23	896	78	9
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year				
	(12)	(1,246)	572	146
Cash and Cash Equivalents at Beginning of Year				
	375	12,307	932	171
Cash and Cash Equivalents at End of Year	<u>\$ 363</u>	<u>\$ 11,061</u>	<u>\$ 1,504</u>	<u>\$ 317</u>
Noncash Investing, Capital and Financing Activities:				
Loss/(Gain) on Disposal of Fixed Assets	3		52	
Capital Lease Obligations Entered Into			5,730	

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	Workers Compensation	Investment Council	Other	Total
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (5,504)	\$ 51	\$ 895	\$ (9,652)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation/Amortization Expense		2	348	7,110
Interest Expense			82	489
Decrease/(Increase) in Assets:				
Accounts Receivable			4	72
Due From Other Funds		(270)	(63)	(789)
Due From Component Units			23	(34)
Due From Other Governments			13	13
Inventory			23	240
Advances to Other Funds				496
Deferred Fiscal Charges and Other Assets		5	(3)	83
Increase/(Decrease) in Liabilities:				
Accounts Payable	2		(117)	(577)
Accrued Liabilities	1	7	20	96
Compensated Absences Payable	7	58	45	250
Due To Other Funds	(1)	(1)	98	353
Due To Component Units			1	(2)
Deferred Revenue			(7)	375
Advances From Other Funds				(496)
Policy Claim Liabilities	5,390			5,862
Total Adjustments	5,399	(199)	467	13,541
Net Cash Provided (Used) by Operating Activities	(105)	(148)	1,362	3,889
Cash Flows From Capital and Related Financing Activities:				
Purchases of Capital Assets			(141)	(4,367)
Sales of Capital Assets				777
Payments on Notes				(70)
Payments on Capital Lease Obligations			(297)	(3,761)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	(438)	(7,421)
Cash Flows From Noncapital Financing Activities:				
Operating Transfers In			25	1,469
Operating Transfers Out			(308)	(308)
Residual Equity Transfers In				496
Residual Equity Transfers Out				(496)
Net Cash Provided(Used) From Noncapital Financing Activities	0	0	(283)	1,161
Cash Flows From Investing Activities				
Investment Income (Expense)	376		266	3,648
Security Lending Rebate Fees	(63)		(47)	(607)
Net Cash Provided (Used) by Investing Activities	313	0	219	3,041
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year				
	208	(148)	860	670
Cash and Cash Equivalents at Beginning of Year				
	3,881	433	2,954	42,103
Cash and Cash Equivalents at End of Year	<u>\$ 4,089</u>	<u>\$ 285</u>	<u>\$ 3,814</u>	<u>\$ 42,773</u>
Noncash Investing, Capital and Financing Activities:				
Loss/(Gain) on Disposal of Fixed Assets			(4)	51
Capital Lease Obligations Entered Into				5,730

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
June 30, 2001
(Expressed in Thousands)

Assets	Expendable Trust	Nonexpendable Trust	Pension Trust	Agency	Total
Cash and Cash Equivalents	\$ 155,605	\$ 63,705	\$ 13,868	\$ 94,348	\$ 327,526
Investments	212,287	131,698	5,131,128		5,475,113
Securities Lending Collateral	1,782	15,233	336,244	24,399	377,658
Accounts Receivable	1,018		73,141	90	74,249
Taxes Receivable (Net)				92,389	92,389
Interest, Dividends, & Penalties Receivable	1,446	1,544		9,530	12,520
Loans and Notes Receivable (Net)		233			233
Due From Other Funds	580	3,599	823	3,743	8,745
Due From Component Units				74	74
Due From Other Governments	153			3,104	3,257
Advances To Other Funds	1,274	585			1,859
Deferred Fiscal Charges and Other Assets	433		10		443
Property, Plant and Equipment (Net)		10,715	29		10,744
Total Assets	\$ 374,578	\$ 227,312	\$ 5,555,243	\$ 227,677	\$ 6,384,810
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$ 17,504	\$ 36	\$ 244,375	\$ 2,707	\$ 264,622
Accrued Liabilities	1,292	5	67	2,060	3,424
Compensated Absences Payable			210		210
Due To Other Funds	198	94	263	153,666	154,221
Due To Component Units		77		3,523	3,600
Due To Other Governments				34,493	34,493
Escrow Payable				2	2
Amounts Held in Custody for Others				6,827	6,827
Advances From Other Funds	38				38
Policy Claim Liabilities	3,022				3,022
Securities Lending Collateral Liability	1,782	15,233	336,244	24,399	377,658
Total Liabilities	23,836	15,445	581,159	227,677	848,117
Fund Equity:					
Fund Balance:					
Reserved	350,742	211,867	4,974,084		5,536,693
Total Fund Equity	350,742	211,867	4,974,084	0	5,536,693
Total Liabilities and Fund Equity	\$ 374,578	\$ 227,312	\$ 5,555,243	\$ 227,677	\$ 6,384,810

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
June 30, 2001
(Expressed in Thousands)**

Assets	Unemployment Insurance	Deferred Compensation	Dakota Cement Trust	Vocational Education Facilities	Second Injury
Cash and Cash Equivalents	\$ 46,888	\$ 189	\$ 100,912	\$ 1,520	\$ 1,934
Investments		69,862	142,050		
Securities Lending Collateral				402	512
Accounts Receivable	739	133			
Interest, Dividends, & Penalties Receivable			1,442		
Due From Other Funds	40	14		121	150
Due From Other Governments	153				
Advances To Other Funds					
Deferred Fiscal Charges and Other Assets					
Total Assets	\$ 47,820	\$ 70,198	\$ 244,404	\$ 2,043	\$ 2,596
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$	\$ 210	\$ 17,176	\$	\$
Accrued Liabilities					1
Due To Other Funds	20			100	
Advances From Other Funds					
Policy Claim Liabilities					3,022
Securities Lending Collateral Liability				402	512
Total Liabilities	20	210	17,176	502	3,535
Fund Equity:					
Fund Balance:					
Reserved	47,800	69,988	227,228	1,541	(939)
Total Fund Equity	47,800	69,988	227,228	1,541	(939)
Total Liabilities and Fund Equity	\$ 47,820	\$ 70,198	\$ 244,404	\$ 2,043	\$ 2,596

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Assets	Corrections Trust	Childs Own	Unclaimed Property	Other	Total
Cash and Cash Equivalents	\$ 492	\$ 116	\$ 50	\$ 3,504	\$ 155,605
Investments				375	212,287
Securities Lending Collateral	32	30	13	793	1,782
Accounts Receivable		146			1,018
Interest, Dividends, & Penalties Receivable				4	1,446
Due From Other Funds	30	18		207	580
Due From Other Governments					153
Advances To Other Funds			1,274		1,274
Deferred Fiscal Charges and Other Assets				433	433
Total Assets	\$ 554	\$ 310	\$ 1,337	\$ 5,316	\$ 374,578
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$ 16	\$ 95	\$	\$ 7	\$ 17,504
Accrued Liabilities			1,284	7	1,292
Due To Other Funds	12		10	56	198
Advances From Other Funds				38	38
Policy Claim Liabilities					3,022
Securities Lending Collateral Liability	32	30	13	793	1,782
Total Liabilities	60	125	1,307	901	23,836
Fund Equity:					
Fund Balance:					
Reserved	494	185	30	4,415	350,742
Total Fund Equity	494	185	30	4,415	350,742
Total Liabilities and Fund Equity	\$ 554	\$ 310	\$ 1,337	\$ 5,316	\$ 374,578

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Unemployment Insurance</u>	<u>Deferred Compensation</u>	<u>Dakota Cement Trust</u>	<u>Vocational Education Facilities</u>	<u>Second Injury</u>
Revenue:					
Taxes	\$ 13,594	\$	\$	\$	\$ 206
Licenses, Permits and Fees					
Use of Money and Property	3,436	216	1,228	158	199
Sales and Services					
Administering Programs					
Deferred Compensation		5,779			
Other Revenue					
Total Revenue	<u>17,030</u>	<u>5,995</u>	<u>1,228</u>	<u>158</u>	<u>405</u>
Expenditures:					
Education and Research				22	
General Government					
Human Resources	19,125	2,420			
Natural Resources					
Protection of Domain					3,157
Total Expenditures	<u>19,125</u>	<u>2,420</u>	<u>0</u>	<u>22</u>	<u>3,157</u>
Excess of Revenue Over (Under) Expenditures	(2,095)	3,575	1,228	136	(2,752)
Other Financing Sources (Uses):					
Operating Transfers In					
Operating Transfers Out	(201)		(12,000)	(100)	
Net Other Financing Sources (Uses)	<u>(201)</u>	<u>0</u>	<u>(12,000)</u>	<u>(100)</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,296)	3,575	(10,772)	36	(2,752)
Fund Balance at Beginning of Year	50,096	66,413		1,505	1,813
Residual Equity Transfers In			238,000		
Fund Balance at End of Year	<u>\$ 47,800</u>	<u>\$ 69,988</u>	<u>\$ 227,228</u>	<u>\$ 1,541</u>	<u>\$ (939)</u>

Continued on Next Page

	<u>Corrections Trust</u>	<u>Childs Own</u>	<u>Unclaimed Property</u>	<u>Other</u>	<u>Total</u>
Revenue:					
Taxes	\$	\$	\$	\$	\$ 13,800
Licenses, Permits and Fees				165	165
Use of Money and Property	29	24		321	5,611
Sales and Services				844	844
Administering Programs				108	108
Deferred Compensation					5,779
Other Revenue	2,878	815	3,362	177	7,232
Total Revenue	<u>2,907</u>	<u>839</u>	<u>3,362</u>	<u>1,615</u>	<u>33,539</u>
Expenditures:					
Education and Research				5	27
General Government			1,468	148	1,616
Human Resources	3,363	977		1,405	27,290
Natural Resources				19	19
Protection of Domain				93	3,250
Total Expenditures	<u>3,363</u>	<u>977</u>	<u>1,468</u>	<u>1,670</u>	<u>32,202</u>
Excess of Revenue Over (Under) Expend	(456)	(138)	1,894	(55)	1,337
Other Financing Sources (Uses):					
Operating Transfers In				223	223
Operating Transfers Out			(2,006)	(102)	(14,409)
Net Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(2,006)</u>	<u>121</u>	<u>(14,186)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(456)	(138)	(112)	66	(12,849)
Fund Balance at Beginning of Year	950	323	142	4,349	125,591
Residual Equity Transfers In					238,000
Fund Balance at End of Year	<u>\$ 494</u>	<u>\$ 185</u>	<u>\$ 30</u>	<u>\$ 4,415</u>	<u>\$ 350,742</u>

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS**

June 30, 2001

(Expressed in Thousands)

<u>Assets</u>	<u>Youth-at-Risk</u>	<u>School and Public Lands</u>	<u>People's Trust and Interest</u>	<u>Other</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 6,472	\$ 6,356	\$ 50,877	\$	\$ 63,705
Investments		131,698			131,698
Securities Lending Collateral	1,709		13,524		15,233
Interest, Dividends, & Penalties Receivable		1,544			1,544
Loans and Notes Receivable (Net)		233			233
Due From Other Funds	803		2,796		3,599
Advances To Other Funds	585				585
Property, Plant and Equipment		10,715			10,715
Total Assets	\$ 9,569	\$ 150,546	\$ 67,197	\$ 0	\$ 227,312
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts Payable	\$ 36	\$	\$	\$	\$ 36
Accrued Liabilities	5				5
Due To Other Funds	21	73			94
Due To Component Units		77			77
Securities Lending Collateral Liability	1,709		13,524		15,233
Total Liabilities	1,771	150	13,524	0	15,445
Fund Equity:					
Fund Balance:					
Reserved	7,798	150,396	53,673		211,867
Total Fund Equity	7,798	150,396	53,673	0	211,867
Total Liabilities and Fund Equity	\$ 9,569	\$ 150,546	\$ 67,197	\$ 0	\$ 227,312

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
NONEXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Youth-at-Risk</u>	<u>School and Public Lands</u>	<u>People's Trust and Interest</u>	<u>Other</u>	<u>Total</u>
Operating Revenue:					
Use of Money and Property	\$ 826	\$ 16,004	\$ 3,752	\$	\$ 20,582
Administering Programs	20				20
Tobacco Settlement			21,916		21,916
Total Operating Revenue	<u>846</u>	<u>16,004</u>	<u>25,668</u>	<u>0</u>	<u>42,518</u>
Operating Expenses:					
Personal Services and Benefits	103				103
Travel	19				19
Contractual Services	407				407
Supplies and Materials	2			4	6
Grants		9,609			9,609
Other	112		520		632
Total Operating Expenses	<u>643</u>	<u>9,609</u>	<u>520</u>	<u>4</u>	<u>10,776</u>
Operating Income	<u>203</u>	<u>6,395</u>	<u>25,148</u>	<u>(4)</u>	<u>31,742</u>
Nonoperating Revenue:					
Gain on Disposal of Assets		2,112			2,112
Total Nonoperating Revenue	<u>0</u>	<u>2,112</u>	<u>0</u>	<u>0</u>	<u>2,112</u>
Income Before Operating Transfers	203	8,507	25,148	(4)	33,854
Operating Transfers:					
Operating Transfers In		64			64
Operating Transfers Out	(1,000)	(440)	(800)		(2,240)
Operating Transfers To Component Units		(1,616)			(1,616)
Net Operating Transfers	<u>(1,000)</u>	<u>(1,992)</u>	<u>(800)</u>	<u>0</u>	<u>(3,792)</u>
Net Income	(797)	6,515	24,348	(4)	30,062
Fund Balance at Beginning of Year	<u>8,595</u>	<u>143,881</u>	<u>29,325</u>	<u>4</u>	<u>181,805</u>
Fund Balance at End of Year	<u>\$ 7,798</u>	<u>\$ 150,396</u>	<u>\$ 53,673</u>	<u>\$ 0</u>	<u>\$ 211,867</u>

STATE OF SOUTH DAKOTA

**COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS**

**For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)**

	<u>Youth at Risk</u>	<u>School and Public Lands</u>	<u>People's Trust and Interest</u>	<u>Other</u>	<u>Totals</u>
Cash Flows from Operating Activities:					
Operating Income (Loss)	\$ 203	\$ 6,395	\$ 25,148	\$ (4)	\$ 31,742
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Investment Income	(676)	(9,404)	(3,231)		(13,311)
Decrease/(Increase) in Assets:					
Interest, Dividends & Penalties Receivable		(22)			(22)
Loans and Notes Receivable		57			57
Due From Other Funds	(58)				(58)
Increase/(Decrease) in Liabilities:					
Accounts Payable	14				14
Accrued Liabilities	6				6
Due To Other Funds		66			66
Due To Component Units		77			77
Total Adjustments	<u>(714)</u>	<u>(9,226)</u>	<u>(3,231)</u>	<u>0</u>	<u>(13,171)</u>
Net Cash Provided (Used) by Operating Activities	<u>(511)</u>	<u>(2,831)</u>	<u>21,917</u>	<u>(4)</u>	<u>18,571</u>
Cash Flows From Capital and Related Financing Activities:					
Sales of Capital Assets		439			439
Net Cash Provided (Used) by Capital and Related Financial Activities	<u>0</u>	<u>439</u>	<u>0</u>	<u>0</u>	<u>439</u>
Cash Flows From Noncapital Financing Activities:					
Operating Transfers In		27			27
Operating Transfers Out	(1,000)	(440)	(800)		(2,240)
Operating Transfers To Component Units		(1,616)			(1,616)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,000)</u>	<u>(2,029)</u>	<u>(800)</u>	<u>0</u>	<u>(3,829)</u>
Cash Flows From Investing Activities:					
Investment Income	686	10,889	1,671		13,246
Purchase of Investment Securities		(93,338)			(93,338)
Proceeds From Sales and Maturities of Investment Securities		78,286			78,286
Security Lending Rebate Fees	(112)		(520)		(632)
Net Cash Provided by Investing Activities	<u>574</u>	<u>(4,163)</u>	<u>1,151</u>	<u>0</u>	<u>(2,438)</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(937)	(8,584)	22,268	(4)	12,743
Cash and Cash Equivalents at Beginning of Year	<u>7,409</u>	<u>14,940</u>	<u>28,609</u>	<u>4</u>	<u>50,962</u>

STATE OF SOUTH DAKOTA
STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
June 30, 2001
(Expressed in Thousands)

Assets	South Dakota Retirement System	Cement Plant Retirement System	Total
Cash and Cash Equivalents	\$ 11,413	\$ 2,455	\$ 13,868
Receivables:			
Employer	2,241		2,241
Employee	5,268		5,268
Benefits	44		44
Unsettled Investment Sales	45,118		45,118
Investment Income	19,555	145	19,700
Due From Other Funds	823		823
Total Receivables	<u>73,049</u>	<u>145</u>	<u>73,194</u>
Investments, at Fair Value:			
Fixed Income	1,861,872	8,686	1,870,558
Equities	2,775,413	19,781	2,795,194
Real Estate	285,326	2,001	287,327
Private Equity	176,783	1,266	178,049
Total Investments	<u>5,099,394</u>	<u>31,734</u>	<u>5,131,128</u>
Securities Lending Collateral	335,416	828	336,244
Due From Broker	722	48	770
Properties, at Cost	68		68
Accumulated Depreciation	(39)		(39)
Other Assets	<u>10</u>		<u>10</u>
Total Assets	<u><u>5,520,033</u></u>	<u><u>35,210</u></u>	<u><u>5,555,243</u></u>
Liabilities			
Payables:			
Accounts Payable	629		629
Accrued Liabilities	67		67
Compensated Absences Payable	210		210
Due To Other Funds	259	4	263
Securities Sold, But Not Yet Purchased, at Fair Value	197,149		197,149
Unsettled Investment Purchases	46,597		46,597
Securities Lending Collateral Liability	335,416	828	336,244
Total Liabilities	<u>580,327</u>	<u>832</u>	<u>581,159</u>
Net Assets Held In Trust For Pension Benefits	<u><u>\$ 4,939,706</u></u>	<u><u>\$ 34,378</u></u>	<u><u>\$ 4,974,084</u></u>

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Department of Revenue - Tax Collections	Balance July 1, 2000 Restated	Additions	Deductions	Balance June 30, 2001
Assets:				
Cash and Cash Equivalents	\$ 29,514	\$ 932,929	\$ 929,651	\$ 32,792
Securities Lending Collateral	6,717	8,721	6,717	8,721
Accounts Receivable	110	90	110	90
Taxes Receivable (Net)	90,438	92,389	90,438	92,389
Due From Other Funds	1,754	1,871	1,754	1,871
Due From Other Governments	2,615	3,093	2,615	3,093
Total Assets	\$ 131,148	\$ 1,039,093	\$ 1,031,285	\$ 138,956
Liabilities:				
Accounts Payable	\$ 8	\$ 316	\$ 62	\$ 262
Accrued Liabilities	1,285	2,802	2,134	1,953
Due To Other Funds	92,212	810,577	808,177	94,612
Due To Other Governments	26,675	230,475	227,124	30,026
Amounts Held in Custody for Others	4,251	1,412	2,281	3,382
Securities Lending Collateral Liability	6,717	8,721	6,717	8,721
Total Liabilities	\$ 131,148	\$ 1,054,303	\$ 1,046,495	\$ 138,956
Investment Council - Pooled Interest Fund				
Assets:				
Cash and Cash Equivalents	\$ 36,383	\$ 50,660	\$ 36,383	\$ 50,660
Securities Lending Collateral	8,241	13,592	8,241	13,592
Interest, Dividends & Penalties Receivable	9,301	9,530	9,301	9,530
Due From Other Funds	651	83	651	83
Due From Component Units	24	40	24	40
Total Assets	\$ 54,600	\$ 73,905	\$ 54,600	\$ 73,905
Liabilities:				
Accounts Payable	\$ 0	\$ 2,154	\$	\$ 2,154
Due To Other Funds	39,610	54,649	39,610	54,649
Due To Component Units	6,749	3,510	6,749	3,510
Securities Lending Collateral Liability	8,241	13,592	8,241	13,592
Total Liabilities	\$ 54,600	\$ 73,905	\$ 54,600	\$ 73,905
State Auditor - Payroll Withholding				
Assets:				
Cash and Cash Equivalents	\$ 3,193	\$ 126,467	\$ 126,210	\$ 3,450
Securities Lending Collateral	723	926	723	926
Total Assets	\$ 3,916	\$ 127,393	\$ 126,933	\$ 4,376
Liabilities:				
Due To Other Governments	\$ 3,193	\$ 126,465	\$ 126,208	\$ 3,450
Securities Lending Collateral Liability	723	926	723	926
Total Liabilities	\$ 3,916	\$ 127,391	\$ 126,931	\$ 4,376

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STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (Continued)
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Other Agency Funds	Balance July 1, 2000 Restated	Additions	Deductions	Balance June 30, 2001
Assets:				
Cash and Cash Equivalents	\$ 5,963	\$ 115,850	\$ 114,367	\$ 7,446
Securities Lending Collateral	875	1,160	875	1,160
Accounts Receivable	30		30	0
Due From Other Funds	2,665	1,789	2,665	1,789
Due From Component Units	0	34		34
Due From Other Governments	42	886	917	11
Total Assets	\$ 9,575	\$ 119,719	\$ 118,854	\$ 10,440
Liabilities:				
Accounts Payable	\$ 417	\$ 3,426	\$ 3,552	\$ 291
Accrued Liabilities	66	141	100	107
Due To Other Funds	4,191	32,722	32,508	4,405
Due To Component Units	52	13	52	13
Due To Other Governments	585	1,333	901	1,017
Escrow Payable	90	2,424	2,512	2
Amounts Held in Custody for Others	3,299	76,330	76,184	3,445
Securities Lending Collateral Liability	875	1,160	875	1,160
Total Liabilities	\$ 9,575	\$ 117,549	\$ 116,684	\$ 10,440
 Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 75,053	\$ 1,225,906	\$ 1,206,611	\$ 94,348
Securities Lending Collateral	16,556	24,399	16,556	24,399
Accounts Receivable	140	90	140	90
Taxes Receivable (Net)	90,438	92,389	90,438	92,389
Interest, Dividends & Penalties Receivable	9,301	9,530	9,301	9,530
Due From Other Funds	5,070	3,743	5,070	3,743
Due From Component Units	24	74	24	74
Due From Other Governments	2,657	3,979	3,532	3,104
Total Assets	\$ 199,239	\$ 1,360,110	\$ 1,331,672	\$ 227,677
Liabilities:				
Accounts Payable	\$ 425	\$ 5,896	\$ 3,614	\$ 2,707
Accrued Liabilities	1,351	2,943	2,234	2,060
Due To Other Funds	136,013	897,948	880,295	153,666
Due To Component Units	6,801	3,523	6,801	3,523
Due To Other Governments	30,453	358,273	354,233	34,493
Escrow Payable	90	2,424	2,512	2
Amounts Held in Custody for Others	7,550	77,742	78,465	6,827
Securities Lending Collateral Liability	16,556	24,399	16,556	24,399
Total Liabilities	\$ 199,239	\$ 1,373,148	\$ 1,344,710	\$ 227,677

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
COMPONENT UNITS
June 30, 2001
(Expressed in Thousands)

	Special	Enterprise			
	Revenue	Housing	Finance	Cement	CREP
	Housing	Authority	Authority	Plant	Program
Authority					
Assets					
Cash and Cash Equivalents	\$ 2,893	\$ 240,584	\$ 2,599	\$	\$ 878
Investments		411,877	3,972		
Securities Lending Collateral					
Accounts Receivable					2
Interest, Dividends, & Penalties Receivable		11,027	176		332
Loans and Notes Receivable (Net)	20,545	1,073,100	8,327		6,224
Due From Primary Government					
Due From Component Units	13				
Due From Other Governments	166				
Inventory		2,344			
Restricted Assets:					
Investments			5,844		
Deferred Fiscal Charges and Other Assets		15,774			134
Property, Plant and Equipment (Net)		1,638			
Total Assets	\$ 23,617	\$ 1,756,344	\$ 20,918	\$ 0	\$ 7,570
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$	\$ 2,278	\$ 8	\$	\$ 3
Accrued Liabilities		14,350	114		72
Compensated Absences Payable		139			
Due To Primary Government		84	109		
Due To Component Units		13			
Due To Other Governments	2,830		2,343		
Deferred Revenue					13
Escrow Payable	11	24,722	1,071		
Amounts Held in Custody for Others					
Securities Lending Collateral Liability					
Bonds and Notes Payable (Net)		1,459,205	7,270		6,592
Trust Certificates Payable					
Capital Lease Obligations					
Other Liabilities			4		
Total Liabilities	2,841	1,500,791	10,919	0	6,680
Fund Equity:					
Contributions			3,000		
Investment in Fixed Assets					
Retained Earnings:					
Reserved		255,553	3,027		
Unreserved			3,972		890
Fund Balance:					
Reserved	20,776				
Unreserved:					
Undesignated					
Total Fund Equity	20,776	255,553	9,999	0	890
Total Liabilities and Fund Equity	\$ 23,617	\$ 1,756,344	\$ 20,918	\$ 0	\$ 7,570

Continued on Next Page

	<u>Enterprise State Fair</u>	<u>Higher Education</u>	<u>Total</u>	<u>Enterprise Totals</u>
Assets				
Cash and Cash Equivalents	\$	\$ 58,088	\$ 305,042	\$ 244,061
Investments		583	416,432	415,849
Securities Lending Collateral		14,027	14,027	
Accounts Receivable	59	5,681	5,742	61
Interest, Dividends, & Penalties Receivable		169	11,704	11,535
Loans and Notes Receivable (Net)		32,200	1,140,396	1,087,651
Due From Primary Government	1	4,985	4,986	1
Due From Component Units		2,335	2,348	
Due From Other Governments		4,071	4,237	
Inventory		5,701	8,045	2,344
Restricted Assets:				
Investments			5,844	5,844
Deferred Fiscal Charges and Other Assets	26	2,297	18,231	15,934
Property, Plant and Equipment (Net)	2,954	465,678	470,270	4,592
Total Assets	<u>\$ 3,040</u>	<u>\$ 595,815</u>	<u>\$ 2,407,304</u>	<u>\$ 1,787,872</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$ 53	\$ 7,263	\$ 9,605	\$ 2,342
Accrued Liabilities	31	3,967	18,534	14,567
Compensated Absences Payable	21	27,440	27,600	160
Due To Primary Government	730	749	1,672	923
Due To Component Units		2,335	2,348	13
Due To Other Governments			5,173	2,343
Deferred Revenue	446	417	876	459
Escrow Payable			25,804	25,793
Amounts Held in Custody for Others		626	626	
Securities Lending Collateral Liability		14,027	14,027	
Bonds and Notes Payable (Net)		69,630	1,542,697	1,473,067
Trust Certificates Payable		8,270	8,270	
Capital Lease Obligations		1,137	1,137	
Other Liabilities			4	4
Total Liabilities	<u>1,281</u>	<u>135,861</u>	<u>1,658,373</u>	<u>1,519,671</u>
Fund Equity:				
Contributions	3,431		6,431	6,431
Investment in Fixed Assets		392,296	392,296	0
Retained Earnings:				
Reserved			258,580	258,580
Unreserved	(1,672)		3,190	3,190
Fund Balance:				
Reserved		40,574	61,350	0
Unreserved:				
Undesignated		27,084	27,084	0
Total Fund Equity	<u>1,759</u>	<u>459,954</u>	<u>748,931</u>	<u>268,201</u>
Total Liabilities and Fund Equity	<u>\$ 3,040</u>	<u>\$ 595,815</u>	<u>\$ 2,407,304</u>	<u>\$ 1,787,872</u>

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
COMPONENT UNIT ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Finance Authority</u>	<u>Cement Plant</u>	<u>CREP Program</u>	<u>State Fair</u>	<u>Total</u>
Operating Revenue:						
Licenses, Permits and Fees	\$ 3,134	\$	\$	\$	\$	\$ 3,134
Use of Money and Property	117,868	1,380		566		119,814
Sales and Services	5,296		63,821		1,576	70,693
Total Operating Revenue:	<u>126,298</u>	<u>1,380</u>	<u>63,821</u>	<u>566</u>	<u>1,576</u>	<u>193,641</u>
Operating Expenses:						
Personal Services and Benefits	1,804		14,738	36	588	17,166
Travel	189		292		15	496
Contractual Services	5,701	35	12,374	98	1,079	19,287
Supplies and Materials	70		8,922		453	9,445
Grants	4,458	1,000				5,458
Other	1,318		44		1	1,363
Interest	83,473	483		429		84,385
Bad Debts	29	19	57	3		108
Depreciation/Amortization	1,615		4,970	34	155	6,774
Total Operating Expenses	<u>98,657</u>	<u>1,537</u>	<u>41,397</u>	<u>600</u>	<u>2,291</u>	<u>144,482</u>
Operating Income (Loss)	<u>27,641</u>	<u>(157)</u>	<u>22,424</u>	<u>(34)</u>	<u>(715)</u>	<u>49,159</u>
Nonoperating Revenue (Expenses):						
Loss on Disposal of Assets			(576)		(6)	(582)
Interest Income			4,702			4,702
Interest Expense					(40)	(40)
Grant and Other Income			425			425
Loss on Extinguishment of Debt	(1,436)					(1,436)
Total Nonoperating Revenue (Expenses)	<u>(1,436)</u>	<u>0</u>	<u>4,551</u>	<u>0</u>	<u>(46)</u>	<u>3,069</u>
Net Income (Loss) from Continuing Operations	26,205	(157)	26,975	(34)	(761)	52,228
Discontinued Operations:						
Gain on Disposal of Discontinued Operations (Net)			107,476			107,476
Net Income (Loss) Before Operating Transfers	26,205	(157)	134,451	(34)	(761)	159,704
Operating Transfers:						
Operating Transfers From Primary Government			481			481
Operating Transfers From Component Units	447					447
Operating Transfers To Primary Government			(12,000)			(12,000)
Net Operating Transfers	<u>447</u>	<u>0</u>	<u>(11,519)</u>	<u>0</u>	<u>0</u>	<u>(11,072)</u>
Net Income (Loss)	26,652	(157)	122,932	(34)	(761)	148,632
Retained Earnings At Beginning of Year, restated	228,901	7,156	132,432	924	(911)	368,502
Residual Equity Transfers Out			(255,364)			(255,364)
Retained Earnings at End of Year	<u>\$ 255,553</u>	<u>\$ 6,999</u>	<u>\$ 0</u>	<u>\$ 890</u>	<u>\$ (1,672)</u>	<u>\$ 261,770</u>

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNIT ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Finance Authority</u>	<u>Cement Plant</u>	<u>CREP Program</u>	<u>State Fair</u>	<u>Totals</u>
Cash Flows from Operating Activities:						
Operating Income/(Loss) Before Transfers	\$ 27,641	\$ (157)	\$ 22,424	\$ (34)	\$ (715)	\$ 49,159
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation/Amortization Expense	1,615		4,970	34	155	6,774
Bad Debt Expense	29	19	57	3		108
Investment Income	(47,865)	(906)		(53)		(48,824)
Interest Expense	83,473	483		429		84,385
Miscellaneous Nonoperating Items	4	(322)	425			107
Decrease/(Increase) in Assets:						
Accounts Receivable			1,123		(8)	1,115
Interest, Dividends & Penalties Receivable	(399)	3		41		(355)
Loans and Notes Receivable	(54,104)	79		791		(53,234)
Due From Primary Government					38	38
Due From Component Units	45					45
Inventory	39		(4,910)			(4,871)
Deferred Fiscal Charges and Other Assets			21		(2)	19
Increase/(Decrease) in Liabilities:						
Accounts Payable	663		(105)	2	(36)	524
Accrued Liabilities	(139)		917	(4)	4	778
Compensated Absences Payable	10				(3)	7
Due To Primary Government	20				645	665
Due To Component Units	13					13
Deferred Revenue		(33)		11	(18)	(40)
Escrow Payable	1,417	(18)				1,399
Other Liabilities		(4)				(4)
Total Adjustments	<u>(15,179)</u>	<u>(699)</u>	<u>2,498</u>	<u>1,254</u>	<u>775</u>	<u>(11,351)</u>
Net Cash Provided (Used) by Operating Activities	<u>12,462</u>	<u>(856)</u>	<u>24,922</u>	<u>1,220</u>	<u>60</u>	<u>37,808</u>
Cash Flows From Capital and Related						
Financing Activities:						
Purchases of Capital Assets	(383)		(7,395)		(36)	(7,814)
Proceeds From Sale of Assets to GCC Dakota			182,022			182,022
Sales of Capital Assets	32		19			51
Payments on Capital Lease Obligations			(4)			(4)
Net Cash Provided (Used) by Capital and Related Financial Activities	<u>(351)</u>	<u>0</u>	<u>174,642</u>	<u>0</u>	<u>(36)</u>	<u>174,255</u>

Continued on next page

STATE OF SOUTH DAKOTA

**COMBINING STATEMENT OF CASH FLOWS
 COMPONENT UNIT ENTERPRISE FUNDS (Continued)
 For the Fiscal Year Ended June 30, 2001
 (Expressed in Thousands)**

	<u>Housing Authority</u>	<u>Finance Authority</u>	<u>Cement Plant</u>	<u>CREP Program</u>	<u>State Fair</u>	<u>Totals</u>
Cash Flows From Noncapital Financing Activities:						
Operating Transfers From Component Units	447					447
Operating Transfers From Primary Government			481			481
Operating Transfers To Primary Government			(12,000)			(12,000)
Residual Equity Transfers Out			(252,278)			(252,278)
Issuance of Bonds	252,030					252,030
Issuance of Loans		536				536
Payments on Bonds and Notes	(327,314)	(520)		(781)		(328,615)
Payments on Loans		(671)				(671)
Bond Issuance Costs	(1,980)					(1,980)
Interest Payments on Bonds and Notes	(83,617)	(493)		(437)		(84,547)
Net Cash Provided(Used) Noncapital Financing Activities	<u>(160,434)</u>	<u>(1,148)</u>	<u>(263,797)</u>	<u>(1,218)</u>	<u>0</u>	<u>(426,597)</u>
Cash Flows From Investing Activities:						
Investment Income (Expense)	39,498	838	2,052	52	(24)	42,416
Purchase of Investment Securities	(342,111)	(1,317)				(343,428)
Proceeds From Sales and Maturities of Investment Securities	438,103	2,348				440,451
Net Cash Provided by Investing Activities	<u>135,490</u>	<u>1,869</u>	<u>2,052</u>	<u>52</u>	<u>(24)</u>	<u>139,439</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year						
	(12,833)	(135)	(62,181)	54	0	(75,095)
Cash and Cash Equivalents at Beginning of Year						
	<u>253,417</u>	<u>2,734</u>	<u>62,181</u>	<u>824</u>		<u>319,156</u>
Cash and Cash Equivalents at End of Year						
	<u>\$ 240,584</u>	<u>\$ 2,599</u>	<u>\$ 0</u>	<u>\$ 878</u>	<u>\$ 0</u>	<u>\$ 244,061</u>
Noncash Investing, Capital and Financing Activities:						
Extinguishment of Debt	1,436					1,436

**STATE OF SOUTH DAKOTA
HIGHER EDUCATION
COMBINING BALANCE SHEET
June 30, 2001
(Expressed in Thousands)**

<u>Assets</u>	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Cash and Cash Equivalents	\$ 34,851	\$ 963	\$ 1,694
Investments	153		
Securities Lending Collateral	10,082	16	
Accounts Receivable	2,009	3,669	
Interest, Dividends & Penalties Receivable	35		125
Loans and Notes Receivable (Net)			32,200
Due From Primary Government	1,975	1,216	
Due From Component Units	1,522		65
Due From Other Governments		4,071	
Inventory	5,701		
Deferred Fiscal Charges and Other Assets	810	53	
Property, Plant and Equipment (Net)			
Total Assets	\$ 57,138	\$ 9,988	\$ 34,084
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ 4,642	\$ 1,099	\$ 6
Accrued Liabilities	1,767	582	
Compensated Absences Payable	25,792	1,648	
Due To Primary Government	605	138	
Due To Component Units	47	2,133	68
Deferred Revenue	384	23	
Amounts Held in Custody for Others	95		11
Securities Lending Collateral Liability	10,082	16	
Bonds and Notes Payable (Net)			3
Trust Certificates Payable			
Capital Lease Obligations			
Total Liabilities	43,414	5,639	88
Fund Equity:			
Investment in Fixed Assets			
Fund Balance:			
Reserved	2,847	9,580	28,030
Unreserved:			
Undesignated	10,877	(5,231)	5,966
Total Fund Equity	13,724	4,349	33,996
Total Liabilities and Fund Equity	\$ 57,138	\$ 9,988	\$ 34,084

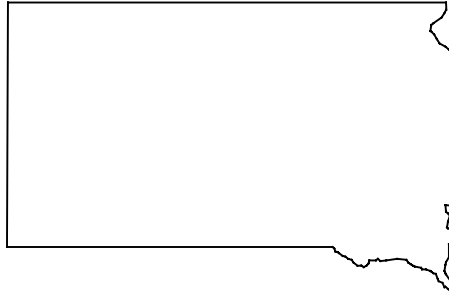
**STATE OF SOUTH DAKOTA
HIGHER EDUCATION
COMBINING BALANCE SHEET
June 30, 2001
(Expressed in Thousands) (Continued)**

	Plant Funds				Agency	Total
	Unexpended Plant Funds	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		
Cash and Cash Equivalents	\$ 3,601	\$ 12,208	\$ 4,248	\$	\$ 523	\$ 58,088
Investments	430					583
Securities Lending Collateral	3	2,809	1,117			14,027
Accounts Receivable					3	5,681
Interest, Dividends & Penalties Receivable			9			169
Loans and Notes Receivable (Net)						32,200
Due From Primary Government	680	903	211			4,985
Due From Component Units		748				2,335
Due From Other Governments						4,071
Inventory						5,701
Deferred Fiscal Charges and Other Assets	284		1,150			2,297
Property, Plant and Equipment (Net)	407			465,271		465,678
Total Assets	\$ 5,405	\$ 16,668	\$ 6,735	\$ 465,271	\$ 526	\$ 595,815
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	\$ 840	\$ 674	\$	\$	\$ 2	\$ 7,263
Accrued Liabilities	925		691		2	3,967
Compensated Absences Payable						27,440
Due To Primary Government	1	3			2	749
Due To Component Units		87				2,335
Deferred Revenue			10			417
Amounts Held in Custody for Others					520	626
Securities Lending Collateral Liability	3	2,809	1,117			14,027
Bonds and Notes Payable (Net)	672		4,614	64,341		69,630
Trust Certificates Payable				8,270		8,270
Capital Lease Obligations	773			364		1,137
Total Liabilities	3,214	3,573	6,432	72,975	526	135,861
Fund Equity:						
Investment in Fixed Assets				392,296		392,296
Fund Balance:						
Reserved		117				40,574
Unreserved:						
Undesignated	2,191	12,978	303			27,084
Total Fund Equity	2,191	13,095	303	392,296	0	459,954
Total Liabilities and Fund Equity	\$ 5,405	\$ 16,668	\$ 6,735	\$ 465,271	\$ 526	\$ 595,815



STATISTICAL SECTION

SOUTH DAKOTA - MISCELLANEOUS



STATE CAPITOL: PIERRE

ADMITTED TO THE UNION: 1889

NICKNAME: THE MOUNT RUSHMORE STATE

MOTTO: UNDER GOD THE PEOPLE RULE

POPULATION ESTIMATE 2001: 756,600

POPULATION CENSUS 2000: 754,844

RANKS 16TH IN AREA AT 75,885 SQUARE MILES OF LAND AREA -- 1,232 SQUARE MILES OF INLAND WATER

POPULATION PER SQUARE MILE IN 2000: 9.9

DIVIDED INTO 66 COUNTIES

BORDERED BY SIX STATES: MINNESOTA, NORTH DAKOTA, NEBRASKA, MONTANA, IOWA, AND WYOMING

LOWEST ELEVATION POINT: 962 FEET (BIG STONE LAKE)

HIGHEST ELEVATION POINT: 7,242 FEET (HARNEY PEAK)

STATE TREE: BLACK HILLS SPRUCE

STATE FLOWER: AMERICAN PASQUE

STATE ANIMAL: COYOTE

STATE BIRD: CHINESE RING-NECKED PHEASANT

STATE FISH: WALLEYE

STATE INSECT: HONEY BEE (APIS MELLIFERA L.)

STATE GEM STONE: FAIRBURN AGATE

STATE MINERAL: ROSE QUARTZ

STATE JEWELRY: BLACK HILLS GOLD

STATE SLOGAN: GREAT FACES, GREAT PLACES

STATE SOIL: HOUDEK

STATE DESSERT: KUCHEN

SOUTH DAKOTA

SQUARE MILES OF LAND	75,885
MILES OF HIGHWAY	83,414
STATE PARKS	12
NATIONAL PARKS/MONUMENTS/MEMORIALS	4
STATE UNIVERSITIES	6
PRIVATE COLLEGES AND UNIVERSITIES	14
VOCATIONAL/TECHNICAL SCHOOLS	4

SOURCES: U.S. Bureau of the Census; SD Board of Regents; SD Game, Fish, and Parks.

Highway Mileage, S.D. Department of Transportation, SD Airport Directory.

Sioux Falls Airport, Rapid City Regional Airport.

CLIMATE

South Dakota is a four-season state, with the weather as diverse as the terrain. Throughout the summer and early fall months, the state enjoys a warm, dry climate, with cool summer evenings. The winter climate is ideal for snow activities, with ample snowfall and cool temperatures.

Average January temperature: 10° Fahrenheit in the northeast to 25° Fahrenheit in the southwest.

Average July temperature: 69° Fahrenheit in the Black Hills to 79° Fahrenheit in the south-central part of the state.

Average annual precipitation is 15.75 inches.

HIGHWAYS

Two interstate highways serve South Dakota: I90 runs east-west, and I29 runs north-south. The speed limit on interstate highways is 75 miles per hour, with most other highways at 65 miles per hour.

TWO TIME ZONES

South Dakota observes both Central Standard and Mountain Standard Time, with the dividing line being the Missouri River. Daylight Savings Time is observed from the first Sunday in April through the last Sunday in October.

AIRLINES

South Dakota has good air service, with major airports at Rapid City and Sioux Falls. Denver, Salt Lake City, Minneapolis/St. Paul, Chicago, and St. Louis are primary gateway cities. Sioux Falls is served by Northwest, Masaba, American Eagle, United Express/Air Wisconsin, United Express/ACA, Air One Express, and various cargo carriers. Rapid City has service from United Express, Northwest, Skywest/Delta Connection, and several cargo carriers. Commercial flights depart the cities of Pierre, Huron, Aberdeen, Watertown, and Brookings. Regular taxi and/or limousine services are available at airports in Sioux Falls, Rapid City, and Pierre.

GENERAL CENSUS INFORMATION

AGE GROUPS (2000)		% OF TOTAL
0- 4	51,069	6.80 %
5-14	113,949	15.10 %
15-17	37,631	5.00 %
18-24	77,634	10.30 %
25-34	91,013	12.10 %
35-44	115,386	15.30 %
45-64	160,031	21.20 %
65- >	108,131	14.30 %
18- >	552,195	73.20 %

RACIAL DISTRIBUTION (2000)		% OF TOTAL
WHITE	669,404	88.70 %
AMERICAN INDIAN	57,324	7.60 %
OTHER	28,116	3.70 %
TOTAL	754,844	100.00 %

NOTE: White and American Indian figures include only those persons who chose one race; "Other" includes other races and race combinations.

POPULATION DISTRIBUTION (2000)		% OF TOTAL
CITIES (25,000 +)	183,582	24.30%
CITIES (2,500 - 25,000)	190,772	25.30%
REMAINING CITIES (<2,500)	128,942	17.10%
REMAINING AREAS	251,548	33.30%
TOTAL	754,844	100.00%

NOTE: Above data compiled by the South Dakota State Data Center, USD Business Research Bureau from U.S. Census Bureau reports.

LARGEST CITIES IN 2000			
SIOUX FALLS	123,975	VERMILLION *	9,765
RAPID CITY	59,607	SPEARFISH	8,606
ABERDEEN	24,658	MADISON	6,540
WATERTOWN	20,237	STURGIS	6,442
BROOKINGS	18,504	BRANDON	5,693
MITCHELL	14,558	BELLE FOURCHE	4,565
PIERRE	13,876	HOT SPRINGS	4,129
YANKTON	13,528	MILBANK	3,640
HURON	11,893	MOBRIDGE	3,574

* Vermillion population recently revised to 10,276 by U.S. Census Bureau.

SOURCES: U.S. Bureau of the Census. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

HISTORICAL CENSUS COUNTS FOR SOUTH DAKOTA

YEAR	POPULATION
2000	754,844
1990	696,004
1980	690,768
1970	666,257
1960	680,514
1950	652,740
1940	642,961
1930	692,849
1920	636,547
1910	583,888

SOURCE: U.S. Bureau of the Census. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

MAJOR EMPLOYERS IN SOUTH DAKOTA

BUSINESS	EMPLOYEES
Gateway 2000	5,500 ^{1,2}
Sioux Valley Hospital (Sioux Falls)	4,340
Citibank South Dakota NA (Sioux Falls)	3,200
John Morrell and Company (Sioux Falls)	3,100
Avera McKennan Hospital (Sioux Falls)	2,790
Rapid City Regional Hospital (Rapid City)	2,690
Evangelical Lutheran Good Samaritan Society	2,350 ¹
Wal-Mart	2,348 ¹
Wells Fargo (Sioux Falls)	2,052
Hy-Vee Food Stores	1,790 ¹

SOURCES: Governor's Office of Economic Development, Survey of Local Development Corporations March 2001 and area websites. Compiled by South Dakota State Data Center, USD Business Research Bureau.

¹ Communities throughout South Dakota.

² Includes layoffs of 630 as per announcement of January 11, 2001.

NOTE: Excludes federal, state, and local governments.

PUBLIC SCHOOL STATISTICS

SCHOOL YEAR ENDED	SCHOOLS	K-12 FALL ENROLLMENT	* TEACHERS	PUPIL/TEACHER RATIO
2001	753	126,990	9,149	13.9
2000	749	129,093	9,438	13.7
1999	757	131,117	9,266	14.2
1998	767	132,780	8,892	14.9
1997	766	133,949	** 9,255	14.5
1996	774	134,972	9,002	15.0
1995	774	134,290	9,017	14.9
1994	771	134,676	8,879	15.2
1993	764	132,970	8,747	15.2
1992	785	131,045	8,587	15.3
1991	789	128,617	8,365	15.4

NOTE: Compiled by the South Dakota State Data Center, USD Business Research Bureau.

* Data revised to include all FTE teaching positions for K-12.

** Headcount.

EXPENDITURES ON EDUCATION PER PUPIL IN DAILY ATTENDANCE				PERCENT REVENUE FROM STATE GOVERNMENT		
SCHOOL YEAR	UNITED STATES	SOUTH DAKOTA	SOUTH DAKOTA RANK	UNITED STATES	SOUTH DAKOTA	SOUTH DAKOTA RANK
2000	6,627	5,369	45	50.7	36.6	47
1999	6,734	5,281	46	49.7	35.5	47
1998	6,638	5,166	44	46.6	31.7	46
1997	6,394	4,990	45	46.1	31.2	46
1996	6,139	5,070	40	47.9	26.1	49
1995	5,957	4,918	41	46.0	27.3	49
1994	5,749	4,733	39	46.3	28.7	49
1993	5,538	4,524	41	46.8	26.1	49
1992	5,466	4,175	43	47.5	27.0	49
1991	5,241	3,967	44	48.2	27.5	48

SOURCES: South Dakota Department of Education and Cultural Affairs and National Education Association. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

NOTE: U.S. expenditures on education revised for 1999.

ELEMENTARY AND SECONDARY EDUCATION

YEAR	K-12 SCHOOL ADM (FISCAL YEAR)	COST PER PUPIL (ADM)
2001	126,314	\$5,705
2000	128,114	5,277
1999	129,709	4,922
1998	132,024	4,621
1997	133,251	4,358
1996	134,052	4,240
1995	133,795	4,220
1994	133,306	4,045
1993	132,408	3,843
1992	129,910	3,654
<i>ADM = Average Daily Membership</i>		

SOURCE: *Education in South Dakota: A Statistical Profile, DECA 2000-2001.*

NOTE: The calculated cost per ADM reported is intended to represent the cost of educating a student in-district, therefore, the following expenditures were not included: Adult programs, community services, preschool, and nonprogrammed charges. Expenditures were also reduced by revenues received for contracting services with other school districts.

Compiled by the South Dakota State Data Center, USD Business Research Bureau.

2000 CIVILIAN LABOR FORCE

	LABOR FORCE	EMPLOYED	UNEMPLOYED	UNEMPLOYMENT RATE	SD NON- INSTITU. POP.	PARTICIPATION RATE
Males	210,000	205,000	5,000	2.5%	270,000	77.8%
Females	191,000	187,000	4,000	2.0%	282,000	67.7%
TOTAL	401,000	392,000	9,000	2.3%	552,000	72.6%

SOURCES: U.S. Bureau of Labor Statistics. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

NOTE: Items may not add to totals due to rounding.

STATE UNIVERSITIES HISTORICAL FALL HEADCOUNT ENROLLMENTS

YEAR	BHSU	DSU	NSU	SDSMT	SDSU	USD	SYSTEM TOTALS	CHANGE FALL TO FALL
2001	3,836	2,019	3,038	2,424	9,350	8,161	28,828	4.60%
2000	4,068	1,801	3,315	2,308	8,719	7,349	27,560	3.55%
1999	3,747	2,003	3,164	2,275	8,540	6,887	26,616	2.21%
1998	3,639	1,831	2,873	2,265	8,635	7,317	26,560	3.27%
1997	3,445	1,409	2,623	2,260	8,818	7,164	25,719	-2.98%
1996	3,549	1,274	2,832	2,245	9,067	7,541	26,508	-3.36%
1995	3,623	1,360	2,724	2,372	9,323	8,027	27,429	-5.00%

SOURCE: South Dakota Board of Regents.

NOTE: The above figures have been revised to reflect the new funding framework, whereby revenue is distributed to the universities as base funding, accompanied by targeted investments and incentives for demonstrated improvement. As a result of this change, separating students enrolled in state-supported courses from those enrolled in self-support courses is no longer necessary.

POSTSECONDARY VOCATIONAL TECHNICAL INSTITUTES (Full and Part-Time)

INSTITUTE	FALL ENROLLMENT		
	1999	2000	2001
Lake Area Vocational Technical Institute *	1,007	1,004	942
Mitchell Vocational Technical Institute *	763	905	831
Southeast Vocational Technical Institute *	2,241	2,283	1,734
Western Dakota Vocational Technical Institute *	844	966	812
Mike Durfee State Prison **	180	209	141

SOURCE: Office of Workforce and Career Preparation, Department of Education and Cultural Affairs, and Mike Durfee State Prison.

NOTE: Compiled by the South Dakota State Data Center, USD Business Research Bureau.

* Enrollment figures include only those who have declared a program area.

**January-December data revised to include those individuals enrolled in a program during calendar year.

2000 SOURCES OF INCOME PERCENT OF TOTAL

SOURCE	SOUTH DAKOTA	UNITED STATES
Labor Compensation *	49.80%	60.20%
Proprietor's Income	14.40%	8.60%
<i>Nonfarm</i>	8.60%	8.20%
<i>Farm</i>	5.80%	0.40%
Transfer Payment	13.30%	12.90%
Dividend, Interest, and Rent	22.50%	18.30%

SOURCE: U.S. Department of Commerce, September 2001. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

* Net earnings by place of residence, less proprietor's income.

PER CAPITA PERSONAL INCOME

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2000	\$29,451	5.70%	\$28,219	5.40%	\$25,993	6.10%
1999	27,859	3.50%	26,780	3.00%	24,491	7.30%
1998	26,909	5.80%	26,010	6.10%	23,484	7.30%
1997	25,427	4.70%	24,526	4.20%	21,893	2.30%
1996	24,286	4.40%	23,530	6.20%	21,407	9.20%
1995	23,272	4.40%	22,150	3.50%	19,597	1.00%
1994	22,358	3.70%	21,393	5.50%	19,409	5.30%
1993	21,557	2.80%	20,272	2.10%	18,424	3.10%
1992	20,979	4.70%	19,852	5.60%	17,875	5.70%
1991	20,039	2.30%	18,806	3.20%	16,918	4.20%

SOURCE: U.S. Department of Commerce, September 2001. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

All data is revised to reflect the revision in NIPA's, changes in methodology, and newly available state and local data.

* The Plains states include Iowa, Kansas, Minnesota, Nebraska, North Dakota, South Dakota, and Missouri.

POPULATION (THOUSANDS)

YEAR	UNITED STATES	PERCENT CHANGE	WEST N. CENTRAL*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2001	284,797	1.20%	19,324	0.40%	757	0.30%
2000	281,422	3.20%	19,238	2.30%	755	3.00%
1999	272,691	0.90%	18,800	0.60%	733	0.30%
1998	270,248	0.90%	18,693	0.50%	731	0.00%
1997	267,784	0.90%	18,593	0.60%	731	0.00%
1996	265,229	0.90%	18,484	0.70%	731	0.30%
1995	262,803	1.00%	18,363	0.70%	728	0.70%
1994	260,327	1.00%	18,230	0.80%	723	0.90%
1993	257,783	1.10%	18,093	0.80%	716	1.10%
1992	255,030	1.10%	17,945	0.80%	709	1.00%

SOURCE: U.S. Bureau of the Census, Population Division.

NOTE: Population figures for 1992-1999 and 2001 are estimates as of July 1 for each year; figures for 2000 are from April 1, 2000 census. With each new issue of July 1 estimates, the Census Bureau revises estimates for years back to the last census. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

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

TOTAL PERSONAL INCOME (MILLIONS)

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2000	8,312,312	7.00%	543,976	6.20%	19,659	7.00%
1999	7,769,648	4.70%	512,211	3.70%	18,371	4.90%
1998	7,418,754	7.10%	493,711	6.80%	17,514	7.50%
1997	6,928,545	6.00%	462,173	5.10%	16,288	2.50%
1996	6,538,103	5.60%	439,948	7.10%	15,883	9.90%
1995	6,192,235	5.30%	410,645	4.50%	14,454	2.00%
1994	5,878,362	5.00%	393,000	6.50%	14,177	6.60%
1993	5,598,446	4.10%	368,899	3.20%	13,297	4.40%
1992	5,376,622	6.10%	357,609	6.60%	12,732	7.00%
1991	5,065,416	3.70%	335,351	4.10%	11,897	5.20%

SOURCE: U.S. Department of Commerce, December 2001. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

All data is revised to reflect the revision in NIPA's, changes in methodology, and newly available state and local data.

* The Plains states include Iowa, Kansas, Minnesota, Nebraska, North Dakota, South Dakota, and Missouri.

PROPERTY TAX INFORMATION

	2001	2000 ^r	1999 ^r	1998 ^r	1997 ^r	1996 ^r	1995 ^r	1994 ^r
Property Taxes *	\$.60	\$.61	\$.58	\$.57	\$.54	\$.51	\$.57	\$.55
Assessed Value *	30.78	29.24	27.28	25.71	24.34	24.49	23.01	21.44
Property Taxes Per \$100 of Assessed Value	1.95	2.09	2.13	2.22	2.22	2.08	2.48	2.57

* Billions of dollars.

^r Starting in 1997, values were adjusted to 85% median level of assessment for tax purposes; data prior to 1997 have been revised to reflect this adjustment.

SOURCE: *Property Tax Statistical Report*, South Dakota Department of Revenue.

TAXES PER CAPITA AND PER \$1,000 PERSONAL INCOME UNITED STATES, SOUTH DAKOTA AND SURROUNDING STATES

	1999		1998		1997		1996		1995	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
PER CAPITA (CURRENT DOLLARS)										
U.S.	1,837	-	1,758	-	1,660	-	1,580	-	1,522	-
South Dakota	1,188	49	1,129	49	1,041	49	997	49	952	49
Iowa	1,697	28	1,678	24	1,643	20	1,557	20	1,549	18
Minnesota	2,614	4	2,434	4	2,395	4	2,199	5	2,023	5
Montana	1,524	43	1,508	41	1,489	34	1,377	38	1,396	28
Nebraska	1,598	38	1,584	33	1,538	28	1,434	31	1,356	36
North Dakota	1,746	24	1,690	23	1,660	19	1,531	22	1,496	21
Wyoming	1,692	29	1,779	20	1,380	43	1,300	43	1,389	29
PER \$1,000 PERSONAL INCOME										
U.S.	64	-	64	-	64	-	64	-	64	-
South Dakota	47	49	48	49	47	49	46	49	48	49
Iowa	67	24	67	25	69	22	69	23	73	16
Minnesota	85	6	82	4	87	4	84	5	82	7
Montana	70	21	70	22	74	15	71	18	75	14
Nebraska	59	38	61	34	63	31	60	34	61	34
North Dakota	74	14	73	15	80	8	72	14	78	9
Wyoming	64	28	71	21	58	40	59	37	65	29

SOURCE: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, and State Data Center. Taxes per Capita:
<http://www.census.gov/govs/state>

Total tax collections used in calculation of taxes per capita are for fiscal year ending in year shown.

UNEMPLOYMENT RATE

YEAR	SOUTH DAKOTA	UNITED STATES
2001	* 2.7%	* 4.8%
2000	2.3%	4.0%
1999	2.9%	4.2%
1998	2.9%	4.5%
1997	3.1%	4.9%
1996	3.2%	5.4%
1995	2.9%	5.6%
1994	3.3%	6.1%
1993	3.6%	6.9%
1992	3.2%	7.5%

* Preliminary Data.

NOTE: Civilian Labor Force. Data, beginning in 1994, are not directly comparable with data for 1993 and earlier years because of the introduction of a major redesign of the Current Population Survey questionnaire and collection methodology and the introduction of 1990 census-based population controls, adjusted for the estimated undercount. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY (Expressed in Thousands)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Mining	1.2	1.2	1.2	1.7	2.2	2.3	2.4	2.4	2.5	2.7
Construction	18.7	18.0	17.1	16.1	15.2	14.6	14.1	14.0	13.2	12.5
Manufacturing	46.2	49.9	50.2	49.7	49.5	47.8	46.5	43.5	39.6	37.0
Transportation and Public Utilities	17.1	17.0	16.8	16.5	16.3	16.3	16.0	15.5	14.9	14.6
Wholesale and Retail Trade	92.9	92.0	90.8	89.4	88.3	87.7	87.4	84.7	81.6	80.4
Wholesale Trade	20.3	20.2	20.3	20.2	20.0	19.8	19.8	19.3	18.7	18.9
Retail Trade	72.6	71.8	70.5	69.2	68.3	67.9	67.6	65.4	62.9	61.5
Finance, Insurance, and Real Estate	26.9	25.8	24.5	22.6	20.8	19.9	18.8	18.0	17.7	17.3
Services	106.0	104.6	101.0	96.4	92.3	89.8	87.4	86.7	82.6	78.9
Government	70.7	64.5	71.8	71.0	70.4	70.5	70.9	67.1	66.6	65.4
TOTAL	379.5	378.9	373.3	363.3	354.9	348.7	343.5	331.8	318.7	308.7
% Change in Nonfarm Employment	0.2%	1.5%	2.8%	2.4%	1.8%	1.5%	3.5%	4.1%	3.2%	

NOTE: Numbers may not add due to rounding. Data not seasonally adjusted. 2001 numbers are preliminary.

SOURCE: U.S. Bureau of Labor Statistics. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

EXPANDED AND NEW INDUSTRIES (Dollars Expressed in Millions)

	EXPANSIONS		NEW		TOTAL	
	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT
2001	544	\$141.6	13	\$96.5	557	\$238.1
2000	438	249.1	16	10.6	454	259.7
1999	478	261.9	14	23.4	492	285.3
1998	555	208.6	19	21.9	574	230.5
1997	466	236.1	22	7.5	488	243.6
1996	322	210.7	28	24.1	350	234.8
1995	403	236.3	33	92.8	436	329.1
1994	453	133.5	22	4.0	475	137.5
1993	474	161.8	24	17.6	498	179.4
1992	366	61.6	27	16.7	393	78.3

NOTE: Only manufacturing and processing companies are included in the above totals.

SOURCE: Survey, Governor's Office of Economic Development.

GROSS SALES BY INDUSTRY (Sales Expressed in Millions of Dollars)

	2001		2000		1999		1998		1997	
	Sales	% of Total Sales	Sales	% of Total Sales	Sales	% of Total Sales	Sales	% of Total Sales	Sales	% of Total Sales
Agriculture, Forestry and Fishing	\$ 187.0	0.5	\$ 156.8	0.4	\$ 130.0	0.4	\$ 117.9	0.3	\$ 108.9	0.3
Mining	102.0	0.3	114.2	0.3	129.1	0.4	145.4	0.4	194.0	0.6
Construction	42.8	0.1	42.3	0.1	38.2	0.1	40.3	0.1	40.7	0.1
Manufacturing	4,318.9	12.2	3,666.1	10.0	3,510.3	10.7	3,235.5	9.2	3,290.6	9.4
Transportation, Communication, and Utilities	2,763.0	7.8	2,537.7	6.9	2,438.8	7.4	1,888.1	5.4	1,840.4	5.2
Wholesale Trade	9,756.0	27.6	9,449.8	25.8	9,100.3	27.7	8,132.0	23.2	8,888.1	25.3
Retail Trade	13,873.5	39.2	15,720.0	42.9	13,324.8	40.6	17,605.3	50.2	17,263.0	49.1
Finance, Insurance, and Real Estate	198.2	0.6	176.4	0.5	157.2	0.6	162.7	0.5	127.4	0.4
Services	4,151.9	11.7	4,781.5	13.0	3,983.4	12.1	3,756.9	10.7	3,366.1	9.6
Not coded/Other	2.7	0.0	2.6	0.0	42.4	0.1	5.9	0.0	13.8	0.0
STATE TOTAL	35,396.0	100.0	36,647.5	100.0	32,854.7	100.0	35,090.3	100.0	35,133.2	100.0
% Change From Prior Year	-3.4%		11.5%		-6.4%		-0.1%		12.7%	

NOTE: Totals may not add due to rounding.

SOURCE: South Dakota Sales and Use Tax Reporting System.

GROSS STATE PRODUCT PERCENT CHANGE

	1998-1999	1997-1998	1996-1997	1995-1996	1994-1995	1993-1994	1992-1993	1991-1992	1990-1991
U.S.	5.0%	5.1%	4.9%	3.8%	3.2%	4.1%	2.1%	2.4%	-0.2%
South Dakota	3.3%	4.9%	1.6%	3.4%	3.6%	3.8%	5.0%	4.2%	5.4%
Iowa	2.0%	1.0%	5.9%	5.3%	2.1%	7.9%	0.3%	3.5%	0.7%
Minnesota	5.5%	5.3%	6.3%	5.8%	2.8%	5.7%	0.4%	5.0%	0.2%
Montana	3.1%	3.9%	3.0%	1.2%	1.0%	2.5%	4.0%	4.6%	2.6%
Nebraska	3.1%	3.5%	2.4%	5.6%	2.8%	6.4%	0.2%	3.4%	3.4%
North Dakota	-1.1%	6.6%	-0.2%	5.8%	2.5%	6.0%	-1.6%	6.9%	-0.5%
Wyoming	4.0%	3.4%	0.7%	1.7%	2.3%	1.8%	3.5%	-0.5%	1.7%

NOTE: The GSP estimates are consistent with the estimate of gross product by industry for the nation (real GSP chained 1996 dollars).

SOURCE: Compiled by State Data Center from U.S. Bureau of Economic Analysis data released June 2001 (earlier data has been revised).

GROSS STATE PRODUCT 1989 - 1999 (Average Annual Percent Change)

	TOTAL	GOODS PRODUCING INDUSTRIES/1	PRIVATE SERVICE-TYPE INDUSTRIES/2	GOVERNMENT
U.S.	3.2%	3.0%	3.7%	1.1%
South Dakota	4.0%	6.6%	3.5%	0.6%
Iowa	3.1%	3.5%	3.3%	1.1%
Minnesota	3.8%	3.0%	4.6%	1.5%
Montana	2.7%	2.6%	3.3%	1.0%
Nebraska	3.5%	3.6%	4.0%	0.8%
North Dakota	2.8%	4.2%	3.3%	-0.6%
Wyoming	2.4%	2.5%	3.0%	0.3%

¹ Goods producing industries consist of agriculture, mining, construction, and manufacturing.

² Private service-type industries consist of trade; the finance, insurance and real estate group; the transportation and public utilities group; and, services.

NOTE: The GSP estimates are consistent with the estimates of gross product by industry for the nation (real GSP chained 1996 dollars).

SOURCE: Compiled by State Data Center from U.S. Bureau of Economic Analysis data released June 2001 (earlier data has been revised).

BANKING

YEAR	BANK DEPOSITS (MILLIONS)	PER CAPITA BANK DEPOSITS
2000	\$13,485	\$17,865
1999	12,043	16,427
1998	11,660	15,955
1997	11,787	16,128
1996	13,207	18,074
1995	11,866	16,294
1994	11,378	15,736
1993	11,001	15,359
1992	11,164	15,753
1991	11,251	16,040

NOTES: Bank deposits are for all commercial banks, insured or otherwise.

Per capita bank deposits are calculated by dividing the bank deposits by the 1990 and 2000 census population and the estimated population for 1991-1999.

SOURCE: U.S. FDIC, *Annual Report: Statistics on Banking*; and, U.S. Bureau of the Census.

FARM STATISTICS

CALENDAR YEAR	NUMBER OF FARMS	VALUE PER OPERATING UNIT	AVERAGE LAND VALUE PER ACRE	FARM NET INCOME (THOUSANDS)	AVERAGE INCOME PER FARM
2000	32,500	\$514,520	\$380	\$1,398,608	\$43,034
1999	32,500	487,440	360	1,229,150	37,820
1998	32,500	471,192	348	1,201,734	36,976
1997	32,500	440,050	325	1,014,316	31,210
1996	32,500	419,740	310	1,520,079	46,772
1995	33,000	402,566	302	715,339	21,677
1994	34,000	371,800	286	1,230,327	36,186
1993	34,500	349,713	273	1,001,449	29,028
1992	35,000	361,218	286	1,096,127	31,318
1991	35,000	370,059	293	961,906	27,483

NOTES: Net farm income is defined as total cash receipts and other income, less total production expenses, plus the value of inventory change. Cash receipts come from marketing of livestock and products and crops. Other income includes government payments, imputed income, and rent received. Net farm income from 1992 forward revised based on USDA release of July 2001.

1995 Wet weather prevented wheat and corn from being planted (areas lost from flooding).

SOURCE: SD Agricultural Statistics Service and Economic Research Service/USDA. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

GROSS CASH RECEIPTS FROM FARM MARKETING AND GOVERNMENT PAYMENTS (MILLIONS)								
	2000	1999	1998	1997	1996	1995	1994	1993
CROPS	1,755	1,743	1,854	2,427	1,878	1,713	1,633	1,222
LIVESTOCK AND PRODUCTS	2,035	1,830	1,541	1,781	1,652	1,715	1,659	1,967
GOVERNMENT PAYMENTS	790	791	437	268	230	245	289	432
TOTAL	4,580	4,364	3,832	4,476	3,760	3,673	3,581	3,621

The data for this table has been revised to reflect revisions in NIPAs.

SOURCE: Economic Research Service, USDA release of August 2001. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

2000 RANKING FOR CROP AND LIVESTOCK PRODUCTION

CROP	VOLUME	NATIONAL RANK
Corn for Grain	431.2 M Bu.	7 th
Oats	13.4 M Bu.	4 th
All Wheat	114.3 M Bu.	6 th
Winter Wheat	53.8 M Bu.	9 th
Durum Wheat	0.5 M Bu.	5 th
Other Spring Wheat	60.0 M Bu.	4 th
Barley	5.8 M Bu.	11 th
Rye	0.8 M Bu.	3 rd
Flax Seed	0.4 M Bu.	2 nd
Sorghum for Grain	5.9 M Bu.	11 th
Soybeans	153.0 M Bu.	8 th
Sunflower Seed	1,132.9 M Lb.	2 nd
All Hay	7.4 M Tons	3 rd
Alfalfa Hay	5.4 M Tons	3 rd
All Other Hay	2.0 M Tons	12 th

LIVESTOCK	AMOUNT	NATIONAL RANK
Cattle and Calves	4,050 T Head	7 th
Hogs and Pigs	1,360 T Head	11 th
Sheep and Lambs	420 T Head	4 th

SOURCE: SD Agricultural Statistics Service. Compiled by the South Dakota State Data Center, USD Business Research Bureau.

