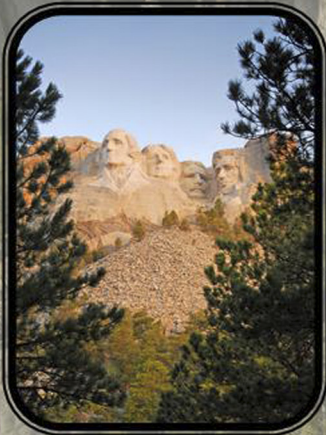


# South Dakota

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR  
ENDED JUNE 30, 2015

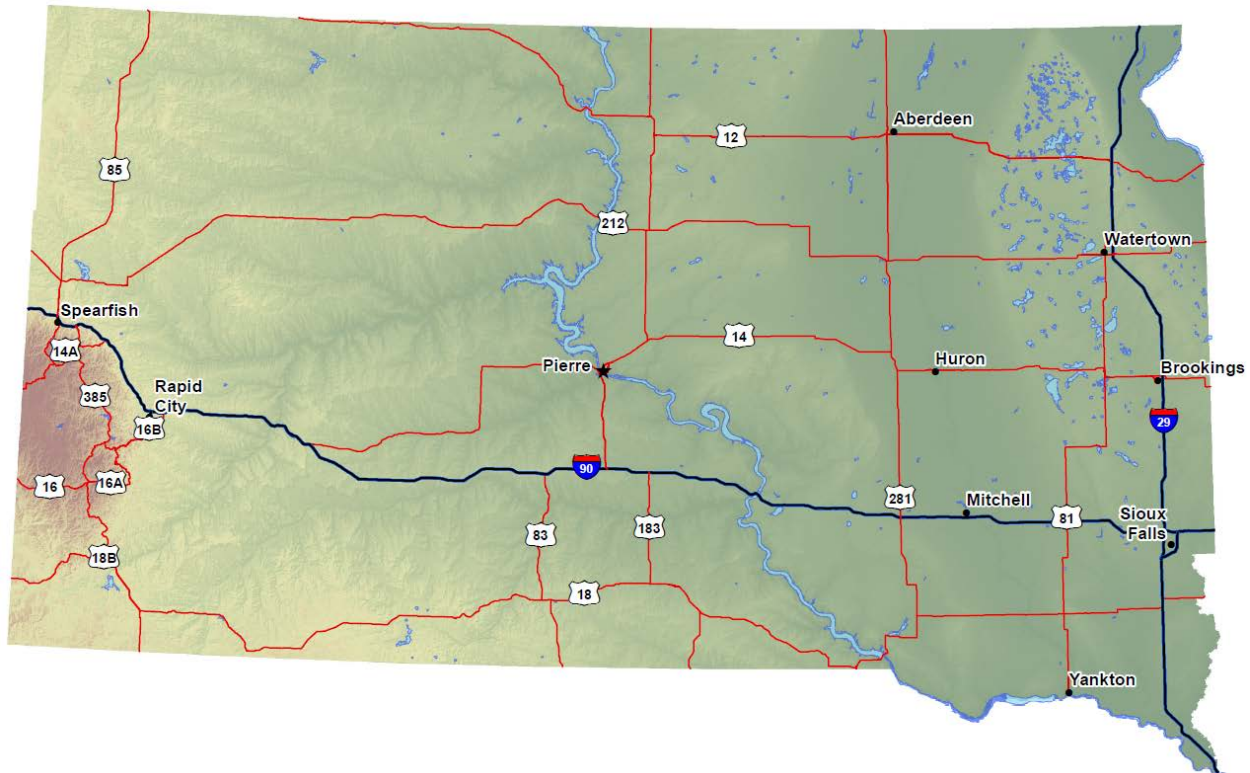
*South Dakota*



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*COMPREHENSIVE ANNUAL  
FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2015*



*DENNIS DAUGAARD, GOVERNOR*

*MATT MICHELS, LT. GOVERNOR*

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

# ACKNOWLEDGEMENTS

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## SPECIAL THANKS TO:

South Dakota Department of Legislative Audit, Pierre  
All State Finance Officers and Accountants  
Eric Feiler, Manager Central Duplicating  
Brian Hahn, Graphic Designer

Photographs provided by South Dakota Office of Tourism

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

125 Copies printed by the Bureau of Finance and Management at \$13.20 each at Central Duplicating Services.



STATE OF SOUTH DAKOTA  
DENNIS DAUGAARD, GOVERNOR



January 22, 2016

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

It is my pleasure to present the *Comprehensive Annual Financial Report* covering operations for the fiscal year ending June 30, 2015. This is our 29<sup>th</sup> *Comprehensive Annual Financial Report*. The report is prepared in accordance with generally accepted accounting principles and includes all agencies of state government and reporting entities for which the state has oversight responsibilities. Like previous reports, this report presents to you and the financial community the sound financial condition of South Dakota.

South Dakota's economy is anticipated to grow at a steady pace. Our state's low taxes and favorable business climate provide a diversified economy positioned for expansion in the future. Recent economic data supports continued growth, as the state's nonfarm employment expanded 6,000 jobs or 1.4% during fiscal year 2015. During calendar year 2014, the most recent data available, South Dakota's nonfarm income increased by 4.9%, which is higher than the U.S. growth rate of 4.6%. Over the past 10 years, South Dakota's per capita personal income has improved from 93.1% of the U.S. average in 2005 to 98.3% in 2014. The unemployment rate in South Dakota was among the lowest in the nation during fiscal year 2015, and remains that way today.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Dennis Daugaard".

Dennis Daugaard

*South Dakota*



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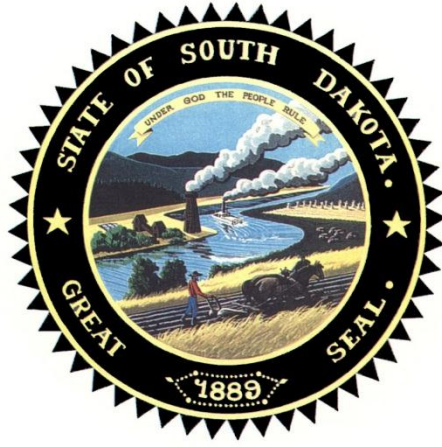
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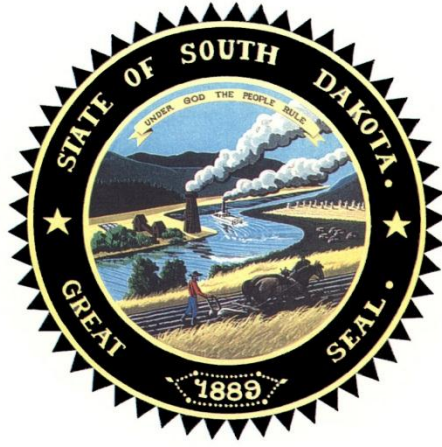




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# ***INTRODUCTORY SECTION***

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# ***INTRODUCTORY SECTION***

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# DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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

January 22, 2016

**THE HONORABLE DENNIS M. DAUGAARD, GOVERNOR OF SOUTH DAKOTA**  
**THE HONORABLE MEMBERS OF THE SOUTH DAKOTA LEGISLATURE**  
**THE CITIZENS OF THE STATE OF SOUTH DAKOTA**

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the operation of the State of South Dakota (hereinafter referred to as the State) for the fiscal year ended June 30, 2015.

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

The CAFR is presented in three sections: *Introductory*, *Financial*, and *Statistical*. The *Introductory Section*, which provides information on the general contents of the report, contains this letter of transmittal, a list of principal State officials, fiscal year 2015 functions of State government, and an organizational chart of State government. The *Financial Section* includes the Independent Auditor's Report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A) that provides an introduction, overview, and analysis of the Basic Financial Statements; the Basic Financial Statements that present the government-wide financial statements, fund financial statements, notes to the Basic Financial Statements; Required Supplementary Information that includes required budgetary comparison and pension schedules; and Other Supplemental Information that includes combining financial statements and schedules for individual funds. The *Statistical Section* includes financial trends, revenue capacity, debt capacity, demographic, economic, and operating information.

**Internal Controls.** Management of the State is responsible for establishing and maintaining an internal control structure designed to provide reasonable safeguards to ensure that the assets of the government are protected from loss, theft, or misuse and to provide reasonable assurances that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The Bureau of Finance and Management is able to monitor revenues and expenditures on a weekly basis to detect excess expenditures or shortfalls in revenues. As required by State statute, the State Auditor, an elected official, shall be presented all accounts and claims against the State to examine and adjust the same. Also, as required by State statute, the State Treasurer, an elected official, shall have charge of, and safely keep, all public moneys which shall be paid into the State treasury, and pay out the same as directed by law. The Department of Revenue periodically audits retail establishments to assure their payment of sales and excise taxes. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefit likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

**Independent Auditors.** The South Dakota Department of Legislative Audit, a division of the legislative branch of State government, performs the audit of *South Dakota's Comprehensive Annual Financial Report*. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS) issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by the Department of Legislative Audit) includes an expression of opinion on the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of South Dakota as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended.

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

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

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

## **PROFILE OF THE GOVERNMENT**

**Structure.** The State entered the Union on November 2, 1889 as the 39<sup>th</sup> or 40<sup>th</sup> state (with its twin, North Dakota). South Dakota has 75,885 square miles of land and a population estimated to be 0.8 million. The State has a strong executive branch with a bicameral legislative form of government. The Governor may be elected for two consecutive four-year terms. The Governor appoints all heads of state departments who serve at the pleasure of the Governor. The State Legislature is composed of a 35-member Senate and a 70-member House of Representatives. Legislators are elected for two-year terms and limited to four consecutive terms for the same seat.

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

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

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

**State Reporting Entity.** The State's reporting entity reflected in the CAFR, which is described more fully in the Notes to the Financial Statements, conforms to the requirements of GASB. The accounting and reporting principles are based primarily on the fundamental concept that publicly elected officials are accountable to their constituents. Further, the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Organizations qualify as component units if the legally separate tax-exempt organization's resources directly benefit, or primarily benefit the State, and the State is financially accountable to that organization. The State is considered financially accountable to an organization if the State appoints a voting majority of the organization's governing body and is able to impose its will on that organization or if the organization can potentially provide specific and material financial benefits to, or burdens on the State, whether the State appoints the board or not. Consequently, the transmittal letter, MD&A, and the Basic Financial Statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements, excluding Higher Education and the South Dakota Value Added Finance Authority, should be read to obtain a complete overview of their financial position.

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

Housed with the Risk Management Program is the Public Entity Pool for Liability (PEPL), a self-insurance program created to cover risks associated with automobile liability, and general tort liability (including public officials' errors and omissions liability; medical malpractice liability; law enforcement liability; and products liability).

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

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

Total investment income for all funds invested by the Investment Council was \$522 million for fiscal year 2015. Income for the most recent five years totaled \$6.2 billion and, since inception, has exceeded \$15 billion. The Investment Council has grown from \$133.0 million in assets under management at the end of its first year to \$13.3 billion at June 30, 2015. The Cash Flow Fund portfolio resulted in earnings this year of \$16.7 million, a yield of 1.25%. The Cash Flow Portfolio has earned taxpayers \$1.1 billion over the past 43 years. The South Dakota Retirement System's assets have returned 10.6% for the past 42 years (since inception of the Council's management responsibilities for SDRS). This performance has placed the Council in the top one percentile against other state pension funds.

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

**Lottery.** The South Dakota Lottery Fund was created during the 1987 legislative session to market instant scratch games. Video lottery was authorized during the 1989 legislative session and operations commenced in October 1989. Legislative approval to participate in a multi-state lotto game was given during the 1990 legislative session. That same year, the State joined the Multi-State Lottery Association (MUSL), a consortium of 47 lottery jurisdictions that currently offer the Powerball game. The purpose of the lottery is to provide additional moneys to fund vital public programs and projects. From inception to June 30, 2015, a total of \$2.47 billion has been generated to fund many public programs and projects. Lottery provided \$111.4 million income (before transfers) during fiscal year 2015.

**Retirement System.** The South Dakota Retirement System (SDRS) provides retirement benefits for State employees and those employees of local governments that participate in the system. Employers and employees contribute equal amounts in the form of a percentage of employee compensation. As of June 30, 2015, SDRS is fully funded with an actuarial value funded ratio of 100.0% and a fair value funded ratio of 104.1%.

The unfunded actuarial accrued liability as a percent of covered payroll went from 15.6% in fiscal year 2006 to 0% in fiscal year 2015. The actuarial value funded ratio increased from 96.7% in fiscal year 2006 to 100% in fiscal year 2015. The funded ratio is the ratio of the actuarial value of the assets of the system to the actuarial accrued liabilities of the system as of the date of calculation. In fiscal year 2015, SDRS experienced a 4.18% (money-weighted) market return, or 3.07% less than the assumed rate of return of 7.25%.

Plan assets at fair value in fiscal year 2015 were \$10.8 billion compared to plan assets of \$6.8 billion in fiscal year 2006.

The assets of the system are valued at their fair value. The system is in full compliance with the standards of the Governmental Accounting Standards Board and has received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the last twenty years. The system is subject to an annual actuarial valuation and annual audit performed by an independent audit firm.

As previously stated, SDRS is fully funded with an actuarial value funded ratio of 100% and a fair value funded ratio of 104.1%. Therefore SDRS currently has no unfunded actuarial accrued liability (AAL) and the statutory employer and employee contributions exceed the normal cost and expenses of the system. The portion of contributions previously assigned to pay down the unfunded AAL can now be used to build the cushion to protect the system against future unfavorable experience and enhance the system's sustainability. If a future unfunded AAL develops, the statutory contributions in excess of normal cost and expenses will be available to pay down the unfunded AAL.

In fiscal year 2015, the State implemented GASB Statements 68 and 71 which required the State to recognize and report pension related liabilities, assets, deferred outflows of resources, deferred inflows of resources, expense/expenditures and revenues for pensions provided to its employees. As allowed by the GASB standards, the State used a June 30, 2014 measurement date to report its proportionate share of the SDRS in the fiscal year 2015 CAFR. As of June 30, 2014, SDRS reported a total pension liability of \$9,998,095,288 and a plan fiduciary net position of \$10,607,554,492 resulting in a fair value funded ratio of 107.3% and a net pension asset of \$720,459,104. The primary government's proportionate share is 22.07%. Thus South Dakota is one of the few states in the nation to boast a net pension asset of \$158,996,518.

Additional information on the State's retirement plans and the related net pension asset can be found in the Notes to the Financial Statements.

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

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

Employment growth is an important indicator of the State's economic health. The national economic recession had a negative impact on employment during 2009 and 2010, but positive employment growth returned for the past several years. South Dakota's nonfarm employment declined 1.9% in 2009 and 0.1% in 2010, but rebounded with an average growth rate of 1.2% from 2011 through 2014. This compares to the United States nonfarm employment growth of -4.3% in 2009, -0.7% in 2010 and average growth of 1.6% from 2011 through 2014.

In fiscal year 2015, nonfarm employment in South Dakota grew 1.4% compared to the national growth rate of 2.1% over the same time period. Employment sectors that experienced growth in fiscal year 2015 in South Dakota include: mining, logging and construction; manufacturing; trade, transportation, and utilities; professional and business services; education and health services; leisure and hospitality; other services; and government. The employment sectors that experienced slight decreases during the fiscal year were information and financial activities.

The unemployment rate in South Dakota remained low over the course of fiscal year 2015 and was one of the lowest in the nation due to steady economic growth. In June of 2015, South Dakota's unemployment rate was 3.8%, which is 1.5% lower than the U.S. unemployment rate of 5.3% for the same month.

Income growth is another important indicator of the State's economic health. In calendar year 2014, which is the most recent annual data that is available, South Dakota's total personal income grew 2.0%, lower than the U.S. growth rate of 4.0%. The lower growth rate in 2014 is primarily due to a 25% decrease in South Dakota farm income. South Dakota's nonfarm income grew 4.9% in 2014, which was higher than the U.S. nonfarm income growth of 4.6%. This growth in nonfarm income compares to the seven state Plains region average growth of 4.3% in 2014. The other Plains region states of Iowa, Kansas, Minnesota, Missouri, Nebraska, and North Dakota experienced nonfarm income growth rates of 4.7%, 3.4%, 4.8%, 3.4%, 4.5%, and 7.8%, respectively. South Dakota's per capita personal income was \$45,279 in 2014, 1.7% less than the U.S. average per capita income of \$46,049. In the past 10 years, South Dakota's per capita personal income has improved from 93.1% of the U.S. average in 2005 to 98.3% of the U.S. average in 2014.

In the past several years, a strong agriculture economy helped the State's economy grow during challenging economic times. From 2010 through 2014, farm income averaged over \$2.8 billion per year, with 2011 having the highest farm income on record in South Dakota at \$3.8 billion. This compares to the previous five-year average farm income level (2005 through 2009) of \$1.6 billion. In 2015, strong production is being offset by lower commodity prices, leading to lower, yet healthy income in the agriculture sector.

The outlook for South Dakota's economy is for steady growth over the next two years. Continued employment and income growth with a steady agriculture sector have contributed to economic growth since the national recession. As of October 2015, South Dakota's nonfarm employment levels were 7,900 jobs, or 1.9% higher when compared to a year

earlier. In addition, the unemployment rate in South Dakota is currently at 3.2%, lower than the U.S. unemployment rate of 5.0% as of October 2015. South Dakota's economy is expected to grow steadily in 2016 and 2017 as the State continues to boast one of the lowest state per capita taxes in the nation and a business friendly environment.

## **MAJOR INITIATIVES**

Governor Dugaard continues to focus on job growth, economic development and visitor spending, taking care of those who cannot take care of themselves, providing our children with a quality education, and protecting our society from those who would do us harm.

Listed below are some of the major initiatives the State has implemented in recent years:

**Strengthening the State's financial condition and bond rating.** Governor Dugaard is committed to further strengthening the financial condition of the State and pledges to never lose sight of those values that keep our state strong. In doing so, the State has taken action to clarify the State's Constitutional balanced budget requirement, maintain healthy reserves and a highly funded pension plan, and work towards timely financial reporting and longer term financial planning.

- The State has two statutorily created reserve accounts – the General Fund Budget Reserve and the Property Tax Reduction Fund. The combined accrual basis balance of these two reserve accounts for fiscal years 2011, 2012, 2013 and 2014 was \$111.2 million, \$139.0 million, \$163.1 million and \$153.4 million, respectively. In fiscal year 2015, the General Fund Budget Reserve grew from \$105.2 million to \$126.7 million (on an accrual basis) and the Property Tax Reduction Fund decreased from \$48.2 million to \$44.6 million for a combined reserve accrual basis balance of \$171.3 million at the close of fiscal year 2015. This represents a reserve increase of \$17.9 million or 11.7% in fiscal year 2015.
- The long-term experience of SDRS has been very favorable, resulting in a funded status that exceeds virtually all other statewide public retirement systems. The SDRS Funded Ratio based on market value of assets was 107.3% in June 2014 compared to an estimated 80% for an average of statewide public systems and 104.1% in June 2015 compared to an estimated 74% for other statewide public systems.
- The State has always taken the position that the Constitution of the State of South Dakota requires the State's budget be balanced and thus the State Legislature has always passed a balanced budget. However the language in the Constitution was unclear and ambiguous. At the request of Governor Dugaard, HJR 1007 was passed during the 2012 Legislative Session. This resolution legislatively referred a constitutional amendment to a public vote. At the November 6, 2012 General Election, the voters of South Dakota passed this constitutional amendment which clarified the balanced budget provisions within the Constitution of the State of South Dakota. Specifically, it requires the Governor to propose and the Legislature to pass an annual budget in which expenditures and appropriations may not exceed anticipated revenue. Although this Constitutional amendment provided clarity, it did not change the balanced budget philosophy that the State has followed since statehood.
- In 1987, the State of South Dakota issued its first CAFR. That report contained an unqualified opinion from the Department of Legislative Audit (the independent auditors). The Independent Auditor's Report included in this report represents the 29<sup>th</sup> consecutive year South Dakota has received an unqualified opinion on its CAFR. Additionally, it is Governor Dugaard's goal for future CAFRs to be issued 6 months after the close of the fiscal year. To achieve this goal, the 89<sup>th</sup> and 90<sup>th</sup> Legislative Assemblies provided additional resources geared toward achieving that goal. With these resources, it is anticipated that the fiscal year 2016 CAFR will be issued by December 31, 2016, six months after the close of the fiscal year.
- House Bill 1203 from the 2014 Legislative Session was passed and signed by the Governor. This bill creates new requirements for revenue estimates during legislative session and requires that the Bureau of Finance and Management and the Legislature shall produce an additional independent revenue projection no later than July 30<sup>th</sup> of each year. These additional measures further ensure financial stability in South Dakota.
- House Bill 1206 from the 2014 Legislative Session was passed and signed by the Governor and provided \$56.3 million for state lease rental agreements. This removed three state bonds from the South Dakota Building Authority's balance sheet. This also included principal and interest for a fourth bond to be called at its call date.

- In the spring of 2014, the State adjusted the retiree health plan premiums for the eligible retirees between the ages of 55 and 65 (pre 65). These adjusted premiums are projected to be fully supportive of the projected claim and fee costs of the pre 65 retire health plan program thus eliminating the blended premium between the pre 65 retirees and the active employees. The new rates were graduated in with the first increase on July 1, 2014 and the final increase on January 1, 2015. This premium change assured that the State would not provide a direct or indirect premium subsidy and therefore eliminated the implicit rate subsidy. As a result, the State of South Dakota has eliminated its entire OPEB liability.
- Another aspect of strengthening the State's financial practices is for longer term financial planning. Two executive orders were signed by Governor Dugaard in the summer of 2014 which are designed to further strengthen South Dakota's fiscal practices. The first executive order directed the Bureau of Finance and Management to make dashboard metrics available to the public. Additionally, the first executive order further strengthened the Governor's Council of Economic Advisors. This executive order enhances the State's transparency all while providing additional expert opinions from university professors and business leaders from across the State. The second executive order directs the Bureau of Finance and Management to prepare three working documents designed to enhance South Dakota's long-term financial planning. The three documents are: a long-term budget forecast estimate, a capital expenditure plan, and a debt service policy. All three documents allow the State to continue sound financial practices while presenting a fiscal road map. In addition to this, Senate Bill 172 from the 2015 Legislative Session was passed and signed by the Governor which memorialized in state law the executive orders pertaining to the long-term financial planning. State law now requires the South Dakota Bureau of Finance and Management to update these long-term planning documents annually and release them for public viewing no later than January 15<sup>th</sup> of each year.
- House Bills 1185, 1186, and 1187 from the 2015 Legislative Session were passed and signed by the Governor. These bills established three captive insurance cells in order to better protect our state facilities, as well as provide general liability, public officials' errors and omissions liability, employment practices liability, and directors and officers liability coverage to five of the State's discretely presented component units. By establishing the captive insurance companies, the State and the discretely presented component units will pay insurance premiums to these captive insurance companies. Over the long term, premiums are anticipated to remain low and decrease while minimizing the risk of loss to the State and the component units.
- The State has robust internal controls designed to provide reasonable assurance that the State is meeting its operational, reporting, and compliance objectives. This fact has been proven time and again that South Dakota is a leader in operational efficiencies, while maintaining sound safeguards of its assets and resources. Recently, some of the State's internal control practices have been recognized and adopted by national organizations as best practice templates for other governments; however, Governor Dugaard wants to do even better by advancing his Internal Control Initiative. This Initiative is designed to improve the control environment and communications within state government, further develop the risk assessments, and strengthen the control and monitoring activities.

**Public Safety Improvement Act.** In the past 35 years, South Dakota's prison population increased 500%. In response, state leaders formed the South Dakota Criminal Justice Initiative Work Group, which was charged with analyzing sentencing and corrections data and developing policies to safely curtail prison growth. The work group recommended a package of policies which resulted in the Public Safety Improvement Act. Its purpose is to improve public safety by strengthening supervision, holding offenders more accountable, focusing prison space on violent and career criminals, and ensuring quality and sustainability of reforms while controlling corrections spending. The Act is projected to save State taxpayers approximately \$162 million in averted prison construction and operating expenses through 2022.

Significant changes were recommended for our criminal justice system to accomplish these provisions. They include enhancing and expanding drug and driving under the influence (DUI) courts, probation and parole supervision, collection of restitution, and training. New programs include two probation supervision programs combining drug testing with swift and certain sanctions, a statewide automated victim information and notification system, a parole supervision program for tribal communities, and reinvestment funding for counties who manage additional offenders locally. This Act also focuses on improved mental health and substance abuse treatment.

**Juvenile Justice Reinvestment Initiative.** Following the successful passage and implementation of the Public Safety Improvement Act, Governor Dugaard formed the South Dakota Juvenile Justice Reinvestment Initiative work group. The work group has submitted a set of policy recommendations to state leaders. During the 2015 Legislative



Session, these recommendations were codified and funding was appropriated to focus on expensive residential placements of youth, prevent deeper involvement in the juvenile justice system for youth committing lower level offenses, expand access to evidence-based community interventions, and ensure the quality and sustainability of reforms.

**Sanford Underground Research Facility (SURF).** SURF is a world-class facility for sensitive physics experiments requiring protection from the cosmic radiation bombarding the surface of the Earth. In 2007, the National Science Foundation (NSF) selected the Sanford Underground Research Facility (SURF), owned by the South Dakota Science and Technology Authority (SDSTA), as the site for a Deep Underground Science and Engineering Laboratory (DUSEL). In federal fiscal year 2012, the U.S. Department of Energy (DOE) began sponsoring SURF operations. Experiments now installed nearly a mile underground, protected by a thick layer of rock from cosmic noise, could yield answers to some of the deepest mysteries of modern physics in the next few years. The facility also hosts applied research, such as a project to improve the commercial production of ultra-pure germanium crystals and the use of exotic “extremophile” life forms which could boost production of bio-fuels. Fourteen research collaborations are active at Sanford Lab, and they include nearly 1,000 scientists from throughout the United States and Europe. Sanford Lab is poised to become one of the leading physics laboratories in the world, and 13 of the 14 research groups at the laboratory include scientists from South Dakota universities. In December 2012, the DOE approved the Long Baseline Neutrino Experiment (LBNE) to proceed with preliminary designs to construct a large detector at SURF. LBNE construction is projected to begin in 2016 and operations could run through approximately 2040. The NSF and DOE are also considering next generation dark matter (larger detector) as well as Nuclear Astrophysics experiments at SURF that could ensure operational funding through 2030 to 2040.

To further enhance the research to be conducted at SURF, Governor Dugaard proposed and the 2015 Legislature appropriated \$3,950,000 in general funds to provide upgrades to the Ross Shaft. This funding helps to assist with the long-term planning and operations of the facility and provide Ross Shaft upgrades that could lead to future multi-million dollar experiments.

South Dakota is positioning itself to take better advantage of this world-leading facility. A new physics doctoral program and better opportunities for graduate students will expand research opportunities for South Dakota students. SURF will help build the intellectual capital necessary for South Dakota to thrive in an innovation-rich economy.

**Building South Dakota.** The sunset of the SDCL 10-45B large project refund program and the defeat of referred law 14 left South Dakota without optimal economic development tools. In response, a bipartisan team of legislative leadership worked together to formulate a comprehensive economic development package with built in safeguards to ensure fiscal responsibility, transparency and accountability. The multi-faceted approach set forth in Senate Bill 235 from the 2013 Legislative Session focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. One component of the legislation provides for the Board of Economic Development to approve discretionary reinvestment payments, up to the amount of sales and use tax paid on project costs, for new or expanded facilities with a total project cost in excess of \$20 million, and for equipment upgrades with a total project cost in excess of \$2 million. This bill also creates the Building South Dakota fund, and allocates a one-time appropriation of \$7.0 million in fiscal year 2014 for the initial capitalization of the fund.

Senate Bill 158 from the 2014 Legislative Session was passed and signed by the Governor. This bill amends the ongoing funding mechanism for the Building South Dakota Fund. Instead of using unclaimed property revenue, the bill guarantees a lump sum of funds to ensure adequate resources for multiple years. This funding mechanism occurs if the budget reserve and property tax reduction fund combined has a cash balance over 10% of the general fund appropriations from the general appropriations act for the prior year. Also, the combined cash balances of the Building South Dakota fund and its subfunds would receive additional year end funds not to exceed 1% of the general fund appropriations in the general appropriations act for the previous fiscal year. In the 2014 Legislative Session, Senate Bill 157 appropriated \$30 million to the Building South Dakota fund, with \$10 million being disbursed to the five subfunds each fiscal year starting in fiscal year 2014.

The Building South Dakota fund is allocated as follows:

- 30% to the Workforce Education fund to provide grants to schools to fund the limited English proficiency adjustment and provide grants for secondary career and technical education programs
- 25% to the South Dakota Housing Opportunity fund to preserve and expand sustainable, affordable and safe housing targeted at low and moderate income families and individuals

- 25% to the Local Infrastructure Improvement grant fund to issue grants to political subdivisions or local development corporations to construct or reconstruct infrastructure for the purpose of serving economic development projects
- 15% to the Economic Development Partnership fund to issue grants to nonprofit development corporations, municipalities, counties, or other political subdivisions of this state on a matching basis for the purpose of development or expanding local, community, and economic development programs
- 5% to the Revolving Economic Development and Initiative fund to provide grants to projects having a total project cost of less than twenty million dollars

### **ACKNOWLEDGMENTS**

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

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

Respectfully Submitted,



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



*SOUTH DAKOTA  
FY2015 PRINCIPAL STATE OFFICIALS*

*EXECUTIVE BRANCH*

**The Honorable Dennis Daugaard, Governor  
The Honorable Matt Michels, Lieutenant Governor**

*CONSTITUTIONAL OFFICERS*

**The Honorable Marty J. Jackley, Attorney General  
The Honorable Shantel Krebs, Secretary of State  
The Honorable Rich Sattgast, Treasurer  
The Honorable Steve Barnett, Auditor  
The Honorable Ryan Brunner, Commissioner, School and Public Lands**

*PUBLIC UTILITIES COMMISSION*

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

*LEGISLATIVE BRANCH*

**The Honorable Dean Wink  
Speaker of the House**

**The Honorable Tim Rave  
Senate Majority Leader**

**The Honorable Billie Sutton  
Senate Minority Leader**

**The Honorable Brian Gosch  
House Majority Leader**

**The Honorable Spencer Hawley  
House Minority Leader**

*JUDICIAL BRANCH*

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

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

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

**The Honorable Lori S. Wilbur  
Associate Justice**

**The Honorable Janine M. Kern  
Associate Justice**

*SOUTH DAKOTA  
FY2015 FUNCTIONS OF STATE GOVERNMENT*

*GENERAL GOVERNMENT*

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

*HEALTH, HUMAN, AND  
SOCIAL SERVICES*

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

*LAW, JUSTICE, PUBLIC  
PROTECTION,  
AND REGULATION*

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

*AGRICULTURE AND  
NATURAL RESOURCES*

**Agriculture**  
**Game, Fish and Parks**  
**Environment and Natural Resources**

*TRANSPORTATION*

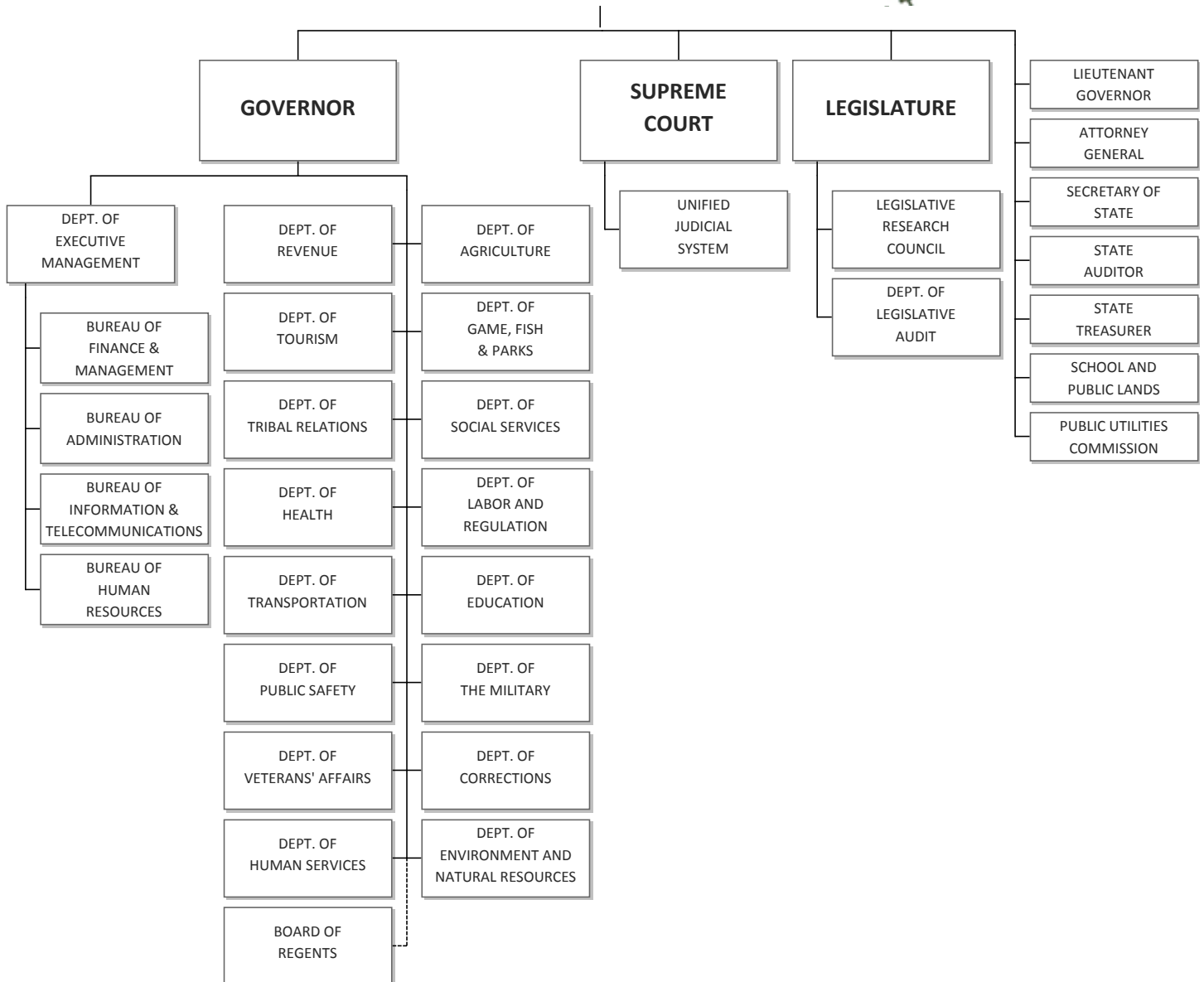
**Transportation**

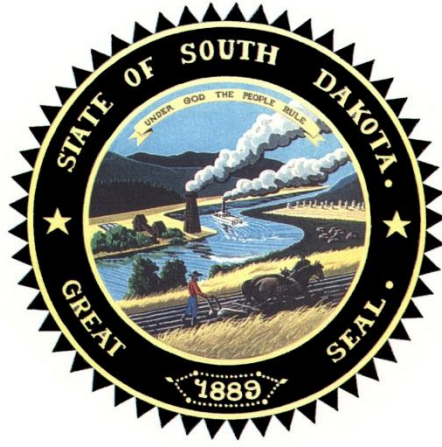
*EDUCATION*

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

*ECONOMIC RESOURCES*

**Tourism**  
**Economic Development**  
**Tribal Relations**

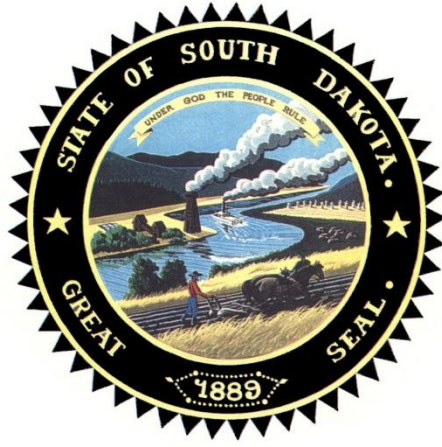




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# ***FINANCIAL SECTION***

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# ***FINANCIAL SECTION***

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MARTIN L. GUINDON, CPA  
 AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard  
 Governor of South Dakota

and

Members of the Legislature  
 State of South Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Ellsworth Development Authority and certain foundations of Higher Education. Those financial statements reflect total assets and deferred outflows and revenues and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information as follows:

	<u>Percent of Total Assets*</u>	<u>Percent of Total Revenues/Additions</u>
Government-wide financial statements:		
Business-type activities:		
Unemployment Insurance Fund	9.9%	16.8%
Fund financial statements:		
Aggregate discretely presented component units:		
South Dakota Housing Authority	40.8%	10.1%
South Dakota Ellsworth Development Authority	.8%	.3%
Foundations of Higher Education	15.7%	10.7%
Aggregate remaining fund information:		
Unemployment Insurance Fund	.7%	1.6%
South Dakota Retirement System	88.2%	22.9%

\* including deferred outflows

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units (foundations) of Higher Education were not audited in accordance with *Government Auditing Standards*.

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

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

### Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As described in Note 2 to the financial statements, the State implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As discussed in Note 2 to the financial statements, the implementation of these standards resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 35, the budgetary comparison schedules on pages 114 through 129, and the Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions on page 130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund financial statements on pages 132 through 167 and the introductory and statistical sections on pages 1 through 8 and 169 through 188, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Martin L. Guindon, CPA  
Auditor General

January 22, 2016



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following is a discussion and analysis of the State of South Dakota's (hereinafter referred to as the State) financial performance and position, providing an overview of the State's financial activities for the fiscal year ended June 30, 2015. This document begins with a one page summary of financial highlights, followed by a more detailed overview of the financial statements and financial analysis. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

### FINANCIAL HIGHLIGHT SUMMARY

#### *Government-wide*

- Total assets and deferred outflows of resources of the State exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$6.1 billion (reported as net position). Of this amount \$5.3 billion is restricted for specific uses or invested in capital assets. The remaining \$0.9 billion is unrestricted and may be used to meet the government's ongoing obligations. However, certain resources within this unrestricted net position have internally imposed limitations that are discussed within the *Government-wide Financial Analysis* section of this document.
- The State's total net position increased by \$162.0 million, or 4.2% from the prior year. Net position of governmental activities increased by \$123.5 million, or 3.9%, while net position of business-type activities increased by \$38.5 million, or 6.8% over the prior year.
- The State reported a net pension asset of \$159.0 million during the fiscal year.
- Component units reported total net position of \$2.0 billion, an increase of \$106.2 million, or 5.7% from the prior year.

#### *Fund Level*

- The State's governmental funds reported combined ending fund balances of \$1.8 billion, an increase of \$35.6 million, or 2.0% from the prior year. Of the \$1.8 billion in combined ending fund balance, \$505.0 million is nonspendable and \$960.2 million is restricted by outside sources or enabling legislation. Another \$51.1 million is committed by state law and \$147.8 million has been assigned for various specific purposes. The remaining \$179.9 million is unassigned. Please refer to the Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the \$179.9 million of the unassigned fund balance have internally imposed limitations that are discussed throughout the *Financial Analysis of the State's Funds* section of this document and the Notes to the Financial Statements.
- At the end of the fiscal year, the General Fund had a fund balance of \$318.1 million. This includes General Fund Budget Reserve and Property Tax Reduction Fund balances of \$126.7 million and \$44.6 million, respectively.
- The State's three trust funds (Dakota Cement Trust, Education Enhancement Trust and Health Care Trust, reported as special revenue funds) and the State's Permanent Fund all grew in value during the fiscal year. After transferring a combined amount of \$32.5 million to the General Fund and \$0.7 million to other special revenue funds, these funds closed the year with a combined ending fund balance of \$981.5 million, an increase of \$14.6 million.
- Proprietary funds reported net position at year-end of \$695.1 million, an increase of \$53.8 million, or 8.4% from the prior year.

#### *Long-Term Debt*

- The primary government's total long-term debt (Revenue Bonds, Trust Certificates and Capital Leases) as of June 30, 2015, totaled \$555.5 million, an increase of \$55.3 million from the last fiscal year-end. The increase represents the net difference between new issuances, payments and refunding of outstanding debt.
- The South Dakota Building Authority issued \$23.8 million in revenue bonds for Governmental Activities. The South Dakota Conservancy District issued \$59.8 million in revenue bonds for Business-type Activities. The South Dakota Building Authority issued \$87.7 million in revenue bonds for Higher Education.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

- *Governmental Activities.* The governmental activities of the State include the following:
  - General government
  - Education – elementary, secondary and vocational schools
  - Education – state support to higher education
  - Health, human and social services
  - Law, justice, public protection and regulation
  - Agriculture and natural resources
  - Economic resources
  - Transportation
  - Intergovernmental – payments to school districts
  - Intergovernmental – revenue sharing
  - Unallocated interest expense
  - Unallocated depreciation

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

- *Business-type Activities.* The State charges fees to customers to help cover all or most of the costs of certain services it provides. The Lottery Fund is an example of a business-type activity.

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

Other component units are blended and reported as part of primary government or considered related organizations and not reported in these financial statements. For additional information regarding component units, refer to the Notes to the Financial Statements.

### *Fund Financial Statements*

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

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

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

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

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

2. Internal service funds (e.g., Fleet and Travel Management) are used to account for activities that largely involve other state agencies. The internal service fund activities are consolidated with the governmental activities in the Government-wide Financial Statements because those services predominantly benefit governmental rather than business-type activities.

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

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

The State's fiduciary funds include pension trust funds, private purpose trust funds, and agency funds. Individual fund data for some of the fiduciary funds is included in the Combining Financial Statements elsewhere in this report.

### *Notes to the Financial Statements*

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

### *Required Supplementary Information*

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

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

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

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

### *Other Supplementary Information*

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



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As presented in the following table, total assets and deferred outflows of resources of the State on June 30, 2015 were \$7.4 billion, while total liabilities and deferred inflows of resources were \$1.2 billion, resulting in combined net position (governmental and business-type activities) of \$6.1 billion a 4.2% increase from the previous year. This increase in total net position reflects the growing South Dakota economy and sound management of the State's resources.

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

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	
Current and Other Assets	\$ 2,467,859	\$ 2,259,060	\$ 907,044	\$ 806,520	\$ 3,374,903	\$ 3,065,580	10.1%
Capital Assets, as restated	3,865,996	3,818,401	2,811	3,650	3,868,807	3,822,051	1.2%
<b>Total Assets, as restated</b>	<b>6,333,855</b>	<b>6,077,461</b>	<b>909,855</b>	<b>810,170</b>	<b>7,243,710</b>	<b>6,887,631</b>	5.2%
<b>Deferred Outflows of Resources</b>	<b>144,395</b>	<b>5,341</b>	<b>9,199</b>	<b>6,742</b>	<b>153,594</b>	<b>12,083</b>	
Current and Other Liabilities	359,104	356,610	15,560	14,616	374,664	371,226	0.9%
Long-Term Liabilities Outstanding, as restated	423,276	417,445	266,084	209,239	689,360	626,684	10.0%
<b>Total Liabilities, as restated</b>	<b>782,380</b>	<b>774,055</b>	<b>281,644</b>	<b>223,855</b>	<b>1,064,024</b>	<b>997,910</b>	6.6%
<b>Deferred Inflows of Resources</b>	<b>180,116</b>		<b>4,029</b>		<b>184,145</b>		
<b>Net Position:</b>							
Net Investment in Capital Assets, as restated	3,713,057	3,692,913	2,810	3,650	3,715,867	3,696,563	0.5%
Restricted	1,537,781	1,383,140	6,155	912	1,543,936	1,384,052	11.6%
Unrestricted, as restated	264,916	232,694	624,416	588,495	889,332	821,189	8.3%
<b>Total Net Position, as restated</b>	<b>\$ 5,515,754</b>	<b>\$ 5,308,747</b>	<b>\$ 633,381</b>	<b>\$ 593,057</b>	<b>\$ 6,149,135</b>	<b>\$ 5,901,804</b>	4.2%
Percent of Total Primary Government Net Position	89.7%	90.0%	10.3%	10.0%	100.0%	100.0%	

In fiscal year 2015, Governmental Activities accounted for 89.7% of the State's total net position and Business-type Activities accounted for 10.3% as compared to 90.0% and 10.0% in the prior fiscal year.

### Net Investment in Capital Assets

The largest component of the State's net position, \$3.7 billion or 62.6%, reflects investments in capital assets (land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. This represents a \$19.3 million, or 0.5% increase in the State's investment in capital assets from the prior year. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

### Restricted Net Position

Total restricted net position at year end was \$1.5 billion, or 23.5%, of total net position, an increase of \$159.9 million, or 11.6% from the prior year. The net position is subject to restrictions either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws/regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation on how they can be used.

A majority of the restricted net position is accounted for in the State's three trust funds and the State's Permanent fund. As discussed later in this document, two of these trust funds (Education Enhancement Trust and Health Care Trust) and the Permanent fund are held as permanent investments, either as expendable (\$197.4 million) or nonexpendable (\$478.8 million), and the third (Dakota Cement Trust) is restricted for education (\$305.4 million).

The combined fund balance of these four funds totals \$981.5 million. Aside from the constitutionally authorized annual distributions, these funds can only be accessed through a constitutional amendment (Dakota Cement Trust and Permanent Fund) or by a three-fourths vote of the legislature (Health Care Trust Fund and Education Enhancement Trust).

The remaining \$562.4 million of restricted net position is restricted for highways (\$140.5 million), pensions (\$116.7 million) agriculture and natural resources (\$79.7 million), economic development (\$56.3 million), railroads (\$42.9 million), debt service (\$28.4 million), and the remaining amount for other purposes.

The reporting of pensions pursuant to GASB Statements 68 and 71 accounted for \$116.7 million of the \$159.9 million increase in restricted net position. An additional \$26.4 million and \$14.6 million is attributed to growth in the Transportation fund and increases in fund balance of the three trust funds and the Permanent fund, respectively, due to growth in investments from favorable market conditions and sound investment strategies.

#### Unrestricted Net Position

The remaining net position balance, \$889.3 million, is defined by accounting standards as “unrestricted” net position. However, much of the unrestricted net position balances cannot be used to meet the State’s general ongoing obligations to citizens and creditors as resources because of limitations imposed by federal regulations, bond covenants, constitutional provision, or state law. Limitations on unrestricted net position imposed by federal regulations and bond covenants include \$218.1 million within the Clean Water State Revolving Fund and \$168.6 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$110.3 million within the Revolving Economic Development and Initiative Fund, \$91.0 million for unemployment insurance claims, \$8.3 million for revolving loan programs, and \$3.4 million for health and public assistance.

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

- *General Fund Budget Reserve (\$126.7 million)*. The 1991 South Dakota Legislature established a General Fund Budget Reserve whereas expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to S.D. Const., Art. III, § 1. The balance in the General Fund Budget Reserve at June 30, 2015 was \$126.7 million, an increase of \$21.5 million from the prior year.
- *Property Tax Reduction Fund (\$44.6 million)*. Senate Bill 225, passed during the 1996 legislative session, created the “Property Tax Reduction Fund” (PTRF). Its intent is to fund property tax relief in South Dakota by decreasing local effect and increasing the State’s share in funding education. This law provides that the Commissioner of Bureau of Finance and Management may transfer monies available from the PTRF to the General Fund to provide property tax relief through state aid to education. Revenues deposited in the PTRF come from four sources: (1) 49.5% of video lottery net machine income; (2) 60% of the revenue from the 4% tax on the gross receipts of telecommunications services; (3) 33% share of revenue generated from the tobacco tax in excess of \$35 million; (4) transfers from the Wind Energy Tax Fund; and (5) unobligated cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the PTRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. This statutorily created fund does not qualify as a special revenue fund under GASB 54 and is reported as a subfund of the General Fund for financial reporting purposes. The fund balance in the PTRF at June 30, 2015 was \$44.6 million, a decrease of \$3.6 million from the previous year. The PTRF provided \$112.7 million in property tax relief through state aid to education in fiscal year 2015.

Passage of House Bill 1050 in the 2015 Legislative Session changed the PTRF. This bill repealed the PTRF and in fiscal year 2016 allows current receipts of the PTRF to instead flow directly into the General Fund and this fund balance to be placed in a new sub-fund of the General Fund.

## Changes in Net Position

The following table summarizes financial information derived from the Government-Wide Statement of Activities and reflects how the State's net position changed during fiscal year 2015:

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

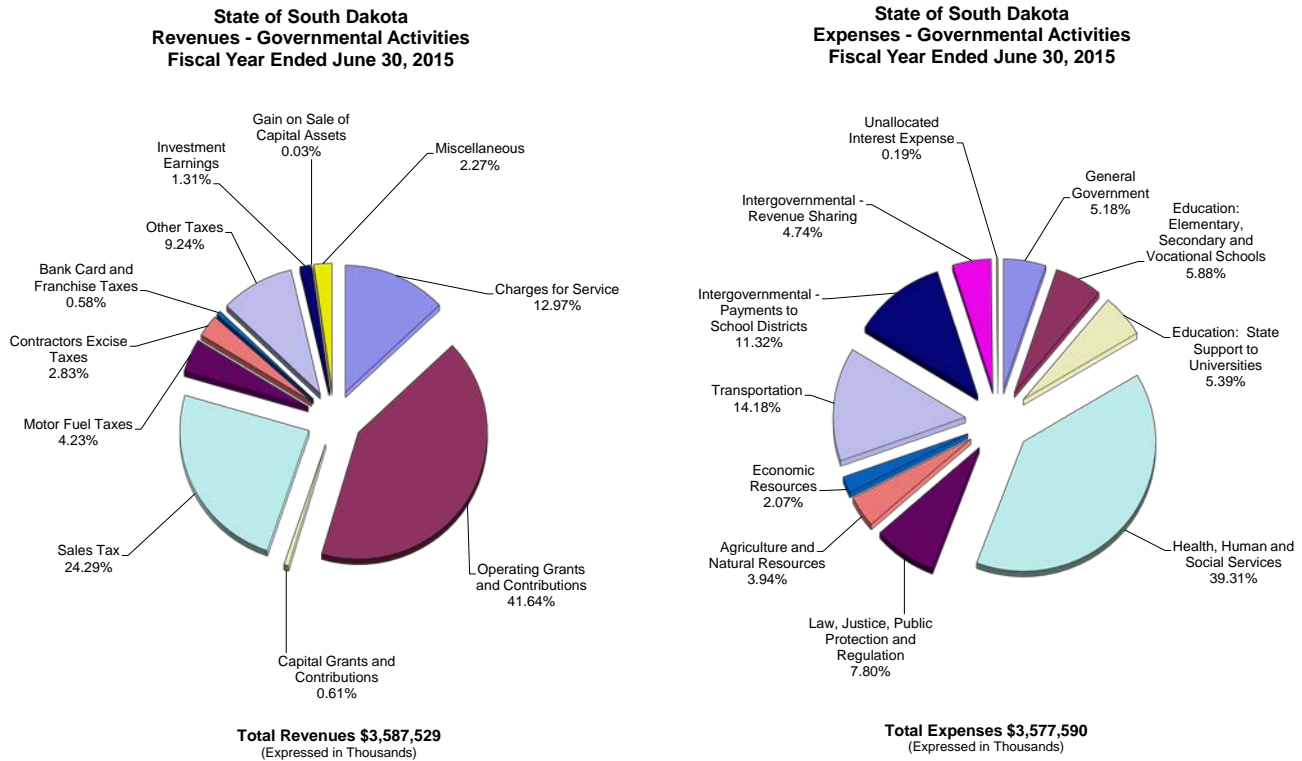
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>% of Change</b>
	<b>FY2015</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2014</b>	
<b>Revenues:</b>							
Program Revenues:							
Charges for Service	\$ 465,139	\$ 436,465	\$ 234,658	\$ 240,350	\$ 699,797	\$ 676,815	3.4%
Operating Grants and Contributions	1,493,542	1,582,641	30,005	33,994	1,523,547	1,616,635	(5.8)%
Capital Grants and Contributions	21,946	1,516	2,810		24,756	1,516	1533.0%
General Revenues:							
Sales Taxes	871,402	858,001			871,402	858,001	1.6%
Motor Fuel Taxes	151,901	136,395			151,901	136,395	11.4%
Contractors Excise Taxes	101,678	93,746			101,678	93,746	8.5%
Bank Card and Franchise Taxes	20,669	23,943			20,669	23,943	(13.7)%
Other Taxes	331,649	311,397			331,649	311,397	6.5%
Investment Earnings	47,130	142,003			47,130	142,003	(66.8)%
Gain on Sale of Capital Assets	1,198	2,726			1,198	2,726	(56.1)%
Miscellaneous	81,275	133,988			81,275	133,988	(39.3)%
<b>Total Revenues</b>	<b>3,587,529</b>	<b>3,722,821</b>	<b>267,473</b>	<b>274,344</b>	<b>3,855,002</b>	<b>3,997,165</b>	<b>(3.6)%</b>
<b>Program Expenses:</b>							
General Government, as restated	185,273	180,193			185,273	180,193	2.8%
Education – Elementary, Secondary and Vocational Schools, as restated	210,271	206,997			210,271	206,997	1.6%
Education – State Support to Higher Education	192,950	219,341			192,950	219,341	(12.0)%
Health, Human and Social Services	1,406,586	1,380,648			1,406,586	1,380,648	1.9%
Law, Justice, Public Protection and Regulation	279,097	321,186			279,097	321,186	(13.1)%
Agriculture and Natural Resources	140,921	152,666			140,921	152,666	(7.7)%
Economic Resources	74,004	40,121			74,004	40,121	84.5%
Transportation, as restated	507,300	473,550			507,300	473,550	7.1%
Intergovernmental – Payments to School Districts	404,909	393,606			404,909	393,606	2.9%
Intergovernmental – Revenue Sharing	169,514	161,564			169,514	161,564	4.9%
Unallocated Interest Expense	6,712	9,198			6,712	9,198	(27.0)%
Unallocated Depreciation	53	53			53	53	0.0%
Lottery			41,053	42,806	41,053	42,806	(4.1)%
Clean Water State Revolving			9,673	9,879	9,673	9,879	(2.1)%
Drinking Water State Revolving			8,651	9,352	8,651	9,352	(7.5)%
Other			56,081	66,042	56,081	66,042	(15.1)%
<b>Total Expenses</b>	<b>3,577,590</b>	<b>3,539,123</b>	<b>115,458</b>	<b>128,079</b>	<b>3,693,048</b>	<b>3,667,202</b>	<b>0.7%</b>
Excess (Deficiency) Before Transfers	9,939	183,698	152,015	146,265	161,954	329,963	
Special Items		17,619			0	17,619	
Transfers	113,558	102,937	(113,558)	(102,937)	0	0	
Change in Net Position	123,497	304,254	38,457	43,328	161,954	347,582	
Net Position – Beginning, as restated	5,308,747	5,004,493	593,057	549,729	5,901,804	5,554,222	
Restatement - implementation of GASB 68 & 71	83,510		1,867		85,377		
Adjusted Net Position - Beginning	5,392,257	5,004,493	594,924	549,729	5,987,181	5,554,222	
<b>Net Position – Ending, as restated</b>	<b>\$ 5,515,754</b>	<b>\$ 5,308,747</b>	<b>\$ 633,381</b>	<b>\$ 593,057</b>	<b>\$ 6,149,135</b>	<b>\$ 5,901,804</b>	
Percent Change in Total Net Position from prior year	3.9%		6.8%		4.2%		

### Governmental Activities:

The State's net position for Governmental Activities at the end of fiscal year 2015 was \$5.5 billion. This represents an increase of 3.9% or \$207.0 million; \$123.5 million from current operations and \$83.5 million from GASB 68 and 71 restatements. This was the result of the net effect of the following: (1) \$3.6 billion revenues (a decrease from the prior year of \$135.3 million); less (2) \$3.6 billion expenses (an increase over the prior year of \$38.5 million); plus (3) net transfers of \$113.6 million (primarily from the South Dakota Lottery).

- The decrease in revenues was primarily due to an \$89.1 million decrease in operating grants and contributions; and a \$94.9 million decrease in investment earnings. These decreases were offset by an increase of \$36.8 million in sales taxes, motor fuel taxes, and contractors excise tax revenues; which are attributed to the growing and expanding South Dakota economy.
- The increase in expenses was primarily due to \$33.9 million, \$33.8 million, and \$25.9 million increases to economic resources; transportation; and health, human, and social services functions of government. These increases were offset by \$42.1 million and \$26.4 million reductions in law, justice, public protection, and regulation; and state aid to higher education expenditures, respectively.

The following two charts illustrate the above program revenues and expenses for Governmental Activities for fiscal year ending June 30, 2015:



This fiscal year, the State received 41.6% of its revenues from grants and contributions, and 24.3% from sales tax. In the previous year, grant and contributions accounted for 42.5% and 23.1% from sales tax. Charges for service accounted for 13.0% as compared to 11.7% in the prior fiscal year.

In fiscal year 2015, health, human and social services (taking care of people) accounted for 39.3% of the State's expenses, followed by 22.6% to education (K-12 and post-secondary), 14.2% to transportation (constructing and maintain roads and bridges) and 7.8% for law, justice, public protection, and regulation (protecting people).

*Business-type Activities:*

Net position of the business-type activities at the end of fiscal year 2015 was \$633.4 million, an increase of \$38.5 million due to total revenues exceeding total expenses and transfers out. Although net position for Business-type Activities only accounts for roughly 10.3% of the total net position, Business-type Activities provided \$113.6 million in net transfers to Governmental Activities to help fund current operations, most of which came from the South Dakota Lottery.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

### Governmental Funds

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

As shown in the table below, at the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$1.8 billion, an increase of \$35.6 million during the year. Of this amount, approximately 27.4%, or \$505.0 million of the combined ending fund balances is nonspendable; either due to its form or legal constraints. The nonspendable portion is predominately made up of the Education Enhancement Trust and the Health Care Trust funds to be held as permanent investments. Approximately 52.1%, or \$960.2 million of the combined ending fund balances is restricted by outside sources or enabling legislation. 2.8%, or \$51.1 million of the combined balance is committed by state law and 8.0%, or \$147.8 million, has been assigned internally for specific purposes. The remaining \$179.9 million or 9.7% is unassigned according to GASB Statement 54. Certain resources within the \$179.9 million of the unassigned fund balance have other internally imposed limitations as discussed below. (Please refer to Notes to the Financial Statements for a further explanation and breakdown of these balances.)

**State of South Dakota**  
**Governmental Fund Balance as of June 30, 2015**  
(Expressed in Thousands)

	<u>General Fund</u>	<u>Transportation</u>	<u>Social Services Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>	<u>Nonmajor</u>	<u>Total</u>	<u>% of Total Fund Balance</u>
Nonspendable	\$ 3,911	\$ 18,704	\$ 163	\$	\$ 347,252	\$ 134,974	\$ 505,004	27.4%
Restricted	10,479	132,575		305,395	149,877	361,866	960,192	52.1%
Committed						51,119	51,119	2.8%
Assigned	120,180		1,216			26,417	147,813	8.0%
Unassigned	183,570					(3,624)	179,946	9.7%
<b>Total Fund Balances</b>	<b>\$ 318,140</b>	<b>\$ 151,279</b>	<b>\$ 1,379</b>	<b>\$ 305,395</b>	<b>\$ 497,129</b>	<b>\$ 570,752</b>	<b>\$ 1,844,074</b>	
% Change from prior year	(0.7)%	21.1%	0.6%	1.0%	1.9%	(0.2)%	2.0%	

The following governmental funds are major funds and had significant impact on the State's financial position during fiscal year 2015:

#### *General Fund (\$318.1 million).*

The General Fund is the chief operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

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

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

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

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

Revenues and Transfers In				Expenditures and Transfers Out			
	General Fund		% of Change		General Fund		% of Change
	FY2015	FY2014			FY2015	FY2014	
<b>Revenue:</b>				<b>Expenditures:</b>			
Taxes:				Current:			
Sales and Use Tax	\$ 859,575	\$ 841,456	2.2%	General Government	\$ 52,024	\$ 48,635	7.0%
Contractor's Excise Tax	101,999	93,460	9.1%	Education (all)	623,139	638,742	(2.4)%
Insurance Company Tax	72,644	66,398	9.4%	Health, Human and Social Services	529,791	484,262	9.4%
Cigarette Excise Tax	35,091	32,866	6.8%	Law, Justice, Public Protection and Regulation	152,431	147,203	3.6%
Bank Tax	20,669	23,943	(13.7)%	Agriculture and Natural Resources	16,163	15,638	3.4%
Tourism Tax	16,612	16,136	2.9%	Economic Resources	28,745	24,415	17.7%
Alcohol Beverage Tax	16,356	15,988	2.3%	State Shared Revenue Paid			
Mineral Tax	7,508	9,286	(19.1)%	to Other Other Governments	37,685	38,047	(1.0)%
Other	7,489	7,478	0.1%	Debt Service:			
Licenses, Permits and Fees	10,267	10,097	1.7%	Payment to Refunded Bond Escrow Agent		16,924	
Fines, Forfeits and Penalties	368	358	2.8%	<b>Total Expenditures</b>	<b>\$ 1,439,978</b>	<b>\$ 1,413,866</b>	<b>1.8%</b>
Use of Money and Property	6,658	8,254	(19.3)%				
Sales and Services	23,463	17,706	32.5%				
Administering Programs	10	25	(60.0)%				
Unclaimed Property Remittance	50,883	101,143	(49.7)%				
Other Revenue	7,548	6,498	16.2%				
<b>Total Revenue</b>	<b>\$ 1,237,140</b>	<b>\$ 1,251,092</b>	<b>(1.1)%</b>				
<b>Transfers In:</b>				<b>Transfers Out:</b>			
South Dakota Lottery fund	\$ 105,708	\$ 98,534	7.3%	Public Safety Emergency Management	\$ 6,829	\$	
Securities and Insurance fund	45,752	42,704	7.1%	Vocational Education Facilities	2,217	1,650	34.4%
Education Enhancement Trust fund	17,037	15,700	8.5%	Building Authority Debt Service fund	1,429	12,157	(88.2)%
Dakota Cement Trust fund	10,804	10,063	7.4%	Labor	1,406	1,376	2.2%
Health Care Tobacco Tax fund	7,860	8,305	(5.4)%	State Fire Suppression fund	750	1,950	(61.5)%
Education Enhancement Tobacco Tax fund	7,629	8,061	(5.4)%	Accounting and Payroll	596	602	(1.0)%
South Dakota Gaming Commission fund	6,182	6,379	(3.1)%	Aviation	525	517	1.5%
Health Care Trust fund	4,674	4,323	8.1%	Railroad Trust Fund		8,200	
All Other Transfer Ins	9,656	5,665	70.5%	SDRS		7,598	
<b>Total Transfers In</b>	<b>\$ 215,302</b>	<b>\$ 199,734</b>	<b>7.8%</b>	All Other Transfer Outs	948	4,981	(81.0)%
				<b>Total Transfers Out</b>	<b>\$ 14,700</b>	<b>\$ 39,031</b>	<b>(62.3)%</b>

The General Fund experienced increases in most of its major sources of revenues such as sales and use tax (increase of \$18.1 million), contractors excise tax (increase of \$8.5 million), insurance company tax (increase of \$6.2 million), cigarette excise tax (increase of \$2.2 million) and sales and service fees (increase of \$5.8 million). These increases are directly attributed to the steadily growing South Dakota economy. Despite these increases, the General Fund experienced an overall revenue decrease of \$14.0 million from the prior year. This decrease in overall General Fund revenue is attributed to a \$50.3 million decrease in unclaimed property remittance. This decrease in unclaimed property remittance was expected as the prior fiscal year experienced a one-time surge in unclaimed property remittance of \$65.6 million due to legislative changes which shortened the time period in which unclaimed property is presumed abandoned.

Transfers into the General Fund from the prior year increased by \$15.6 million or 7.8% while transfers out of the General Fund decreased by \$24.3 million or 62.3% resulting in a "net" transfer change from the prior year of \$40.0 million. The increases in transfers into the General Fund are attributed to growth in the South Dakota Lottery, Securities and Insurance Fund and increased value of the State's three trust funds and other funds with statutory transfers.

With the implementation of GASB Statement 54, fourteen statutorily created funds do not qualify as Special Revenue Funds and were required to be combined with the State's General Fund in fiscal year 2015. The General Fund and these fourteen funds were, and will continue to be budgeted for, accounted for, and tracked separately on the State's budget and accounting systems.

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

	<u>General Fund FY2014 Beginning Fund Balance</u>	<u>General Fund FY2015 Ending Fund Balance</u>
<b>Fund Balance - General Fund, as restated</b>	<b>\$ 320,317</b>	<b>\$ 318,140</b>
	<u>Beginning Balance</u>	<u>Ending Balance</u>
<b>Less: Statutorily Created Funds Combined with the General Fund</b>		
Property Tax Reduction - assigned for Education	\$ 48,184	\$ 44,610
Tourism Promotion - assigned for Tourism Promotion	2,835	2,886
Investment Council Operating - assigned for Other	990	3,571
Private Activity Bond - assigned for Other	170	409
Teen Court - assigned for Other	36	11
Proof of Concept - assigned for Economic Development	446	202
Economic Development - assigned for Economic Development	894	1,072
Local Infrastructure Improvement - assigned for Economic Development	1,491	3,780
Workforce Education - assigned for Education	27	1,432
Tax Relief - unassigned	240	-
Building South Dakota - assigned for Economic Development and Education; and Health and Public Assistance	21,107	15,413
Extraordinary Litigation Expense - assigned (unassigned)	632	(1,437)
Legislative Contingency Fund - unassigned		1,000
Unclaimed Property - unassigned	29	30
<b>Total GASB 54 combinations</b>	<u><b>77,081</b></u>	<u><b>72,979</b></u>
<b>Fund Balance - General Fund - excluding GASB 54 combinations</b>	<u><b>\$ 243,236</b></u>	<u><b>\$ 245,161</b></u>

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

In evaluating a contract between SDRC, Inc. and GOED, relating to the EB-5 program, it was determined the SDRC Indemnification Fund One Account should be reported in the State's General Fund. As of June 30, 2015 the following equity balances were included within the State's General Fund (expressed in thousands):

	<u>General Fund FY2014 Beginning Fund Balance</u>	<u>General Fund FY2015 Ending Fund Balance</u>
<b>Fund Balance - General Fund - excluding GASB 54 combinations</b>	<b>\$ 243,236</b>	<b>\$ 245,161</b>
	<u>Beginning Balance</u>	<u>Ending Balance</u>
<b>Less: SDRC Funds Combined with the General Fund</b>		
SDRC Indemnification Fund One Account - restricted for Economic Development	\$ 1,271	\$ 1,637
<b>Total SDRC combinations</b>	<u><b>1,271</b></u>	<u><b>1,637</b></u>
<b>Fund Balance - General Fund - excluding all combinations</b>	<u><b>\$ 241,965</b></u>	<u><b>\$ 243,524</b></u>

At the end of the fiscal year, total fund balance of the General Fund was \$318.1 million (including GASB 54 combination and the SDRC accounts), a decrease of \$2.2 million, or 0.7% from the prior year.

Specific changes in the General Fund balance include the following:

- Restricted ending fund balance of \$10.5 million increased by \$2.2 million or 26.8% from the prior fiscal year. \$1.8 million of this increase is attributed to securities held as unclaimed property as the number of securities held by the State as unclaimed property increased during the fiscal year; in addition the market value of the securities held also increased. \$0.5 million of this increase is related to an increase in the SDRC Indemnification Fund.
- Assigned ending fund balance of \$120.2 million decreased by \$28.8 million, or 19.4% from the prior fiscal year. This decrease was primarily due to SB 51 from the 2015 Legislative Session which eliminated the \$16.0

million contingency funds available to the Department of Social Services and a decrease of \$6.7 million which represents continued construction of the State's new Veterans' Home.

- Unassigned fund balance of \$183.6 million increased by \$24.2 million, or 15.2% from the prior fiscal year. The majority of this increase is attributed to a \$21.5 million increase in the General Fund Budget Reserve. This increase in the General Fund Budget Reserve is comprised of \$10.0 million of revenue growth that exceeded estimates adopted by the legislature for fiscal year 2015. Moreover, State agencies demonstrated fiscal restraint by spending \$11.5 million less than appropriated.

It is important to note that some of this unassigned fund balance has other restricting factors that may limit or decrease its availability for general appropriations because it either has another purpose as intended by state law, or has internally imposed limitations. Those limitations on the unassigned fund balance include; \$126.7 million is the General Fund Budget Reserve which is created by state law and only to be used to address emergency situations without having to raise taxes or cut spending. Other limitations on the General Fund include:

- \$26.4 million of the unassigned fund balance represents tax revenue that was received and recognized as revenue in the General Fund in fiscal year 2015 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2016. This revenue will be used in fiscal year 2016 cash basis operations.
- \$29.7 million of the unassigned fund balance is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities.

As a measure of the General Fund's liquidity, it may be useful to compare both the assigned and unassigned fund balances to total fund expenditures. The assigned fund balance represents 8.4% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve) represents 12.8% of that same amount.

See the Budgetary Highlights – General Fund section in this document for more discussion on General Fund.

#### *Transportation (\$151.3 million).*

The Transportation Fund is a major special revenue fund that accounts for the construction and maintenance of the State's highways and bridges, and funding public transportation. Its revenue is comprised of federal grants, state motor fuel taxes, and state motor vehicle excise taxes. All revenues of the Transportation fund are used and expended under the direction of the State's Department of Transportation. The total fund balance at the end of the current fiscal year for this fund was \$151.3 million, an increase of \$26.4 million, or 21.1% from the prior fiscal year.

During the fiscal year, total revenue for the Transportation Fund increased by \$5.3 million, or 0.9% from the prior year. This increase in revenue is the result of a \$24.3 million, or an 11.6% increase in taxes, but offset by a \$19.5 million, or 5.3% decrease in administering program revenue (i.e. federal grant revenue) from the prior year. The declining federal grant revenue has resulted in funding more projects with State tax revenues.

Total expenditures in the Transportation fund decreased by \$33.2 million or 5.6% from the previous year. This change comes from a \$24.9 million or 5.5% decrease in contractual services and an \$8.3 million or 27.7% decrease in capital outlay attributed to a decrease in construction activity.

#### *Social Services Federal (\$1.4 million).*

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

Revenue in the fund consists of federal grants from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the U.S. Department of Energy, the U.S. Department of Justice, and Federal pass-through grants from various State entities. The majority of the funding is expended on entitlement programs, service contracts to providers, and the administration of these programs. A majority of the State match to these federal grants is



accounted for and expended out of the General Fund. The total fund balance at the end of the current fiscal year for the Social Services Federal Fund was \$1.4 million, unchanged from the prior fiscal year.

Program revenue of \$683.4 million decreased by 1.6% and expenditures of \$683.2 million fell by 1.6% from the prior fiscal year predominantly due to the drop in the federal FMAP rate in the Medicaid program.

#### *Dakota Cement Trust Fund (\$305.4 million).*

As created in Article XIII, Sections 20 and 21 of the Constitution of the State of South Dakota, this fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings. "Four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December thirty-first of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year" shall be transferred to the General Fund in support of education. The Dakota Cement Trust Fund transferred \$10.8 million to the General Fund in fiscal year 2015 and \$10.1 million in fiscal year 2014.

The fund balance in the Dakota Cement Trust Fund at June 30, 2015, was \$305.4 million and is restricted for education. This is an increase of \$3.0 million from the previous year. The increase resulted primarily from investment income of \$14.1 million, exceeding expenditures and the required transfer to the General Fund.

#### *Education Enhancement Trust Fund (\$497.1 million).*

This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, monies from the Youth-at-Risk Fund and General Fund appropriations for scholarship purposes. The fund is authorized by State law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, section 6 of the Constitution of the State of South Dakota also states that, "the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature." The Education Enhancement Trust Fund transferred \$17.0 million to the General Fund in fiscal year 2015 and \$15.7 million in fiscal year 2014.

The fund balance in the Education Enhancement Trust Fund at June 30, 2015, was \$497.1 million, an increase of \$9.5 million from the prior year. This increase resulted primarily from investment income of \$21.6 million and transfers in to the Education Enhancement Trust Fund of \$5.5 million for residual Tobacco Settlement Revenue (from the Education Enhancement Funding Corporation), exceeding the operating expenditures and the required transfer to the General Fund.

### *Proprietary Funds*

The State's proprietary funds are presented on the accrual basis of accounting and include the State's enterprise funds and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2015:

#### *Lottery Fund (\$7.1 million).*

The Lottery Fund accounts for the operations of the South Dakota State Lottery which markets instant tickets and lotto games, and regulates video lottery to raise revenue for State programs and projects. At the end of the current fiscal year, the Lottery Fund reported total net position of \$7.1 million, a decrease of \$0.6 million in comparison with the prior year. During the current fiscal year, the State Lottery produced income (before transfers) in the amount of \$111.4 million on total revenue of \$152.3 million, compared to the previous fiscal year's income (before transfers) of \$105.8 million on total revenue of \$148.3 million. The increase in revenues was the result of an increase in video lottery sales. During fiscal year 2015, the State Lottery Fund distributed approximately \$94.7 million to the Property Tax Reduction Fund (a subfund of the General Fund), \$11.0 million to the General Fund, \$6.2 million to the Capital Construction Fund, and \$0.2 million to the Department of Human Services.

#### *Clean Water State Revolving Fund (\$218.1 million).*

The Clean Water State Revolving Fund program provides low interest loans to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net position of \$218.1 million, an increase of \$8.5 million, or 4.1% in comparison to the prior fiscal year. Total operating and nonoperating

revenue decreased by \$7.4 million or 28.8% from the prior year. This decrease is attributed to an \$8.1 million decrease in grant and other income offset slightly by increases in both sales and services, and interest earnings. Total operating and nonoperating expenses decrease by \$0.2 million or 1.9% from the prior year resulting in total revenues exceeding total expenses by \$8.5 million in fiscal year 2015.

*Drinking Water State Revolving Fund (\$168.6 million).*

The Drinking Water State Revolving Fund program provides low interest loans for drinking water projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net position of \$168.6 million, an increase of \$9.8 million or 6.2% in comparison with the prior year. This increase resulted primarily from federal grant revenues increasing by \$5.4 million or 87.2% and a decrease of \$0.7 million or 7.3% in total expenses.

*Budgetary Highlights - General Fund*

The following analysis is based on the Budgetary Comparison Schedules included in the Required Supplementary Information that immediately follows the basic financial statements.

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

*General Fund*

The difference between the original and the final budget was a \$10.0 million decrease in appropriations. That decrease can be attributed to three separate appropriation areas comprised of emergency specials, general bill adjustments, and a repeal of contingency funds.

The General Fund had \$22.6 million worth of emergency special appropriations during fiscal year 2015 that consisted of the following:

- \$6.8 million appropriation to the Department of Public Safety for costs related to disasters in South Dakota.
- \$6.0 million appropriation to the Bureau of Administration for the captive insurance startup for property insurance coverage and the captive insurance for five of State's component units' liability coverage.
- \$3.9 million appropriation to the Science and Technology Authority for costs related to the Ross Shaft at the Sanford Underground Research Facility.
- \$1.7 million appropriation to the Department of Social Services for costs related to the community based provider workforce improvement program.
- \$1.0 million appropriation to the Department of Human Services for costs related to the community based provider workforce improvement program.
- \$0.7 million appropriation to the Department of Agriculture for costs related to mountain pine beetle suppression.
- \$0.6 million appropriation to the Department of Health for reimbursements related to the recruitment assistance program.
- \$0.5 million appropriation to the Department of Revenue for costs related to tax refunds for elderly and disabled persons.

- \$0.4 million appropriation to the Bureau of Finance and Management for a grant to the conservation fund held by the South Dakota Community Foundation.
- \$0.3 million appropriation to the Department of Education for costs related to the jobs for America's graduates program.
- \$0.3 million appropriation to the Board of Regents for costs related to the need-based scholarship and critical teaching needs scholarship programs
- \$0.2 million appropriation to the United Judicial System for costs related to the adult community residential recidivism service.
- \$0.2 million appropriation to the Department of Corrections for costs related to the community based provider workforce improvement program.

The General Fund had general bill adjustments that decreased the original budget by \$16.5 million during fiscal year 2015 which consisted of the following:

- \$0.6 million increase in appropriation to the Department of Education for programs in Education Resources.
- \$0.4 million increase in appropriation to the Department of Environment and Natural Resources for programs in Environmental Services.
- \$0.3 million increase in appropriation to the Secretary of State.
- \$0.2 million increase in appropriation to the Department of Game, Fish and Parks for programs in State Parks and Recreation.
- \$0.2 million increase in appropriation to the Department of Social Services for programs in Behavioral Health.
- \$0.2 million increase in appropriation to the Board of Regents for programs at the University of South Dakota Proper, South Dakota State University Proper, South Dakota School of Mines and Technology, Northern State University, Dakota State University, the South Dakota School for the Deaf, and the South Dakota School for the Blind and Visually Impaired.
- \$0.1 million increase in appropriation to the Department of Corrections for programs in Mike Durfee State Prison, State Penitentiary, Women's Prison, State Treatment and Rehabilitation Academy.
- \$10.0 million decrease in appropriation to the Department of Social Services for programs in Medical and Adult Services and Children's Services.
- \$7.0 million decrease in appropriation to the Department of Education for programs in State Aid to General Education and Postsecondary Vocational Education.
- \$1.5 million decrease in appropriation to the Department of Corrections for programs in Inmate Services and Juvenile Community Corrections.

The General Fund had a repeal of contingency funds that decreased the original budget by \$16.0 million during fiscal year 2015 which consisted of the following:

- \$16.0 million decrease to Bureau of Finance and Management due to the repeal of contingency funds.

The net effect of the emergency special appropriations, general bill adjustments, and a repeal of contingency funds resulted in a \$10.0 million decrease in appropriations. Overall, there were no over-expenditures by any State departments. The difference between the final amended budget and actual spending was \$46.3 million below final budgeted estimates.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The State's capital assets are capitalized at historic cost. The State's investment in capital assets for its governmental and business-type activities as of June 30, 2015 is \$3.9 billion (net of accumulated depreciation). This investment in capital assets includes land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Land, as restated	\$ 115,637	\$ 111,868	\$ 295	295	\$ 115,932	\$ 112,163
Land Improvements	40,198	37,982	924	924	41,122	38,906
Land Improvements - Roads	613,620	607,417			613,620	607,417
Buildings, as restated	601,287	595,702	4,008	4,008	605,295	599,710
Equipment, as restated	216,108	207,254	3,623	3,677	219,731	210,931
Intangible Assets – Software, as restated	72,947	69,841	2,341	2,860	75,288	72,701
Vehicles, as restated	152,180	145,341			152,180	145,341
Infrastructure	3,761,358	3,655,948			3,761,358	3,655,948
Construction in Progress, as restated	264,784	293,124			264,784	293,124
<b>Total Capital Assets</b>	<b>5,838,119</b>	<b>5,724,477</b>	<b>11,191</b>	<b>11,764</b>	<b>5,849,310</b>	<b>5,736,241</b>
Accumulated Depreciation, as restated	(1,972,123)	(1,906,076)	(8,380)	(8,114)	(1,980,503)	(1,914,190)
<b>Total Capital Assets, Net</b>	<b>\$3,865,996</b>	<b>\$3,818,401</b>	<b>\$ 2,811</b>	<b>\$ 3,650</b>	<b>\$3,868,807</b>	<b>\$3,822,051</b>

The most significant capital asset the State reported in fiscal year 2015 is infrastructure assets. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Infrastructure assets account for \$2.3 billion (net of accumulated depreciation), which is 59.5% of total capital assets (net of accumulated depreciation).

The State's investment in capital assets (net of accumulated depreciation) increased from fiscal year 2014 to 2015 by approximately 1.2%. This change was primarily due to ongoing construction and completion of segments of infrastructure - highways, bridges, and railroads. The increase consisted of:

- Construction in progress for highways and bridges increased by \$95.7 million for new projects and decreased by \$145.8 million for projects completed and capitalized.
- Other construction in progress as a whole increased by \$21.8 million. This increase was the result of new construction for new and ongoing projects: the Department of Veterans Affairs (\$23.3 million, net of projects completed and capitalized), the Department of Game, Fish, and Parks (\$3.4 million, net of projects completed and capitalized), the Department of Public Safety (\$1.8 million, net of projects completed and capitalized), the Department of Corrections (\$0.9 million, net of projects completed and capitalized), the Bureau of Administration (\$0.4 million, net of projects completed and capitalized), the Attorney General's Office (\$0.2 million, net of projects completed and capitalized), and the Bureau of Finance and Management (\$0.1 million, net of projects completed and capitalized). However, one agency had projects completed and capitalized for

decreases in construction in progress: the Department of Transportation (\$8.3 million, net of new and ongoing projects).

- Building and building improvements increased by \$5.6 million. New buildings included the DOT Highmore Shop and Office (\$1.3 million), the DOT Rapid City Specialty Crew building (\$1.2 million), the DOT Martin Maintenance Shop (\$1.1 million), the DOT Kadoka Maintenance Shop (\$0.6 million), the DOT Flandreau Maintenance Shop (\$0.5 million), and the DOT Miller Cold Storage building (\$0.2 million). Building improvements included various DOT Maintenance Shop renovations and additions (\$1.2 million) and the DOC Pen West Farm Dorm boiler replacement (\$0.1 million). There were decreases to buildings and building improvements from disposing of the Redfield Armory Kitchen (\$0.3 million), the DSS Powerhouse (\$0.2 million) and the DOT Martin Maintenance Shop (\$0.1 million).
- Equipment assets increased by \$8.8 million. This was mainly due to the purchase of new equipment and replacing of aged equipment by: the Department of Transportation (\$7.2 million, net of disposals), the Department of Game, Fish, and Parks (\$0.3 million, net of disposals), the Department of Executive Management (\$0.3 million, net of disposals), the Legislative Research Council (\$0.3 million, net of disposals), the Department of Public Safety (\$0.3 million, net of disposals), the Department of Veterans' Affairs (\$0.2 million, net of disposals), the Department of Environment and Natural Resources (\$0.2 million, net of disposals), the Attorney General's Office (\$0.2 million, net of disposals), the Department of Agriculture (\$0.1 million, net of disposals), the Department of Health (\$0.1 million, net of disposals), and the Department of Human Services (\$0.1 million, net of disposals). There were decreases in equipment mainly due to disposing of aged equipment by: the Department of Military (\$0.3 million, net of additions), and the Department of Social Services (\$0.2 million, net of additions).
- Intangible assets increased by \$2.6 million, comprised of new software for the Department of Executive Management (\$1.1 million), the Department of Transportation (\$0.7 million, net of disposals), the Department of Corrections (\$0.7 million), and the Department of Education (\$0.4 million). There were decreases for intangible assets in the Department of Health (\$0.2 million, net of additions), and the Attorney General's Office (\$0.1 million, net of additions).
- Land and land improvements increased by \$6.0 million which consisted primarily of land and land improvements by the Department of Transportation (\$5.3 million, net of disposals) and the Department of Game, Fish, and Parks (\$0.7 million).
- Vehicles increased by \$6.8 million which consisted of replacing aged vehicles by the Department of Transportation (\$5.0 million, net of disposals), the Department of Executive Management (\$1.2 million, net of disposals), the Department of Game, Fish, and Parks (\$0.5 million, net of disposals), and the Department of Public Safety (\$0.1 million, net of disposals).

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

### *Debt Administration*

The authority of the State to incur limited debt for specific purposes is described in Article XIII, Section 2, of the State's Constitution. The State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000. The South Dakota Building Authority, a legally separate blended component unit of the State, was created and organized by Chapter 5-12 of the South Dakota Codified Laws to issue debt on behalf of the primary government. On May 4, 2015, the issuer credit rating (ICR) for the State of South Dakota as issued from Standard and Poor's was upgraded from AA+ to a AAA with a stable outlook. That rating remains at June 30, 2015.

The South Dakota Building Authority (SDBA) issues bonds, certificates of participation, and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of State departments and institutions. These obligations are payable from revenue generated through lease agreements between the SDBA and other State departments and institutions. The SDBA is a blended component unit of the State. At June 30, 2015, the uninsured rating was Aa2 from Moody's with a stable outlook and AA+ with a stable outlook from Standard and Poor's. The indebtedness, bonds, or obligations incurred or created by the SDBA may not be or become a lien, charge, or liability against the State. The bonds and all related financial transactions used to finance buildings of State departments and institutions are reported as part of governmental activities in the State's Basic Financial Statements, except for debt of universities, which is reported as part of the discretely presented component unit information.

The SDBA issued \$23.8 million in revenue bonds for Governmental Activities. The State incurred no new long-term general indebtedness under Business-type Activities. The South Dakota Building Authority issued \$87.7 million in revenue bonds for Higher Education (a discretely presented component unit).

The State eliminated \$54.8 million of bond debt during fiscal year 2014. This included paying off \$37.9 million in bonds and escrowing an additional \$16.9 million for principal and interest payments for an additional bond to be paid at its call date. As a result of this action, any debt payments made from, or appropriated from the General Fund now have dedicated sources of revenue supporting that debt payment which is transferred into the General Fund. Thus, the State has no General Fund supported debt after September 1, 2014.

The Educational Enhancement Funding Corporation (EEFC) is a special purpose corporation, organized by Chapter 5-12 of the South Dakota Codified Laws. EEFC is an instrumentality of, but separate and apart from the State. Although legally separate from the State, EEFC is a blended component unit of the State and accordingly, is included in the State's financial statements. Pursuant to a Purchase and Sale Agreement with the State, the State sold to EEFC its future rights, title, and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title, and interest in the TSRs has been financed by the issuance of the Bonds and the Residual Certificate. The Residual Certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of EEFC as set forth in the Trust Indenture. Pursuant to the Resolution, EEFC is prohibited from selling additional bonds, other than refunding bonds. The bonds represent limited obligations of EEFC, payable solely from and secured solely by the pledged TSRs and the pledged amounts. The bonds are not a debt or liability of the State or of any political subdivision or agency thereof. EEFC has no taxing power. EEFC did not issue any refunding bonds in fiscal year 2015.

The South Dakota Conservancy District (SDCD) issues revenue bonds for the Clean Water State Revolving Fund (CWSRF) and for the Drinking Water State Revolving Fund (DWSRF). These funds provide low interest loans or other types of financial assistance for the construction of publicly-owned wastewater treatment facilities; implementation of nonpoint source management programs; and construction and maintenance of drinking water facilities respectively. The bonds are paid solely from CWSRF and DWSRF loan repayments. The SDCD bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State. At June 30, 2015, the SDCD had maintained its long-term rating of Aaa from Moody's and AAA from Standard & Poor's on all outstanding State Revolving Fund Program Bonds.

The revenue bonds and related financial transactions for the CWSRF and DWSRF are reported as part of the Business-type Activities in the State's Basic Financial Statements. In fiscal year 2015, SDCD issued \$48.9 million in bonds for the CWSRF and \$11.0 million for DWSRF programs.

At June 30, 2015, primary government had total notes and bonded debt outstanding as follows:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>FY2015</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2014</u>
Revenue Bonds:						
South Dakota Building Authority	\$ 43,568	\$ 32,247	\$	\$	\$ 43,568	\$ 32,247
Educational Enhancement Funding Corporation	131,196	145,056			131,196	145,056
South Dakota Conservancy District			263,817	207,447	263,817	207,447
Trust Certificates:						
South Dakota Building Authority	570	880			570	880
Capital Leases, as restated:	116,352	114,587			116,352	114,587
<b>Total</b>	<b><u>\$ 291,686</u></b>	<b><u>\$ 292,770</u></b>	<b><u>\$ 263,817</u></b>	<b><u>\$ 207,447</u></b>	<b><u>\$ 555,503</u></b>	<b><u>\$ 500,217</u></b>

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

## *ECONOMIC CONDITIONS AND OUTLOOK*

Nonfarm employment in South Dakota increased during fiscal year 2015 and continues to expand at a moderate pace. In fiscal year 2015, nonfarm employment in the State increased 1.4%, or 6,000 jobs. The unemployment rate in South Dakota remained one of the lowest in the nation in fiscal year 2015. South Dakota's unemployment rate was 3.8% in June 2015, while the U.S. unemployment rate was 5.3% the same month. In calendar year 2014, the most recent annual data that is available, South Dakota's nonfarm personal income grew 4.9%, which was higher than the U.S. growth rate of 4.6% and well above the Plains' State Region growth rate of 4.3%. South Dakota's per capita personal income continues to improve compared to the national average. Over the past 10 years, South Dakota's per capita personal income has improved from 93.1% of the U.S. average in 2005 to 98.3% of the U.S. average in 2014.

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

## *REQUESTS FOR INFORMATION*

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

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





## ***BASIC FINANCIAL STATEMENTS***

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

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

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**  
**(Expressed in Thousands)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,024,698	\$ 254,871	\$ 1,279,569
Receivables, net	403,707	429,345	833,052
Due From Component Units	1,065	33	1,098
Due From Primary Government			0
Internal Balances	5,210	(5,210)	0
Investments	823,688	195,428	1,019,116
Inventory	24,446	2,555	27,001
Advances to Component Units	1,413	22,276	23,689
Other Assets	6,389	175	6,564
Assets Held for Resale			0
Restricted Assets:			
Cash and Cash Equivalents	1,428	2,841	4,269
Investments	20,080	552	20,632
Net Pension Asset	155,519	3,477	158,996
Other	216	701	917
Capital Assets:			
Land and Other Non-depreciable Assets	738,161	295	738,456
Infrastructure, net	2,274,544		2,274,544
Property, Plant, and Equipment, net	588,507	2,516	591,023
Construction in Progress	264,784		264,784
<b>Total Assets</b>	<b>6,333,855</b>	<b>909,855</b>	<b>7,243,710</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflow Related to Pensions	138,734	3,095	141,829
Deferred Swap Outflow			0
Deferred Outflow on Debt Refunding	5,661	6,104	11,765
<b>Total Deferred Outflows of Resources</b>	<b>144,395</b>	<b>9,199</b>	<b>153,594</b>
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	289,656	9,616	299,272
Due To Primary Government			0
Due To Component Units	6,915		6,915
Accrued Interest Payable	5,977	4,032	10,009
Unearned Revenue	56,556	1,912	58,468
Noncurrent Liabilities:			
Due Within One Year	64,708	16,821	81,529
Due In More Than One Year	358,568	249,263	607,831
<b>Total Liabilities</b>	<b>782,380</b>	<b>281,644</b>	<b>1,064,024</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflow Related to Pensions	180,116	4,029	184,145
Deferred Forward Contract Inflow			0
Deferred Inflow on Gain on Debt Refinancing			0
<b>Total Deferred Inflows of Resources</b>	<b>180,116</b>	<b>4,029</b>	<b>184,145</b>
<b>Net Position</b>			
Net Investment in Capital Assets	3,713,057	2,810	3,715,867
Restricted for:			
Education	314,095		314,095
Highways	140,540		140,540
Railroads	42,873		42,873
Law, Justice, Public Protection, and Regulation	18,417		18,417
Agriculture and Natural Resources	79,749		79,749
Game and Fish	7,045		7,045
Parks and Recreation	6,104		6,104
Health and Public Assistance	12,207		12,207
Economic Development	56,313		56,313
Debt Service	28,341	99	28,440
Capital Projects	13,609		13,609
HOME and NSP Program			0
Energy Conservation Programs	11,547		11,547
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds Held as Permanent Investments:			
Expendable	197,370		197,370
Nonexpendable	478,763		478,763
Pensions	114,133	2,545	116,678
Interim Lab			0
Mine Closure			0
Sanford Center for Science Education			0
Other Purposes	16,675	3,511	20,186
Unrestricted	264,916	624,416	889,332
<b>Net Position</b>	<b>\$ 5,515,754</b>	<b>\$ 633,381</b>	<b>\$ 6,149,135</b>

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

Component Units			
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 144,638	\$ 21,320	\$ 207,961	\$ 6,248
843,743	3,195	118,510	17,386
5,000	300	1,615	
601,114		442,165	1,782
3,185	2,986	9,253	
43	383	3,281	10
			4,978
		85,284	1
		75,548	5,841
1,108	3,810	111,795	
		13,189	
220	18,900	37,941	568
5,724	44,416	866,320	23,024
	24,337	86,629	
<b>1,604,775</b>	<b>119,647</b>	<b>2,059,491</b>	<b>59,838</b>
995	3,367	99,194	
11,984			
725		5,240	
<b>13,704</b>	<b>3,367</b>	<b>104,434</b>	<b>0</b>
11,416	3,542	56,173	1,153
71		1,019	8
5,477		4,087	354
		8,149	2,390
33,669	520	62,186	1,670
1,065,035	687	572,902	40,770
<b>1,115,668</b>	<b>4,749</b>	<b>704,516</b>	<b>46,345</b>
1,283	4,412	129,478	
43			
<b>1,326</b>	<b>4,412</b>	<b>129,496</b>	<b>0</b>
(441)	87,131	541,189	1,084
416,629		4,829	5,000
70,431			
		214,422	
		371,854	
819	2,764	81,512	
	4,397		
	1,379		
	3,830		
14,047	10,000		
	4,352	116,107	7,409
<b>\$ 501,485</b>	<b>\$ 113,853</b>	<b>\$ 1,329,913</b>	<b>\$ 13,493</b>

**STATE OF SOUTH DAKOTA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 185,273	\$ 244,728	\$ 10,381	\$
Education - Elementary, Secondary, and Vocational Schools	210,271	8,489	173,353	
Education - State Support to Higher Education	192,950			
Health, Human, and Social Services	1,406,586	39,058	853,746	19,106
Law, Justice, Public Protection, and Regulation	279,097	85,252	63,296	
Agriculture and Natural Resources	140,921	76,994	40,767	
Economic Resources	74,004	1,611	7,670	
Transportation	507,300	9,007	344,329	2,840
Intergovernmental - Payments to School Districts	404,909			
Intergovernmental - Revenue Sharing	169,514			
Unallocated Interest Expense	6,712			
Unallocated Depreciation	53			
<b>Total Governmental Activities</b>	<b>3,577,590</b>	<b>465,139</b>	<b>1,493,542</b>	<b>21,946</b>
<b>Business-type Activities:</b>				
Lottery	41,053	152,362	138	
Clean Water State Revolving	9,673	6,856	11,379	
Drinking Water State Revolving	8,651	4,197	14,305	
Revolving Economic Development and Initiative	450	1,013	708	
Unemployment Insurance	26,534	41,543	2,457	
Second Injury	1,891	8	20	
State Fair	3,264	2,867	29	2,810
Federal Surplus Property	4,388	4,263	7	
Rural Rehabilitation	421	315	165	
Prison Industries	2,410	2,751	23	
Health Insurance Risk Pool	2,282	2,009	553	
Professional and Licensing	7,558	8,140	151	
Banking and Insurance	3,973	4,481	58	
Other	2,910	3,853	12	
<b>Total Business-type Activities</b>	<b>115,458</b>	<b>234,658</b>	<b>30,005</b>	<b>2,810</b>
<b>Total Primary Government</b>	<b>\$ 3,693,048</b>	<b>\$ 699,797</b>	<b>\$ 1,523,547</b>	<b>\$ 24,756</b>
<b>Component Units:</b>				
Housing Authority	\$ 76,989	\$ 65,258	\$ 27,906	\$
Science and Technology Authority	21,045	463	19,374	7,194
Higher Education	711,148	429,628	139,567	5,812
Nonmajor	6,658	3,469	582	1,333
<b>Total Component Units</b>	<b>\$ 815,840</b>	<b>\$ 498,818</b>	<b>\$ 187,429</b>	<b>\$ 14,339</b>

General Revenues:

Taxes:

Sales Taxes

Motor Fuel Taxes

Contractors Excise Taxes

Bank Card and Franchise Taxes

Other Taxes

Investment Earnings

State Support to Higher Education

Gain on Sale of Capital Assets

Miscellaneous

Additions to Endowments

Transfers

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

**Changes in Net Position**

Net Position at Beginning of Year, as restated

**Net Position at End of Year**

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

**Net (Expenses) Revenue and Changes in Net Position**

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 69,836	\$	\$ 69,836				
(28,429)		(28,429)				
(192,950)		(192,950)				
(494,676)		(494,676)				
(130,549)		(130,549)				
(23,160)		(23,160)				
(64,723)		(64,723)				
(151,124)		(151,124)				
(404,909)		(404,909)				
(169,514)		(169,514)				
(6,712)		(6,712)				
(53)		(53)				
<b>(1,596,963)</b>	<b>0</b>	<b>(1,596,963)</b>				
	111,447	111,447				
	8,562	8,562				
	9,851	9,851				
	1,271	1,271				
	17,466	17,466				
	(1,863)	(1,863)				
	2,442	2,442				
	(118)	(118)				
	59	59				
	364	364				
	280	280				
	733	733				
	566	566				
	955	955				
<b>0</b>	<b>152,015</b>	<b>152,015</b>				
<b>(1,596,963)</b>	<b>152,015</b>	<b>(1,444,948)</b>				
			\$ 16,175	\$ 5,986	\$ (136,141)	\$ (1,274)
			<b>16,175</b>	<b>5,986</b>	<b>(136,141)</b>	<b>(1,274)</b>
871,402		871,402				
151,901		151,901				
101,678		101,678				
20,669		20,669				
331,649		331,649				
47,130		47,130		216	12,538	60
		0			192,950	
1,198		1,198				
81,275		81,275				
		0			15,680	
113,558	(113,558)	0				
<b>1,720,460</b>	<b>(113,558)</b>	<b>1,606,902</b>	<b>0</b>	<b>216</b>	<b>221,168</b>	<b>60</b>
<b>123,497</b>	<b>38,457</b>	<b>161,954</b>	<b>16,175</b>	<b>6,202</b>	<b>85,027</b>	<b>(1,214)</b>
5,392,257	594,924	5,987,181	485,310	107,651	1,244,886	14,707
<b>\$ 5,515,754</b>	<b>\$ 633,381</b>	<b>\$ 6,149,135</b>	<b>\$ 501,485</b>	<b>\$ 113,853</b>	<b>\$ 1,329,913</b>	<b>\$ 13,493</b>

STATE OF SOUTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015  
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ 275,909	\$ 112,792	\$ 8	\$ 57,362	\$ 108,740	\$ 380,540	\$ 935,351
Restricted Cash	1,421					7	1,428
Investments	11,282			247,366	404,373	160,667	823,688
Restricted Investments						20,080	20,080
Receivables from:							
Taxes, net	114,403	17,227				3,254	134,884
Interest and Dividends	1,214	236	2	772	1,515	1,627	5,366
Other Funds	43,785	1,319	5			5,631	50,740
Component Units	9	8				205	222
Other Governments	875	55,972	35,726			76,922	169,495
Loans and Notes, net		369				49,944	50,313
Other, net	12,182	165	11,643			17,945	41,935
Inventory	2,291	18,416	18			2,142	22,867
Advances to Component Units						1,413	1,413
Other Assets	1,620	288	146			1,361	3,415
Restricted Other Assets	216						216
<b>Total Assets</b>	<b>\$ 465,207</b>	<b>\$ 206,792</b>	<b>\$ 47,548</b>	<b>\$ 305,500</b>	<b>\$ 514,628</b>	<b>\$ 721,738</b>	<b>\$ 2,261,413</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable and Other Liabilities	\$ 95,437	\$ 48,003	\$ 40,558	\$ 105	\$ 462	\$ 34,465	\$ 219,030
Payable to:							
Other Funds	4,599	1,230	5,325		17,037	24,124	52,315
Component Units	5,204	98	90			1,490	6,882
Other Governments	12,954	4,104	131			61,477	78,666
Claims, Judgments, and Compensated Absences	154	19	20			81	274
Unearned Revenue	28,330	2,046	45			14,100	44,521
<b>Total Liabilities</b>	<b>146,678</b>	<b>55,500</b>	<b>46,169</b>	<b>105</b>	<b>17,499</b>	<b>135,737</b>	<b>401,688</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable Revenue	389	13				15,249	15,651
<b>Total Deferred Inflows of Resources</b>	<b>389</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,249</b>	<b>15,651</b>
<b>Fund Balances:</b>							
Nonspendable	3,911	18,704	163		347,252	134,974	505,004
Restricted	10,479	132,575		305,395	149,877	361,866	960,192
Committed						51,119	51,119
Assigned	120,180		1,216			26,417	147,813
Unassigned	183,570					(3,624)	179,946
<b>Total Fund Balances</b>	<b>318,140</b>	<b>151,279</b>	<b>1,379</b>	<b>305,395</b>	<b>497,129</b>	<b>570,752</b>	<b>1,844,074</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 465,207</b>	<b>\$ 206,792</b>	<b>\$ 47,548</b>	<b>\$ 305,500</b>	<b>\$ 514,628</b>	<b>\$ 721,738</b>	<b>\$ 2,261,413</b>

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

**STATE OF SOUTH DAKOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2015  
(Expressed in Thousands)**

<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 1,844,074</b>
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. These assets consist of:		
Land and Construction in Progress	\$ 1,001,392	
Infrastructure	3,761,358	
Other Capital Assets	971,171	
Accumulated Depreciation	<u>(1,901,804)</u>	
Total Capital Assets		3,832,117
Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds.		
		144,677
Deferred outflows of resources are not reported in the governmental funds:		
Related to Pension	129,039	
Related to Debt Refunding	<u>5,661</u>	
Total Deferred Outflows		134,700
Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		61,742
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are:		
Bonds and Notes	(175,334)	
Accrued Interest on Bonds	(5,977)	
Capital Leases	(100,941)	
Compensated Absences	(52,411)	
Pollution Remediation	<u>(14,986)</u>	
Total Long-Term Liabilities		(349,649)
Deferred inflows of resources are not reported in the governmental funds:		
Revenues not available soon enough after year-end to pay for the current period's expenditures	15,651	
Related to Pensions	<u>(167,558)</u>	
Total Deferred Inflows		<u>(151,907)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 5,515,754</u></b>

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

**STATE OF SOUTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>General Fund</u>	<u>Transportation</u>	<u>Social Services Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Revenue:</b>							
Taxes	\$ 1,137,943	\$ 232,787	\$	\$	\$	\$ 111,907	\$ 1,482,637
Licenses, Permits, and Fees	10,267	5,318				266,157	281,742
Fines, Forfeits, and Penalties	368					14,148	14,516
Use of Money and Property	6,658	1,114	7	14,110	21,627	16,349	59,865
Sales and Services	23,463	83				18,985	42,531
Administering Programs	10	345,552	679,328			478,472	1,503,362
Tobacco Settlement						23,421	23,421
Other Revenue	58,431	2,024	4,093			13,066	77,614
<b>Total Revenue</b>	<b>1,237,140</b>	<b>586,878</b>	<b>683,428</b>	<b>14,110</b>	<b>21,627</b>	<b>942,505</b>	<b>3,485,688</b>
<b>Expenditures:</b>							
Current:							
General Government	52,024			273	637	34,851	87,785
Education	25,280					181,209	206,489
Education - Payments to School Districts	404,909						404,909
Education - State Support to Higher Education	192,950						192,950
Health, Human, and Social Services	529,791		683,193			222,866	1,435,850
Law, Justice, Public Protection, and Regulation	152,431	18,798				110,459	281,688
Agriculture and Natural Resources	16,163					127,303	143,466
Economic Resources	28,745					45,437	74,182
Transportation		545,223				9,313	554,536
State Shared Revenue Paid to Other Governments	37,685					131,829	169,514
Capital Outlay						2,038	2,038
Debt Service:							
Principal						17,272	17,272
Interest						9,261	9,261
Bond Issuance Costs						346	346
<b>Total Expenditures</b>	<b>1,439,978</b>	<b>564,021</b>	<b>683,193</b>	<b>273</b>	<b>637</b>	<b>892,184</b>	<b>3,580,286</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(202,838)</b>	<b>22,857</b>	<b>235</b>	<b>13,837</b>	<b>20,990</b>	<b>50,321</b>	<b>(94,598)</b>
<b>Other Financing Sources (Uses):</b>							
Capital Leases						1,125	1,125
Bonds Issued						13,410	13,410
Premiums on Bond Issuance						314	314
Proceeds of Refunding Bonds						10,408	10,408
Premiums on Refunding Bonds						1,657	1,657
Proceeds from Sale of Capital Assets	59	1,449				591	2,099
Payments on Advance Refundings						(11,379)	(11,379)
Transfers In	215,302	6,378			5,521	44,100	271,301
Transfers Out	(14,700)	(4,308)	(227)	(10,804)	(17,037)	(111,706)	(158,782)
<b>Net Other Financing Sources (Uses)</b>	<b>200,661</b>	<b>3,519</b>	<b>(227)</b>	<b>(10,804)</b>	<b>(11,516)</b>	<b>(51,480)</b>	<b>130,153</b>
<b>Net Change in Fund Balances</b>	<b>(2,177)</b>	<b>26,376</b>	<b>8</b>	<b>3,033</b>	<b>9,474</b>	<b>(1,159)</b>	<b>35,555</b>
Fund Balances at Beginning of Year	320,317	124,903	1,371	302,362	487,655	571,911	1,808,519
<b>Fund Balances at End of Year</b>	<b>\$ 318,140</b>	<b>\$ 151,279</b>	<b>\$ 1,379</b>	<b>\$ 305,395</b>	<b>\$ 497,129</b>	<b>\$ 570,752</b>	<b>\$ 1,844,074</b>

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



**STATE OF SOUTH DAKOTA  
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 35,555**

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

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

Capital Outlay	\$ 157,293	
Depreciation Expense	(101,296)	
Excess of Capital Outlay Over Depreciation Expense		55,997

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (11,124)

Capital leases entered into during the fiscal year are reported as other financing sources in the governmental funds. However, it is not reported in the Statement of Activities as it is shown as an increase in long-term liabilities in the Statement of Net Position. (1,125)

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

Bond Principal Retirement	28,651	
Capital Lease Payments	1,688	
Total Long-Term Debt Repayment		30,339

Internal service funds are used by management to charge costs of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported in governmental activities. 15,366

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. (5,212)

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

Bonds Issued	(23,818)	
Bond Refunding Costs	(32)	
Bond Premium	(1,634)	
Total Amounts Related to Bond Issuance		(25,484)

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

Net (Increase) Decrease in Accrued Interest	2,689	
(Increase) Decrease in Compensated Absences	(1,817)	
(Increase) Decrease in Net Pension Costs	28,470	
(Increase) Decrease in Pollution Remediation	(157)	
Total Additional Expenditures		29,185

**Change in Net Position of Governmental Activities** **\$ 123,497**

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

STATE OF SOUTH DAKOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015  
(Expressed in Thousands)

Assets	Business-type Activities - Enterprise Funds					Governmental Activities
	Major					Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 8,749	\$ 29,601	\$ 20,256	\$ 196,265	\$ 254,871	\$ 89,347
Receivables:						
Interest and Dividends	39	2,730	1,838	353	4,960	202
Other Funds				693	693	8,297
Component Units				33	33	843
Other Governments		397	409	254	1,060	95
Loans and Notes, net		20,743	10,927	9,477	41,147	
Other, net	4,848			1,751	6,599	1,158
Investments		17,020	11,439		28,459	
Inventory				2,555	2,555	577
Advances to Component Units		877			877	
Other Assets	16			159	175	2,974
<b>Total Current Assets</b>	<b>13,652</b>	<b>71,368</b>	<b>44,869</b>	<b>211,540</b>	<b>341,429</b>	<b>103,493</b>
Due From Other Funds				500	500	
Restricted Assets:						
Restricted Cash	28	3		2,810	2,841	
Restricted Investments	456	96			552	
Net Pension Asset	544	93	77	2,763	3,477	10,842
Other	701				701	
Investments		105,214	61,755		166,969	
<b>Capital Assets:</b>						
Land and Other Non-depreciable Assets				295	295	
Property, Plant, and Equipment	4,272			6,623	10,895	102,646
Accumulated Depreciation	(3,211)			(5,168)	(8,379)	(70,320)
Construction in Progress					0	1,553
<b>Total Capital Assets</b>	<b>1,061</b>	<b>0</b>	<b>0</b>	<b>1,750</b>	<b>2,811</b>	<b>33,879</b>
Advances to Component Units		21,399			21,399	
Other Noncurrent Assets		213,196	132,072	30,287	375,555	
<b>Total Assets</b>	<b>16,442</b>	<b>411,369</b>	<b>238,773</b>	<b>249,650</b>	<b>916,234</b>	<b>148,214</b>
<b>Deferred Outflows of Resources</b>						
Deferred Outflow Related to Pensions	483	84	70	2,458	3,095	9,695
Deferred Amount from Refunding of Bonds		3,590	2,514		6,104	
<b>Total Deferred Outflows of Resources</b>	<b>483</b>	<b>3,674</b>	<b>2,584</b>	<b>2,458</b>	<b>9,199</b>	<b>9,695</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Liabilities	2,518	650	212	6,085	9,465	5,960
Payable to:						
Other Funds	6,043	2	1	344	6,390	1,352
Component Units					0	33
Escrow Payable	69				69	
Bonds, Notes, and Leases Payable		10,262	5,703		15,965	3,732
Claims, Judgments, and Compensated Absences	181	37	24	685	927	22,043
Accrued Interest Payable		3,044	988		4,032	
Unearned Revenue	272			1,640	1,912	11,033
<b>Total Current Liabilities</b>	<b>9,083</b>	<b>13,995</b>	<b>6,928</b>	<b>8,754</b>	<b>38,760</b>	<b>44,153</b>
<b>Noncurrent Liabilities:</b>						
Bonds, Notes, and Leases Payable		182,826	65,026		247,852	11,679
Claims, Judgments, and Compensated Absences	160	33	21	535	749	27,723
Other Noncurrent Liabilities			662		662	54
<b>Total Noncurrent Liabilities</b>	<b>160</b>	<b>182,859</b>	<b>65,709</b>	<b>535</b>	<b>249,263</b>	<b>39,456</b>
<b>Total Liabilities</b>	<b>9,243</b>	<b>196,854</b>	<b>72,637</b>	<b>9,289</b>	<b>288,023</b>	<b>83,609</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflow Related to Pensions	630	108	89	3,202	4,029	12,558
<b>Total Deferred Inflows of Resources</b>	<b>630</b>	<b>108</b>	<b>89</b>	<b>3,202</b>	<b>4,029</b>	<b>12,558</b>
<b>Net Position</b>						
Net Investment in Capital Assets	1,060			1,750	2,810	18,468
Restricted for:						
Debt Service		99			99	
Pensions	397	70	58	2,020	2,545	7,979
Other	701			2,810	3,511	
Unrestricted	4,894	217,912	168,573	233,037	624,416	35,295
<b>Total Net Position</b>	<b>\$ 7,052</b>	<b>\$ 218,081</b>	<b>\$ 168,631</b>	<b>\$ 239,617</b>	<b>\$ 633,381</b>	<b>\$ 61,742</b>

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

STATE OF SOUTH DAKOTA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Major					Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
<b>Operating Revenue:</b>						
Licenses, Permits, and Fees	\$ 1,523	\$	\$	\$ 14,366	\$ 15,889	\$
Use of Money and Property		5,414	3,312	1,442	10,168	9
Sales and Services	150,745	1,438	882	12,480	165,545	236,971
Administering Programs				64	64	
Assessments				41,551	41,551	
Other Revenue	23	4	3	1,359	1,389	3,982
<b>Total Operating Revenue</b>	<b>152,291</b>	<b>6,856</b>	<b>4,197</b>	<b>71,262</b>	<b>234,606</b>	<b>240,962</b>
<b>Operating Expenses:</b>						
Personal Services and Benefits	1,767	322	270	9,743	12,102	36,543
Travel	130	12	8	853	1,003	700
Contractual Services	7,940	688	639	9,000	18,267	49,991
Supplies and Materials	655	2	2	5,511	6,170	14,972
Grant and Other	73	2,436	5,337	(15)	7,831	1
Interest		6,197	2,389		8,586	329
Depreciation/Amortization	726			156	882	6,441
Lottery Prizes	29,745				29,745	
Insurance Claims				30,455	30,455	119,002
<b>Total Operating Expenses</b>	<b>41,036</b>	<b>9,657</b>	<b>8,645</b>	<b>55,703</b>	<b>115,041</b>	<b>227,979</b>
<b>Operating Income (Loss)</b>	<b>111,255</b>	<b>(2,801)</b>	<b>(4,448)</b>	<b>15,559</b>	<b>119,565</b>	<b>12,983</b>
<b>Nonoperating Revenue (Expenses):</b>						
Gain on Disposal of Assets					0	671
Loss on Disposal of Assets				(2)	(2)	(109)
Interest Income	138	3,916	2,645	3,486	10,185	817
Other Expense	(17)	(16)	(6)	(376)	(415)	(86)
Grant and Other Income	71	7,463	11,660	678	19,872	
<b>Total Nonoperating Revenue (Expenses)</b>	<b>192</b>	<b>11,363</b>	<b>14,299</b>	<b>3,786</b>	<b>29,640</b>	<b>1,293</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>111,447</b>	<b>8,562</b>	<b>9,851</b>	<b>19,345</b>	<b>149,205</b>	<b>14,276</b>
<b>Capital Contributions and Transfers:</b>						
Capital Contributions				2,810	2,810	51
Transfers In				3,345	3,345	1,384
Transfers Out	(112,074)	(41)	(34)	(4,754)	(116,903)	(345)
<b>Net Capital Contributions and Transfers</b>	<b>(112,074)</b>	<b>(41)</b>	<b>(34)</b>	<b>1,401</b>	<b>(110,748)</b>	<b>1,090</b>
<b>Change in Net Position</b>	<b>(627)</b>	<b>8,521</b>	<b>9,817</b>	<b>20,746</b>	<b>38,457</b>	<b>15,366</b>
Net Position at Beginning of Year, as restated	7,679	209,560	158,814	218,871	594,924	46,376
<b>Net Position at End of Year</b>	<b>\$ 7,052</b>	<b>\$ 218,081</b>	<b>\$ 168,631</b>	<b>\$ 239,617</b>	<b>\$ 633,381</b>	<b>\$ 61,742</b>

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

STATE OF SOUTH DAKOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Major					Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ 152,207	\$ 1,548	\$ 896	\$ 65,927	\$ 220,578	\$ 92,915
Receipts from Interfund Services Provided				4,144	4,144	147,232
Receipts from Federal Agencies				70	70	
Receipts from Loan Payments		25,790	20,779	20,652	67,221	
Payments to Suppliers and for Benefits and Claims	(7,748)	(1,319)	(631)	(44,175)	(53,873)	(175,920)
Payments for Employee Services	(1,838)	(341)	(285)	(10,017)	(12,481)	(37,801)
Payments for Interfund Services Used	(933)			(1,869)	(2,802)	(8,727)
Payments for Lottery Prizes	(29,334)				(29,334)	
Payments for Principal Forgiveness		(1,286)	(4,553)		(5,839)	
Payments for Loans Originated		(25,124)	(14,620)	(16,458)	(56,202)	
Other Receipts (Payments)	108	(351)	(187)	40	(390)	208
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>112,462</b>	<b>(1,083)</b>	<b>1,399</b>	<b>18,314</b>	<b>131,092</b>	<b>17,907</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Capital Contributions				2,810	2,810	
Purchases of Capital Assets				(44)	(44)	(3,291)
Construction in Progress						(729)
Sales of Capital Assets						1,241
Payments on Capital Lease Obligations						(3,583)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,766</b>	<b>2,766</b>	<b>(6,362)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>						
Transfers In				3,846	3,846	1,384
Transfers Out	(112,448)	(41)	(34)	(4,754)	(117,277)	(345)
Received (Paid) on Interfund Borrowing				(2)	(2)	
Issuance of Bonds		57,342	12,075		69,417	
Principal Payments on Bonds and Notes		(7,580)	(4,475)		(12,055)	
Bond Issuance Costs		(318)	(69)		(387)	
Interest Payments on Bonds and Notes		(5,845)	(2,183)		(8,028)	
Receipts for Administering Program		6,986	11,461		18,447	
Other Noncapital Financing Activities		429	209	475	1,113	
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(112,448)</b>	<b>50,973</b>	<b>16,984</b>	<b>(435)</b>	<b>(44,926)</b>	<b>1,039</b>
<b>Cash Flows From Investing Activities:</b>						
Investment Income	147	3,799	2,675	3,491	10,112	765
Investment Expense	(17)	(16)	(6)	(116)	(155)	(86)
Purchase of Investment Securities		(52,286)	(20,525)		(72,811)	
Proceeds from the Sale and Maturity of Investments		17,181	9,480		26,661	
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>130</b>	<b>(31,322)</b>	<b>(8,376)</b>	<b>3,375</b>	<b>(36,193)</b>	<b>679</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year</b>	<b>144</b>	<b>18,568</b>	<b>10,007</b>	<b>24,020</b>	<b>52,739</b>	<b>13,263</b>
Cash and Cash Equivalents at Beginning of Year	8,633	11,036	10,249	175,055	204,973	76,084
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,777</b>	<b>\$ 29,604</b>	<b>\$ 20,256</b>	<b>\$ 199,075</b>	<b>\$ 257,712</b>	<b>\$ 89,347</b>

Continued on next page

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
**For the Fiscal Year Ended June 30, 2015**  
**(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental
	Major					Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 111,255	\$ (2,801)	\$ (4,448)	\$ 15,559	\$ 119,565	\$ 12,983
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	726			156	882	6,441
Interest Expense		6,196	2,389		8,585	305
Bond Issuance Costs		318	69		387	
Miscellaneous Nonoperating Items	71				71	
Decrease/(Increase) in Assets:						
Accounts Receivable	(3)			249	246	(352)
Interest, Dividends & Penalties Receivable		439	98	81	618	
Loans and Notes Receivable		(5,187)	2,748	2,714	275	
Due From Other Funds				105	105	(365)
Due From Component Units				(22)	(22)	12
Due From Other Governments		110	15	73	198	47
Inventory				304	304	96
Other Assets	(16)			12	(4)	(314)
Other Restricted Assets	119				119	
Restricted Net Pension Asset	(331)	(57)	(47)	(1,681)	(2,116)	(6,598)
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	(404)	(71)	(59)	(2,056)	(2,590)	(8,118)
Increase/(Decrease) in Liabilities:						
Accounts Payable	377	13	20	242	652	267
Accrued Liabilities	35	1	3	7	46	169
Compensated Absences Payable		(4)	(5)	85	76	307
Due To Other Funds	(5)			6	1	(337)
Due To Component Units						(25)
Due To Other Governments	21	(148)	527	(3)	397	42
Unearned Revenue	(15)			(569)	(584)	1,108
Escrow Payable	4				4	
Policy Claim Liabilities				(150)	(150)	(319)
Other Liabilities	(2)				(2)	
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	630	108	89	3,202	4,029	12,558
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 112,462</b>	<b>\$ (1,083)</b>	<b>\$ 1,399</b>	<b>\$ 18,314</b>	<b>\$ 131,092</b>	<b>\$ 17,907</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Gain (Loss) on Disposal of Fixed Assets	\$	\$	\$	\$	\$	\$ 564
Capital Lease Obligations Entered Into						5,606
Transfers In (Out) of Fixed Assets						51

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

**STATE OF SOUTH DAKOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2015  
(Expressed in Thousands)**

<b>Assets</b>	<b>South Dakota Retirement System Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
Cash and Cash Equivalents	\$ 6,807	\$ 49,276	\$ 38,381
<b>Receivables:</b>			
Employer	2,434		
Employee	2,552		
Benefits	37		
Unsettled Investment Sales	1,607		
Taxes Receivable			42,507
Due From Other Funds		110	
Due From Other Governments			12
Investment Income	21,693	547	6
Other		62	574
<b>Total Receivables</b>	<b>28,323</b>	<b>719</b>	<b>43,099</b>
<b>Investments, at Fair Value:</b>			
Fixed Income	2,754,773		
Equities	5,986,036		
Real Estate	1,155,045		
Private Equity	861,980		
Pooled Investment Funds		169,717	
<b>Total Investments</b>	<b>10,757,834</b>	<b>169,717</b>	<b>0</b>
Properties, at cost	22	14,011	
Accumulated Depreciation	(10)		
Computer Software Development in Progress	1,041		
Other Assets	12	10	
<b>Total Assets</b>	<b>10,794,029</b>	<b>233,733</b>	<b>\$ 81,480</b>
<b>Liabilities</b>			
Payables:			
Accounts Payable and Other Liabilities	5,865	222	\$ 11,150
Due To Other Funds	69	214	
Due To Other Governments			70,330
Compensated Absences Payable	298		
Unsettled Investment Purchases	11,263		
<b>Total Liabilities</b>	<b>17,495</b>	<b>436</b>	<b>\$ 81,480</b>
<b>Net Position</b>			
Restricted for Pension Benefits	10,776,534		
Restricted for Individuals and Other Governments		233,297	
<b>Total Net Position</b>	<b>\$ 10,776,534</b>	<b>\$ 233,297</b>	

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

**STATE OF SOUTH DAKOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**  
**(Expressed in Thousands)**

<b>Additions</b>	<b>South Dakota Retirement System Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Contributions:</b>		
Employee	\$ 110,153	\$
Employer	109,550	
From Clients and Inmates		9,023
Other		7,103
<b>Total Contributions</b>	<b>219,703</b>	<b>16,126</b>
<b>Investment Income:</b>		
<i>From Investing Activities</i>		
Net Increase (Decrease) in Fair Value of Investments	170,553	4,166
Interest	56,294	
Dividends	163,962	
Real Estate	65,168	488
Pooled Interest and Dividends		4,101
<b>Total Investment Activity Income</b>	<b>455,977</b>	<b>8,755</b>
Less Investment Activity Expenses	(21,356)	
<b>Net Investment Income (Loss)</b>	<b>434,621</b>	<b>8,755</b>
<i>From Security Lending Activities</i>		
Securities Lending Income	1,493	12
Securities Lending Expenses	(432)	
Escheated Property		1
Miscellaneous Income		635
<b>Total Additions</b>	<b>655,385</b>	<b>25,529</b>
<b>Deductions</b>		
Benefits	456,297	
Refunds of Contributions	26,197	
Distribution to School Districts		9,969
Payments Made for Trust Purposes		10,215
Administrative Expenses	3,911	4
<b>Total Deductions</b>	<b>486,405</b>	<b>20,188</b>
<b>Change in Net Position</b>	<b>168,980</b>	<b>5,341</b>
Net Position at Beginning of Year	10,607,554	227,956
<b>Net Position at End of Year</b>	<b>\$ 10,776,534</b>	<b>\$ 233,297</b>

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





# NOTES TO THE FINANCIAL STATEMENTS

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

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

### B. Reporting Entity

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

#### *Blended Component Units*

Blended component units are legally separate entities that are, in substance, part of the State's primary government. A component unit is blended if: (1) services are provided, or almost entirely provided, to primary government or otherwise exclusively, or almost exclusively, benefits primary government; (2) the governing body is substantively the same as the governing board of the primary government; or (3) the component unit's total debt outstanding is expected to be repaid entirely, or almost entirely, by primary government.

The State's blended component units are:

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

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

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

### *Discretely Presented Component Units*

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

The State's major discretely presented component units are:

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

**The South Dakota Science and Technology Authority (SDSTA)** were created by the Legislature under Chapter 1-16H of the South Dakota Codified Law to foster and facilitate science and technology investigation, experimentation, and development. The initial focus of the SDSTA was to support the transfer of the Homestake Gold Mine in Lead, South Dakota for development by the research community to become the world's premier underground Science and Engineering Laboratory. Past history has established a pattern of the State of South Dakota assuming the obligation to finance the organization which creates a financial benefit/burden relationship. This relationship does not meet any of GASB's criteria for blending; therefore it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

**The South Dakota Board of Regents (SDBOR)** was created under Article XIV of the Constitution of the State of South Dakota. Chapter 13-49 of the South Dakota Codified Law establishes the authority for SDBOR to govern the system of public higher education in the State of South Dakota. The system's primary goal is to provide high quality, diverse educational opportunities and services to the people of South Dakota through the effective use of the resources entrusted to it. Because the State of South Dakota is able to impose its will over SDBOR and a financial benefit/burden relationship exists, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. (Affiliated organizations of Higher Education were excluded from the amounts reported in the notes to the financial statements.)

The State's nonmajor discretely presented component units are:

**The South Dakota Value Added Finance Authority (SDVAFA)** was created by the Legislature under Chapter 1-16E of the South Dakota Codified Law for the purpose of administering the beginning farmer bond and agribusiness bonding programs and making annual recommendations to the Legislature and Governor on programs to develop and promote agricultural processing activity in the State of South Dakota. The principal and interest on the bonds do not constitute an indebtedness of the State of South Dakota. Because the State of South Dakota is able to impose its will over the SDVAFA but does not meet any of GASB's criteria for blending, it

is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

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

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

### *Related Organizations*

The **South Dakota Health and Educational Facilities Authority (SDHEFA)** are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. SDHEFA is a body politic, corporate and public instrumentality of the State of South Dakota. The Authority was created in 1972 to enhance the health and education of citizens of the State of South Dakota by providing healthcare, educational and other non-profit institutions access to low cost capital.

### *Separately Issued Financial Statements*

Separately issued financial statements of the South Dakota Building Authority, Education Enhancement Funding Corporation, South Dakota Housing Development Authority, Science and Technology Authority, South Dakota Economic Development Finance Authority, South Dakota Ellsworth Development Authority, and South Dakota Health and Educational Facilities Authority are available from the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, by calling (605) 773-3595, or online at [http://legislativeaudit.sd.gov/Reports/State/state\\_reports\\_all.htm](http://legislativeaudit.sd.gov/Reports/State/state_reports_all.htm).

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental

funds and major individual enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

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

##### *Government-wide Financial Statements*

The Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants and donations. Tax revenue is recognized in the fiscal year in which the related sales, income, or activity being taxed occurred. At June 30, 2015, there was \$26,209,286 of bank tax receipts that was not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

##### *Governmental Fund Financial Statements*

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

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

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

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

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

##### *Financial Statement Presentation*

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

In addition, the State reports the following fund types:

*Governmental Funds:*

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

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

**The Capital Projects Fund** administered by the South Dakota Building Authority accounts for resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary and fiduciary funds, or component units.

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

*Proprietary Funds:*

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

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

*Fiduciary Funds:*

**Pension Funds** account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plan.

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

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

*E. Budgetary Accounting*

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

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

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

The State’s annual budget is prepared on the cash basis of accounting. Encumbrance accounting is utilized to reserve a portion of the budget to future periods for payment of purchase orders, contracts and other commitments. Encumbrances at June 30, 2015, totaled \$18,842,714. The encumbrance amount is broken down by major fund and nonmajor fund below:

<u>Fund</u>	<u>Amount Encumbered</u>
Major Fund:	
General Fund	\$ 5,290,259
Transportation	7,740,576
Nonmajor:	
Nonmajor Total	<u>5,811,879</u>
<b>Total</b>	<b><u><u>\$18,842,714</u></u></b>

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

*Cash and Cash Equivalents and Investments*

Cash includes cash on hand, cash in banks and cash in the State Treasury. Cash equivalents are valued at cost plus accrued interest. Cash equivalents include short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents reported in the Statement of Cash Flows also represent all investments with an original maturity of three months or less. Cash balances of most state funds are pooled and invested by the State Investment Officer. Investment income is allocated to participating funds per South Dakota law. Participating funds are determined by the Bureau of Finance and Management and approved by the Joint Interim Appropriations Committee of the Legislature.

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

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values for the fixed income securities are obtained from Bloomberg Financial Markets, Bank of America Merrill Lynch, and Citigroup Global Markets. Domestic and Canadian

equity security fair values are obtained from FT Interactive Data, non-Canadian foreign equity security fair values are obtained from Exshare, and spot foreign currency exchange rates are obtained from Reuters. Investments denominated in foreign currencies and foreign currency cash balances are translated into U.S. dollars using the year-end spot foreign currency exchange rates. Fair values of foreign currency forward contracts are obtained from Bloomberg Financial Markets. Fair values of limited partnership investments are based on valuations on the underlying companies of the limited partnerships as reported by the general partner.

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

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

### *Receivables*

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

### *Inventories*

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

Federal commodities on hand are reported as inventories, offset by unearned revenue. Commodities are reported at fair value established by the federal government at the date received. At June 30, 2015, the commodities inventory was reported in the amount of \$1,002,358.

### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at cost, or estimated historical cost, if original cost records are not available. Donated property, plant, and equipment are valued at fair market value at the date of donation. Property, plant, and equipment acquired through capital leases are capitalized at fair market value at the inception of the lease.

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

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

Land Improvements	20-30
Buildings and Improvements	15-50
Infrastructure	20-99
Equipment	3-17
Intangible Assets	3-25



The State owns works of art and historical treasures that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Works of art and historical treasures include items such as statues, monuments, historical documents, paintings, artifacts, etc. Higher Education, a business-type activity discretely presented component unit, adopted the State's policy on capitalizing historical treasures and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair market value at the time of donation. The reported capitalized value of these collections was \$8,753,716 and \$375,585 respectively, as of June 30, 2015. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

#### *Deferred Outflows of Resources*

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

#### *Long-term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

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

#### *Deferred Inflows of Resources*

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

#### *Net Position and Fund Balances*

"Net position" on the government-wide, proprietary, and fiduciary funds financial statements and "fund balance" on the Governmental Fund Financial Statements consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported in three categories:

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

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

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

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

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

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

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

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

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

**Unassigned fund balance** represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance also includes negative residual balances in other governmental funds.

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

### *G. Compensated Absences*

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

A liability has been recorded in the government-wide and fund financial statements for compensated absences in accordance with GASB statements.

### *H. Lottery Security Deposits*

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2015, the amount of certificate of deposits being held by the Lottery was \$456,245 and is included in cash and cash equivalents on the balance sheet. The amount of \$4,781,700 was in the form of surety bonds, deposits in cash, or irrevocable letters of credit and is not reported on the Statement of Net Position.

### *I. Interfund Activity and Balances*

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

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

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

### *J. Pensions*

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

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

### *Implementation of Recent GASB Pronouncements*

For the fiscal year ended June 30, 2015, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

**GASB Statement 68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*

**GASB Statement 71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

These two Statements establish the standards for measuring and recognizing pension related liabilities, assets, deferred outflows of resources, deferred inflows of resources, expense/expenditures and revenues for pensions provided to its employees and requires the State to record its proportionate share of the net pension asset.

As a result of implementing these Statements:

The beginning net position in the governmental activities column of the Government-wide Statement of Activities increased by \$83,509,774. This increase reflects a \$60,860,917 increase for the beginning net pension asset and a \$22,648,857 increase for contributions made to South Dakota Retirement System (SDRS) from July 1, 2013 to June 30, 2014.

The beginning net position in the business type activities column of the Government-wide Statement of Activities increased by \$1,867,462. This increase reflects a \$1,360,984 increase for the beginning net pension asset and a \$506,478 increase for contributions made to South Dakota Retirement System (SDRS) from July 1, 2013 to June 30, 2014.

The beginning net position in the Statement of Revenues, Expenses and Change in Net Position – Proprietary Funds increased as follows:

	Business-type Activities - Enterprise Funds					Governmental
	Major				Total	Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		Internal Service Funds
<b>Beginning Net Pension Asset</b>	\$ 212,732	\$ 36,392	\$ 30,225	\$ 1,081,635	<b>\$ 1,360,984</b>	\$ 4,242,968
<b>Contributions Made From July 1, 2013 to June 30, 2014</b>	79,167	13,543	11,248	402,520	<b>506,478</b>	1,578,983
<b>Total Change in Beginning Net Position From GASB 68</b>	<b>\$ 291,899</b>	<b>\$ 49,935</b>	<b>\$ 41,473</b>	<b>\$ 1,484,155</b>	<b>\$ 1,867,462</b>	<b>\$ 5,821,951</b>

The beginning net position for the component units columns of the Government-wide Statement of Activities increased by \$62,672,114 as follows:

	Component Units				
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	Total
<b>Beginning Net Pension Asset</b>	\$ 433,628	\$ 1,490,926	\$ 43,750,128	\$	<b>\$ 45,674,682</b>
<b>Contributions Made From July 1, 2013 to June 30, 2014</b>	161,371	554,835	16,281,226		<b>16,997,432</b>
<b>Total Change in Beginning Net Position From GASB 68</b>	<b>\$ 594,999</b>	<b>\$ 2,045,761</b>	<b>\$ 60,031,354</b>	<b>\$ 0</b>	<b>\$ 62,672,114</b>

*Restatements – Primary Government*

The beginning net position reported in the governmental activities column of the Government-wide Statement of Activities increased \$19,646,000 because of asset capitalization errors in previous years. The assets are correctly capitalized in fiscal year 2015. The restatements will have the same effect on the beginning balance in Note 6.

The beginning net position reported in the governmental activities column of the Government-wide Statement of Activities decreased by \$13,860,000 because of an error in previous year long-term liabilities. The long-term liabilities are correctly reported in fiscal year 2015. The restatement will also affect Note 14.

*Restatements – Component Units*

The beginning net position balance reported for Higher Education, reported as a major discretely component unit, increases by \$901,000 for errors in the reporting of receivables, liabilities, fixed assets, and other miscellaneous reporting errors in prior years. This restatement will have the same effect on the Government-wide financial statements.

### *3. CASH, DEPOSITS, AND INVESTMENTS*

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

Negative cash balances in funds participating in the Cash Flow Portfolio are reclassified at year-end as interfund payables. The cash and cash equivalents balance in the General Fund was reduced by \$16,097,445 for deficit cash balances that existed in various state funds at June 30, 2015, and is reported as an interfund receivable.

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

Securities that are unclaimed at financial institutions are transferred to the State and held temporarily by the State until they are determined abandoned. The securities or proceeds can be claimed by the owners under established procedures. The Office of the State Treasurer administers any unclaimed securities per SDCL §43-41B, Uniform Unclaimed Property Act. Any unclaimed property, including any income or increment derived therefrom, is considered abandoned after remaining unclaimed by the owner for more than three years. Once determined abandoned, the State Treasurer has the authority to either keep the security or liquidate it anytime thereafter. As of June 30, 2015, the securities, for which cost at the time of acquisition is not readily available, have a market value of \$11,282,201, and are shown as investments in the General Fund.

#### *A. Primary Government*

Investments of the Primary Government are grouped into four categories based upon investment objectives and risk. The first category is the Cash Flow Portfolio. This category represents the pooled public funds of the Primary Government (comprising 78% of the Cash Flow Portfolio) and discretely presented component units (comprising 22% of the Cash Flow Portfolio). Higher Education, the Science and Technology Authority and the Housing Authority are discretely presented component units and have deposits and investments in the Cash Flow Portfolio. Because of the pooled deposit and investment concept of the Cash Flow Portfolio, the discretely presented component units' share of the portfolio cannot be broken out separately for risk disclosure purposes. For risk disclosure purposes, their share of the Cash Flow Portfolio is included in the Primary Government. The second category is the Retirement Portfolio. This category represents the investments of the South Dakota Retirement System. The third category is the Trust Portfolios. This category includes the portfolios of School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund and Health Care Trust Fund. The fourth category is Other Funds. This category represents funds that are not managed by the South Dakota Investment Council (SDIC) and includes Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, Drinking Water State Revolving Fund and the Vocational Education Program.

#### *Deposits*

##### *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution, but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. At June 30, 2015, pledged collateral for all depositories did not equal at least 100 percent of the total public deposits in excess of depository insurance. As a result, \$38,242 of the Cash Flow Portfolio's certificates of deposit was exposed to custodial credit risk.

The Retirement Portfolio has a formal deposit policy specific to custodial credit risk. The policy states that the United States Dollar (USD) equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +7 days basis. At June 30, 2015, the Retirement Portfolio had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Retirement Portfolio was exposed to custodial credit risk of \$5,752,032.

The Trust Portfolios have a formal deposit policy specific to custodial credit risk. The policy states that the USD equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +7 days basis. At June 30, 2015, the Trust Portfolios had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of \$761,502.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2015, the Other Funds had bank balances that are not collateralized or covered by depository insurance. As a result, the Other Funds were exposed to custodial credit risk of \$599,101.

## *Investments*

### *Securities Lending*

State statutes and SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. All securities loans can be terminated on demand by either the SDIC or the borrower. As of June 30, 2015, the fair value of securities on loan was \$179,342,043, and the collateral held on the same date was \$184,056,182. At year-end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC.

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

The SDIC does not have the ability to pledge or sell collateral securities unless the borrower defaults, therefore no asset and corresponding liability for the collateral value of securities received has been established on the Statement of Net Position. Regarding restrictions on loans, the securities lending agreement does limit the total value of securities that can be out on loan on any given day.

### *Custodial Credit Risk*

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. SDIC securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2015, the SDIC does not have custodial credit risk with regards to security lending collateral. The Other Funds do not have a policy for custodial credit risk. The Other Funds had custodial credit risk totaling \$221,397,593 in guaranteed investment contracts, federal agency bonds and U.S. Treasury bonds at June 30, 2015.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDIC policy limits or establishes ranges for the durations of the fixed income portfolios held by the various funds.

The Cash Flow Portfolio policy limits average portfolio duration to 2.88 years, and no holding's maturity can exceed 5.25 years. The Retirement Portfolio fixed income portfolio duration must fall between 70% and 130% of the duration

of the Citigroup Broad Investment Grade (BIG) Index. The Trust Portfolios investment-grade fixed income portfolios are benchmarked to the duration of the Citigroup BIG Index. The Treasury Inflation Protected Securities (TIPS) investments have a range of 5 to 10 years to maturity at purchase. No formal interest rate risk policy exists for the fixed income portfolios of the Other Funds.

The weighted modified durations (in years) of the various funds are listed in the following table (dollars expressed in thousands):

Investment Type	Cash Flow Portfolio		Retirement Portfolio		Trust Portfolios		Other Funds	
	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	\$		\$ 117,198	6.76	\$ 22,237	6.76	\$ 57,486	1.00
U.S. Treasury bills	2,000	0.03	99,987	0.38				
U.S. Treasury STRIPS			61,974	8.53	4,832	5.09		
U.S. Treasury Inflation Protected Securities					40,716	0.68		
U.S. Agencies	266,170	2.00	55,868	4.61	17,840	6.73	3,122	2.11
U.S. Agency Discount Notes			109,681	0.22	840	0.13		
U.S. Government-backed loans					1,325	11.76		
Investment grade corporates	813,672	2.24	416,670	4.72	77,567	4.75		
High-yield corporates			145,386	3.97	1,637	7.30		
High-yield bond mutual fund					15,929	4.50		
Agency Mortgage-backed securities			317,502	4.87	59,122	4.86		
Non-agency Mortgage-backed securities			513,976	0.53	55,065	0.54		
Municipal bonds					48,157	3.90		
Investment agreements							140,072	10.59
<b>Total</b>	<b>\$ 1,081,842</b>		<b>\$ 1,838,242</b>		<b>\$ 345,267</b>		<b>\$ 200,680</b>	
Portfolio modified duration		2.18		3.27		3.75		7.71

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State of South Dakota. SDIC policy establishes a percentage range and a normal allocation to various credit risk categories. The Cash Flow Portfolio actively managed portion can invest 4% of the portfolio into each corporate security rated Aaa or Aa, 2% in A-rated, 1% in Baa1 or Baa2, and 0.5% in individual holdings of corporate securities rating Baa3. The maximum overweight of Baa3 rated holdings versus the benchmark is 5% of the Cash Flow duration portfolio. The SDIC sets the investment policy annually for the Trust Portfolios and the Retirement Portfolio. This policy establishes the average percentage invested in each asset category and the fund allocation range that each asset category can vary during the fiscal year.

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

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

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

As of June 30, 2015, the portfolios held the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government which are not considered to have credit risk. The investments are grouped as rated by Moody's Investors Service (expressed in thousands):

<b>Moody's Rating</b>	<b>Cash Flow Portfolio Fair Value</b>	<b>Retirement Portfolios Fair Value</b>	<b>Trust Portfolios Fair Value</b>	<b>Other Funds Fair Value</b>
Aaa	\$ 490,712	\$ 1,053,039	\$ 305,536	\$ 24,005
Aa	102,583	46,704	33,621	
A	598,073	204,134	53,314	
Baa	113,016	199,302	34,389	138,835
Ba		91,161	5,581	1,236
B		98,276	4,587	
Caa		201,334	17,653	
Ca		151,403	14,611	
D		3,887	359	
P-1		109,681	840	
Unrated		79,832	30,062	8,254
<b>Total</b>	<b>\$ 1,304,384</b>	<b>\$ 2,238,753</b>	<b>\$ 500,553</b>	<b>\$ 172,330</b>

### *Foreign Currency Risk*

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

The Retirement and Trust Portfolios' exposure to foreign currency risk at June 30, 2015, are as follows (expressed in thousands):

<b>Currency</b>	<b>Retirement Portfolio</b>			<b>Trust Portfolios</b>		
	<b>Equities</b>	<b>Cash</b>	<b>Total</b>	<b>Equities</b>	<b>Cash</b>	<b>Total</b>
	<b>U.S. Dollar Fair Value</b>	<b>U.S. Dollar Fair Value</b>		<b>U.S. Dollar Fair Value</b>	<b>U.S. Dollar Fair Value</b>	
Australian Dollar	\$ 7,358	\$	\$ 7,358	\$	\$	\$
Brazilian Real	1,300	15	1,315			
British Pound	340,038	1,292	341,330	32,074	26	32,100
Canadian Dollar	82,326	1,137	83,463	5,666	47	5,713
Danish Kroner	6,023		6,023			
Euro	289,277	1,015	290,292	25,142	80	25,222
Hong Kong Dollar	4,914	117	5,031			
Hungarian Forint	1,014		1,014			
Japanese Yen	148,980	2,172	151,152	10,512	609	11,121
South Korean Won	59,381	4	59,385	4,640		4,640
Singapore Dollar	334		334			
Swedish Krona	1,942		1,942			
Swiss Franc	300,642		300,642	32,642		32,642
Thai Baht	893		893			
<b>Total Fair Value</b>	<b>\$1,244,422</b>	<b>\$ 5,752</b>	<b>\$ 1,250,174</b>	<b>\$ 110,676</b>	<b>\$ 762</b>	<b>\$ 111,438</b>

Investments with limited partnerships and certain global equity investments with outside managers, which are not included in the table above, may expose the State to additional foreign currency risk. For the Trust Portfolios, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2015 was \$145,874,493. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as



of June 30, 2015 was \$2,017,025,601. The total fair value of global equity investments and high-yield fixed income investments managed by outside managers was \$162,708,986 and \$43,335,031, respectively.

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Cash Flow Portfolio has a policy in place limiting its investments in individual holdings. Information regarding the Cash Flow Portfolio policy is located in the Credit Risk section. The SDIC does not have a formal policy in place to limit investments in any particular issuer for the Retirement Portfolio and Trust Portfolios. Additionally, there are no single issuer exposures (excluding those issued by or explicitly guaranteed by the U.S. Government, or involving mutual funds or investment pools) within the portfolios that comprise 5% of the overall portfolios at June 30, 2015.

### *Derivative Financial Instruments in Primary Government*

#### *Retirement Portfolio and Trust Portfolios*

Derivatives are generally defined as a contract whose value depend on, or derives from, the value of an underlying asset, reference rate or index. The Retirement Portfolio is exposed to a variety of derivative products through the investment management of the SDIC and their outside managers. The Trust Portfolios utilized no derivative instruments in SDIC's internally managed portfolios, but may be exposed to a variety of derivative products through their outside managers. The following notes detail the derivative instruments used in the SDIC's internally managed portfolios. All of the SDIC's derivatives are classified as investment derivatives.

#### *Futures Contracts*

A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells financial and interest rate futures as a means of adjusting the Retirement Portfolio's mix at a lower transaction cost than transactions that would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2015, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, the SDIC pledges to the broker cash or U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the portfolios receive or pay a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. At June 30, 2015, the pending variation margin of (\$3,501,869) is presented in the Statement of Net Position as "Due to brokers – futures transactions." The change in fair value of the futures contracts is presented in the Statement of Changes in Net Position as "Net appreciation in fair value of investments." For fiscal year ended June 30, 2015, the net change in fair value from futures contracts was (\$78,816,141). At June 30, 2015, futures contracts outstanding were as follows:

	<u>Open Position</u>	<u>Contracts</u>	<u>Notional Contract size</u>	<u>Fair Value (Exposure)</u>
U.S. Treasury Note future due September 2015	Long	2,735	\$100,000 par value 6% U.S. Treasury note	\$ 345,080,078
S&P 500 Index future due September 2015	Short	17,520		\$ (1,799,742,000)

#### *Foreign Currency Forward Contracts*

The SDIC enters into foreign exchange forward contracts to manage foreign currency exposure, as permitted by portfolio policies. The fair values of the contracts are presented in the Statement of Net Position as "Investments at fair value – Equities." The change in fair value of the forward contracts is presented in the Statement of Changes in Net Position as "Net appreciation in fair value of investments." For fiscal year ended June 30, 2015, the net change in

fair value from foreign currency forward contracts was \$5,219,791. At June 30, 2015, the foreign currency forward contracts outstanding were as follows:

<u>Description</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Fair Value (U.S. Dollars)</u>
Forward sale	(20,770,519) CHF	08/10/2015	\$ 111,075
Forward sale	(275,612,600) CNY	11/03/2015	347,409
Forward sale	(15,000,000) EUR	11/30/2016	312,456
Forward purchase	275,612,600 CNY	09/10/2015	(609,703)

### *Credit Risk*

SDIC is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2015, the net fair value of foreign currency forward contracts was \$984,062. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The credit ratings of the counterparties are as follows:

<u>Moody's Credit Rating</u>	<u>Number of Counterparties</u>	<u>Fair Value</u>
A1	1	\$ 984,062

### *Interest Rate Risk*

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

### *Foreign Currency Risk*

SDIC is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is \$161,237.

## *B. Component Units*

### *Deposits*

#### *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of a depository institution, the component unit's deposits may not be returned to it. The Housing Development Authority deposit policy requires deposits in excess of the Depository Insurance maximums be collateralized 100%. Collateral must be deposited for safekeeping in a financial institution that is not owned or controlled either directly or indirectly by the pledging financial institution. The financial institution where the collateral is held must be a member of the Federal Reserve. The additional component units do not have deposit policies for custodial credit risk. As of June 30, 2015, the component units had no deposits that were not collateralized or covered by depository insurance.

### *Investments*

#### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The component units do not have investment policies for custodial credit risk. At June 30, 2015, investments in the amount of \$1,938,757 were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units have limits on the maturities of investments for their restricted accounts. Investments of the Capital Reserve accounts must provide for the purposes thereof as estimated by the Housing Development Authority. The investments must not mature later than the final maturity of the related Series of the Bonds. The average duration of individual securities will not exceed twenty years. Investments of the Mortgage Reserve accounts must provide for the purposes thereof as estimated by the Housing Development Authority.

The duration of fifty percent of individual securities will not exceed two years from the date of purchase or deposit. The Housing Development Authority assumes that its callable investments will not be called. The Housing Development Authority invests in mortgage pass-through securities issued by GNMA, FNMA and FHLMC. Because prepayments of mortgages underlying these securities affect the principal and interest payments received by these securities, the securities are considered highly sensitive to interest rate risk.

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

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

As of June 30, 2015, the Housing Development Authority and the Economic Development Finance Authority had investments maturing as follows (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater than 10</u>
U.S. Government Obligations	\$ 81,168	\$ 5,415	\$ 44,252	\$ 30,982	\$ 519
U.S. Treasury Notes					
Certificates of Deposit	12,759	4,784	7,866	109	
U.S. Agencies	510,165	25,725	63,399	25,548	395,493
Mutual Funds	139,760	139,760			
State Obligations	4,009	1,057	2,415	537	
Investment Agreements	640				640
<b>Total</b>	<b>\$ 748,501</b>	<b>\$ 176,741</b>	<b>\$ 117,932</b>	<b>\$ 57,176</b>	<b>\$ 396,652</b>

### *Credit Risk*

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

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

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

As of June 30, 2015, the Housing Development Authority investments had the following ratings (expressed in thousands):

<b>Moody's Rating</b>	<b>Fair Value</b>
Aaa	\$ 482,494
Aa	537
Unrated	10,554
<b>Total Fair Value</b>	<b>\$ 493,585</b>

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2015, the Economic Development Finance Authority has the maximum portfolio exposure to permitted investments:

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

The Housing Development Authority will minimize Concentration Credit Risk by diversifying the investment portfolio and reducing the impact of potential losses from any one type of security or issuer. As of June 30, 2015, Housing Development Authority's investments held 5% or more of the following issuers: Federal Home Loan Bank (13.78%), Federal National Mortgage Association (23.76%), and Federal Home Loan Mortgage Corporation (6.67%).

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

#### *South Dakota Housing Development Authority*

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

#### *Swap Terms*

The terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2015, are contained in the table below. The initial notional amounts of the swaps match the principal amounts of the associated

debt. The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally 10 years after the date of issuance of the related bonds (dollars expressed in thousands).

<u>Bond Series</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate</u>	<u>Variable Rate Received</u>	<u>Termination Date</u>	<u>Counterparty Credit Rating*</u>	<u>Fair Value</u>
<b>Merrill Lynch Capital Services</b> 2007 I	\$ 34,000	10/16/2007	4.14%	63.8% of LIBOR plus 0.30%	05/01/2038	Baa1	\$ (2,707)
<b>JPMorgan Chase Bank, N.A.</b> 2008 F	34,000	09/04/2008	3.85%	63.7% of LIBOR plus 0.31%	05/01/2039	Aa3	(3,006)
<b>Bank of America, N.A.</b> 2009 C	22,000	11/18/2009	3.14%	64.0% of LIBOR plus 0.22%	05/01/2039	A1	(1,433)
<b>Merrill Lynch Derivative Products, AG.</b> 2005 G	25,000	08/31/2005	3.77%	63.8% of LIBOR plus 0.29%	05/01/2035	Aa3	(420)
2006 C	45,000	06/14/2006	4.42%	64% of LIBOR plus 0.29%	05/01/2037	Aa3	(1,770)
2008 C	36,900	04/23/2008	3.24%	63.7% of LIBOR plus 0.30%	05/01/2039	Aa3	(2,122)
MPB 2008 A	6,885	08/02/2008	3.55%	63.8% of LIBOR plus 0.20%	05/01/2048	Aa3	(527)

\* Moody's Investors Service

The fair values presented above were estimated by the Housing Development Authority's counterparty to the swaps. The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations determine the current fair value of the Authority's swap contracts. The fair values in the table above represent the termination payments that would have been due had the swaps been terminated as of June 30, 2015. A positive fair value represents money due the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

### *Swap Risks*

#### *Credit Risk*

The terms of the swaps expose the Housing Development Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure to its counterparties when the swap positions have a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral thresholds are based on the prevailing ratings, as determined by Moody's and Standard & Poor's, of each counterparty, in the case of the counterparties, or hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2015, neither the Authority nor any counterparty had been required to post collateral.

#### *Basis Risk*

The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds, but under the terms of its swaps receives a variable rate based upon the one-month, taxable LIBOR rate. Basis risk will vary over time due to inter-market conditions. For the year ended June 30, 2015, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.30% per annum, while the weighted average interest rate on the swaps was 1.39% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the one-month taxable LIBOR rate.

### *Termination Risk*

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

### *Amortization Risk*

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

### *Tax Risk*

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

### *Concentration Risk*

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

### *Swap Payments and Associated Debt*

As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2015 (expressed in thousands):

<b>Year End 30-Jun</b>	<b>Variable-Rate Bond</b>		<b>Interest Rate Swap – Net</b>	<b>Total</b>
	<b>Principal</b>	<b>Interest</b>		
2016	\$ 100	\$ 176	\$ 7,022	\$ 7,298
2017	100	176	6,961	7,237
2018	105	176	6,943	7,224
2019	110	176	6,940	7,226
2020	120	176	6,936	7,232
2021-2025	665	874	34,620	36,159
2026-2030	27,520	843	33,517	61,880
2031-2035	110,930	585	23,367	134,882
2036-2040	74,615	152	5,298	80,065
2041-2045	1,535	19	386	1,940
2046-2049	1,085	5	105	1,195
<b>Total</b>	<b>\$ 216,885</b>	<b>\$ 3,358</b>	<b>\$ 132,095</b>	<b>\$ 352,338</b>

### *Rollover Risk*

Rollover risk is the risk that a swap associated with a bond issue does not extend to the maturity of that debt. When the swap terminates, the associated debt will no longer have the benefit of the swap. The Authority did not have any rollover risk as of June 30, 2015.

*Mortgage-Backed Security (MBS) Forwards Contracts*

The South Dakota Housing Development Authority has entered into forward contracts to hedge the interest rate risk of delivering MBS securities guaranteed by Ginnie Mae and Fannie Mae in the future, before the securities are ready for delivery (referred to as "to-be-announced" or TBA Mortgage-Backed Securities). These securities represent pools of qualified mortgage loans originated by Authority approved lenders. The forward contracts offset the financial impact to the Authority of changes in interest rates between the time of loan reservations made to originating mortgage lenders and the securitization and sale of such loans as Ginnie Mae or Fannie Mae securities. The forward contracts are considered derivative instruments and the fair values were obtained from an external pricing specialist who used acceptable methods and assumptions in accordance with GASB requirements, subject to review and approval by the Authority. A positive fair value represents money due the Authority by the counterparty, while a negative fair value represents money payable by the Authority.

Outstanding forward sales contracts as of June 30, 2015, are as follows:

<b>Forward Contracts to sell TBA Mortgage-Backed Securities</b>	<b>Notional Amount June 30, 2015</b>	<b>Trade Date</b>	<b>Delivery Date</b>	<b>Coupon Rate</b>	<b>Fair Values June 30, 2015</b>	<b>Moody's Credit Rating</b>
<b>Bank of America Merrill Lynch</b>						
GNMA II	\$ 1,000,000	5/1/2015	7/20/2015	3.50%	\$ 8,516	Not rated
GNMA II	1,000,000	5/8/2015	7/20/2015	3.50%	11,016	Not rated
GNMA II	1,000,000	5/13/2015	7/20/2015	3.50%	3,125	Not rated
GNMA II	1,000,000	5/18/2015	7/20/2015	3.50%	6,094	Not rated
GNMA II	2,000,000	6/15/2015	7/20/2015	3.00%	(9,688)	Not rated
FNMA	1,000,000	6/9/2015	8/13/2015	3.50%	(4,531)	Aaa
GNMA II	1,000,000	5/22/2015	8/20/2015	3.50%	5,039	Not rated
GNMA II	1,000,000	6/12/2015	8/20/2015	3.50%	(4,063)	Not rated
GNMA II	1,000,000	6/8/2015	8/20/2015	3.50%	(3,281)	Not rated
GNMA II	1,000,000	6/15/2015	8/20/2015	3.50%	(4,063)	Not rated
FNMA	1,000,000	6/15/2015	9/14/2015	4.00%	(1,563)	Aaa
FNMA	1,000,000	6/22/2015	9/14/2015	3.50%	1,719	Aaa
GNMA II	1,000,000	6/24/2015	9/21/2015	4.00%	(2,656)	Not rated
<b>Bank of New York Mellon</b>						
FNMA	1,000,000	5/11/2015	7/14/2015	3.50%	6,875	Aaa
GNMA II	2,164,500	6/15/2015	7/20/2015	3.50%	(7,440)	Not rated
FNMA	1,000,000	5/14/2015	8/13/2015	3.50%	5,781	Aaa
FNMA	1,000,000	5/15/2015	8/13/2015	3.00%	13,281	Aaa
FNMA	500,000	5/29/2015	8/13/2015	4.00%	3,359	Aaa
FNMA	500,000	6/8/2015	8/13/2015	4.00%	(1,094)	Aaa
GNMA II	1,000,000	5/20/2015	8/20/2015	3.00%	3,906	Not rated
GNMA II	500,000	6/1/2015	8/20/2015	3.00%	4,297	Not rated
GNMA II	500,000	6/1/2015	8/20/2015	3.50%	3,594	Not rated
GNMA II	1,000,000	6/11/2015	8/20/2015	4.00%	(1,406)	Not rated
FNMA	500,000	6/15/2015	9/14/2015	3.50%	(781)	Aaa
GNMA II	1,000,000	6/23/2015	9/21/2015	3.50%	(2,969)	Not rated
<b>Piper Jaffray</b>						
GNMA II	3,893,000	6/15/2015	7/20/2015	3.00%	(20,073)	Not rated
GNMA II	1,000,000	6/9/2015	8/20/2015	4.00%	(2,188)	Not rated
<b>Simmons First</b>						
GNMA II	2,000,000	4/24/2015	7/20/2015	3.00%	34,688	Not rated
GNMA II	1,000,000	5/22/2015	8/20/2015	3.00%	5,781	Not rated
GNMA II	1,000,000	6/17/2015	9/21/2015	3.50%	(3,750)	Not rated
GNMA II	1,000,000	6/17/2015	9/21/2015	4.00%	(4,140)	Not rated
	<b><u>\$ 34,557,500</u></b>				<b><u>\$ 43,385</u></b>	

## 4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

### A. Receivables - Net

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

<b>Governmental Activities</b>								
	<b>General Fund</b>	<b>Transportation Fund</b>	<b>Social Services Federal Fund</b>	<b>Dakota Cement Trust Fund</b>	<b>Education Enhancement Trust Fund</b>	<b>Non-major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
Taxes Receivable	\$127,423	\$ 17,255	\$	\$	\$	\$ 3,254	\$	\$ 147,932
Allowance	(13,020)	(28)						(13,048)
Accounts Receivable	13,423	582	11,643			23,824	1,158	50,630
Allowance	(1,241)	(417)				(5,879)		(7,537)
Due From Other Governments	875	55,972	35,726			76,922	95	169,590
Interest Receivable	1,214	236	2	772	1,515	1,627	203	5,569
Current Loans and Notes						7,048		7,048
Allowance						(2,239)		(2,239)
Non-current Loans and Notes		369				45,135		45,504
Allowance								
Due From Fiduciary Funds	28					161	69	258
<b>Receivables, net</b>	<b>\$128,702</b>	<b>\$ 73,969</b>	<b>\$ 47,371</b>	<b>\$ 772</b>	<b>\$ 1,515</b>	<b>\$ 149,853</b>	<b>\$1,525</b>	<b>\$ 403,707</b>

<b>Business-type Activities</b>					
	<b>Lottery Fund</b>	<b>Clean Water State Revolving Fund</b>	<b>Drinking Water State Revolving Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total</b>
Accounts Receivable	\$ 4,866	\$	\$	\$ 4,104	\$ 8,970
Allowance	(18)			(2,354)	(2,372)
Due From Other Governments		397	409	254	1,060
Interest Receivable	39	2,730	1,838	353	4,960
Current Loans Receivable		20,743	10,927	9,705	41,375
Allowance				(228)	(228)
Noncurrent Loans Receivable		213,196	132,072	31,456	376,724
Allowance				(1,169)	(1,169)
Due From Fiduciary Funds				25	25
<b>Receivables, net</b>	<b>\$ 4,887</b>	<b>\$237,066</b>	<b>\$ 145,246</b>	<b>\$ 42,146</b>	<b>\$ 429,345</b>



*B. Accounts Payable and Other Current Liabilities*

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

<b>Governmental Activities</b>								
	<b>General Fund</b>	<b>Trans- portation Fund</b>	<b>Social Services Federal Fund</b>	<b>Dakota Cement Trust</b>	<b>Educational Enhancement Trust</b>	<b>Non-major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
Payroll and Withholdings	\$ 12,957	\$ 4,925	\$ 2,266	\$	\$	\$ 9,106	\$ 2,438	\$ 31,692
Accounts Payable	18,969	43,078	5,422	105	462	18,704	3,314	90,054
Medicaid and CHIP Claims	25,456		32,870			6,655		64,981
Due to Other Governments	979	4,104	131			29,740	208	35,162
Bank Tax Refund	9,573							9,573
Shared Revenue Distribution	11,975					31,737		43,712
Claims Payable							14,383	14,383
Due to Fiduciary Funds	43					56		99
<b>Total</b>	<b>\$ 79,952</b>	<b>\$ 52,107</b>	<b>\$ 40,689</b>	<b>\$ 105</b>	<b>\$ 462</b>	<b>\$ 95,998</b>	<b>\$ 20,343</b>	<b>\$ 289,656</b>

<b>Business-type Activities</b>					
	<b>Lottery Fund</b>	<b>Clean Water State Revolving Fund</b>	<b>Drinking Water State Revolving Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total</b>
Payroll and Withholdings	\$ 118	\$ 21	\$ 18	\$ 611	\$ 768
Accounts Payable	1,915	629	194	5,383	8,121
Due to Fiduciary Funds				11	11
Escrow Payable	69				69
Claims Payable				71	71
Other Liabilities	485			91	576
<b>Total</b>	<b>\$ 2,587</b>	<b>\$ 650</b>	<b>\$ 212</b>	<b>\$ 6,167</b>	<b>\$ 9,616</b>

## 5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2015 is as follows (expressed in thousands):

### A. Interfund Receivables and Payables

Due To	Due From											Total
	General Fund	Transportation Fund	Social Services Federal Fund	Education Enhancement Fund	Non-major Governmental Funds	Lottery Fund	Clean Water State Revolving	Drinking Water State Revolving	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ 2		\$ 4,218	\$ 17,037	\$ 17,126	\$ 5,374			\$ 2		\$ 28	\$ 43,785
Transportation Fund			11		903	15			3	385		1,319
Social Services Federal Fund					5							5
Non-major Governmental Funds	452	78	311		3,082	567	2	1	171	166	161	4,991
Non-major Enterprise Funds	1,030	4	14		73				47	25		1,193
Internal Service Funds	2,432	1,148	771		2,879	87			157	754	69	8,297
Fiduciary Funds	43				56				11			110
<b>Total</b>	<b>\$ 3,959</b>	<b>\$ 1,230</b>	<b>\$ 5,325</b>	<b>\$ 17,037</b>	<b>\$ 24,124</b>	<b>\$ 6,043</b>	<b>\$ 2</b>	<b>\$ 1</b>	<b>\$ 344</b>	<b>\$ 1,352</b>	<b>\$ 283</b>	<b>\$ 59,700</b>

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in Note 3; and, 3) other payables existing between funds. Included in the interfund balances above is \$500,000 due from the General Fund to the Revolving Economic Development and Initiative Fund, reported as a non-major Enterprise Fund, and this amount is expected to be disbursed in fiscal year 2017 per SDCL 1-16G-48.

Advances between funds also exist at June 30, 2015 which are not shown in the above table. These are interfund borrowings between funds that are not due within one year. In fiscal year 2015, advances include \$639,576 from the Energy Conservation Fund, reported as a non-major governmental fund, to the General Fund for energy conservation projects.

### B. Interfund Transfers

Transferred From	Transferred To						Total
	General Fund	Transportation Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	
General Fund	\$	\$ 50		\$ 12,937	\$ 329	\$ 1,384	\$ 14,700
Transportation Fund	3,096			1,212			4,308
Social Services Federal Fund				227			227
Dakota Cement Trust Fund	10,804						10,804
Education Enhancement Trust Fund	17,037						17,037
Non-major Governmental Funds	76,235	6,167	5,521	20,767	3,016		111,706
Lottery Fund	105,708	161		6,205			112,074
Clean Water State Revolving Fund				41			41
Drinking Water State Revolving Fund				34			34
Non-major Enterprise Funds	2,422			2,332			4,754
Internal Service Funds				345			345
<b>Total</b>	<b>\$ 215,302</b>	<b>\$ 6,378</b>	<b>\$ 5,521</b>	<b>\$ 44,100</b>	<b>\$ 3,345</b>	<b>\$ 1,384</b>	<b>\$ 276,030</b>

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

In fiscal year 2015, \$192,950,231 of State appropriations was used to support state-run universities, which are reported under Higher Education, a component unit. The amounts are reported as expenditures in the Governmental Fund Balance Sheet and as expenses in the governmental activities column of the Statement of Activities. They are reported as revenues in the component unit's column of the Statement of Activities.

## 6. CAPITAL ASSETS

### A. Primary Government

Capital Assets consisted of the following for fiscal year 2015 (expressed in thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land, as restated	\$ 111,868	\$ 4,872	\$ 1,103	\$ 115,637
Land Improvements	8,060	844		8,904
Land & Improvements - Roads	607,417	6,203		613,620
Construction in Progress, as restated	293,124	138,262	166,602	264,784
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,020,469</b>	<b>150,181</b>	<b>167,705</b>	<b>1,002,945</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	29,922	1,372		31,294
Buildings, as restated	595,702	6,157	572	601,287
Equipment, as restated	207,254	15,673	6,819	216,108
Intangible Assets - Software, as restated	69,841	3,575	469	72,947
Vehicles, as restated	145,341	16,823	9,984	152,180
Infrastructure	3,655,948	140,178	34,768	3,761,358
<b>Total Capital Assets Being Depreciated</b>	<b>4,704,008</b>	<b>183,778</b>	<b>52,612</b>	<b>4,835,174</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	11,034	1,358		12,392
Buildings, as restated	196,320	16,081	464	211,937
Equipment, as restated	120,811	14,311	6,012	129,110
Intangible Assets - Software, as restated	46,545	4,049	238	50,356
Vehicles, as restated	80,732	9,642	8,860	81,514
Infrastructure, as restated	1,450,634	62,333	26,153	1,486,814
<b>Total Accumulated Depreciation</b>	<b>1,906,076</b>	<b>107,774</b>	<b>41,727</b>	<b>1,972,123</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,797,932</b>	<b>76,004</b>	<b>10,885</b>	<b>2,863,051</b>
<b>Total Governmental Activities, Net</b>	<b>\$ 3,818,401</b>	<b>\$ 226,185</b>	<b>\$ 178,590</b>	<b>\$ 3,865,996</b>

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<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 295	\$	\$	\$ 295
<b>Total Capital Assets Not Being Depreciated</b>	<b>295</b>	<b>0</b>	<b>0</b>	<b>295</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	924			924
Buildings	4,008			4,008
Equipment	3,677	44	98	3,623
Intangible Assets - Software	2,860		519	2,341
<b>Total Capital Assets Being Depreciated</b>	<b>11,469</b>	<b>44</b>	<b>617</b>	<b>10,896</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	604	14		618
Buildings	3,167	71		3,238
Equipment	2,759	558	91	3,226
Intangible Assets - Software	1,584	233	519	1,298
<b>Total Accumulated Depreciation</b>	<b>8,114</b>	<b>876</b>	<b>610</b>	<b>8,380</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>3,355</b>	<b>(832)</b>	<b>7</b>	<b>2,516</b>
<b>Total Business-type Activities, Net</b>	<b>\$ 3,650</b>	<b>\$ (832)</b>	<b>\$ 7</b>	<b>\$ 2,811</b>

Depreciation was charged to the function of government as follows:

<b>Governmental Activities</b>	<b>Amount</b>
Unallocated	\$ 53
General Government	10,588
Health, Human and Social Services	3,340
Law, Justice, Public Protection and Regulation	11,590
Agriculture and Natural Resources	4,009
Transportation	75,205
Education	2,906
Economic Resources	83
<b>Total Governmental Activities</b>	<b>\$107,774</b>
<b>Business-type Activities</b>	
Enterprise Funds	<b>\$ 876</b>

## B. Component Units

Capital Assets for Component Units consisted of the following for fiscal year 2015 (expressed in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Higher Education:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land, as restated	\$ 23,926	\$ 1,381	\$ 2	\$ 25,305
Construction in Progress, as restated	68,321	92,247	74,417	86,151
Works of Art and Historical Treasures	9,045	84		9,129
<b>Total Capital Assets Not Being Depreciated</b>	<b>101,292</b>	<b>93,712</b>	<b>74,419</b>	<b>120,585</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	37,576	1,390		38,966
Infrastructure	57,103	8,393	187	65,309
Buildings, as restated	992,137	75,339	648	1,066,828
Equipment and Other Assets, as restated	246,007	13,498	5,236	254,269
<b>Total Capital Assets Being Depreciated</b>	<b>1,332,823</b>	<b>98,620</b>	<b>6,071</b>	<b>1,425,372</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	15,757	1,559		17,316
Infrastructure	19,787	2,296		22,083
Buildings, as restated	314,833	28,985	496	343,322
Equipment and Other Assets, as restated	187,459	12,741	4,534	195,666
<b>Total Accumulated Depreciation</b>	<b>537,836</b>	<b>45,581</b>	<b>5,030</b>	<b>578,387</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>794,987</b>	<b>53,039</b>	<b>1,041</b>	<b>846,985</b>
<b>Total Higher Education Capital Assets, Net</b>	<b>896,279</b>	<b>146,751</b>	<b>75,460</b>	<b>967,570</b>
*** Higher Education amounts do not include their foundations.				
<b>South Dakota Housing Development Authority:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	220			220
<b>Total Capital Assets Not Being Depreciated</b>	<b>220</b>	<b>0</b>	<b>0</b>	<b>220</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	1,210	50		1,260
Buildings	4,949			4,949
Equipment	4,051	77	386	3,742
<b>Total Capital Assets Being Depreciated</b>	<b>10,210</b>	<b>127</b>	<b>386</b>	<b>9,951</b>
<b>Less: Accumulated Depreciation for:</b>				
Land Improvements	602	41		643
Buildings	711	126		837
Equipment and Other Assets	2,857	276	386	2,747
<b>Total Accumulated Depreciation</b>	<b>4,170</b>	<b>443</b>	<b>386</b>	<b>4,227</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>6,040</b>	<b>(316)</b>	<b>0</b>	<b>5,724</b>
<b>Total Housing Authority Capital Assets, Net</b>	<b>6,260</b>	<b>(316)</b>	<b>0</b>	<b>5,944</b>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Science and Technology Authority:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	1,534	45		1,579
Underground Mine	17,055	196		17,251
Archive Materials	70			70
Construction in Progress	9,680	15,213	556	24,337
<b>Total Capital Assets Not Being Depreciated</b>	<b>28,339</b>	<b>15,454</b>	<b>556</b>	<b>43,237</b>
<b>Capital Assets Being Depreciated:</b>				
Building Improvements	33,813			33,813
Buildings	7,223			7,223
Equipment	8,991	1,421	66	10,346
Equipment Under Capital Leases	884			884
Vehicles	79	17	10	86
Infrastructure	1,659			1,659
<b>Total Capital Assets Being Depreciated</b>	<b>52,649</b>	<b>1,438</b>	<b>76</b>	<b>54,011</b>
<b>Less: Accumulated Depreciation for:</b>				
Building Improvements	3,194	873		4,067
Buildings	1,318	144		1,462
Equipment	2,570	890	23	3,437
Equipment Under Capital Leases	248	114		362
Vehicles	54	11	9	56
Infrastructure	173	38		211
<b>Total Accumulated Depreciation</b>	<b>7,557</b>	<b>2,070</b>	<b>32</b>	<b>9,595</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>45,092</b>	<b>(632)</b>	<b>44</b>	<b>44,416</b>
<b>Total Science and Technology Authority Capital Assets, Net</b>	<b>73,431</b>	<b>14,822</b>	<b>600</b>	<b>87,653</b>
<b>Ellsworth Development Authority</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land and Easements	381	1,709	1,522	568
Construction in Progress	23,466	1,657	25,123	0
<b>Total Capital Assets Not Being Depreciated</b>	<b>23,847</b>	<b>3,366</b>	<b>26,645</b>	<b>568</b>
<b>Capital Assets Being Depreciated:</b>				
Equipment	4			4
Buildings		16,872		16,872
Improvements		6,921		6,921
<b>Total Capital Assets Being Depreciated</b>	<b>4</b>	<b>23,793</b>	<b>0</b>	<b>23,797</b>
<b>Less: Accumulated Depreciation for:</b>				
Equipment	4			4
Buildings		515		515
Improvements		254		254
<b>Total Accumulated Depreciation</b>	<b>4</b>	<b>769</b>	<b>0</b>	<b>773</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>0</b>	<b>23,024</b>	<b>0</b>	<b>23,024</b>
<b>Total Ellsworth Development Authority Capital Assets, Net</b>	<b>23,847</b>	<b>26,390</b>	<b>26,645</b>	<b>23,592</b>
<b>Total Discretely Presented Component Units, Net</b>	<b>\$ 999,817</b>	<b>\$ 187,647</b>	<b>\$ 102,705</b>	<b>\$ 1,084,759</b>

### C. Construction in Progress

The State has entered into contracts for the renovation and construction of buildings, structures and infrastructure (highway projects). Constructions in Progress at June 30, 2015 are as follows (expressed in thousands):

	<u>Amount</u>
<b>Primary Government</b>	
<b>Governmental Activities</b>	
Land Improvements	\$ 224
Buildings and Structures	39,810
Equipment	2,992
Intangibles - Computer Software	55,205
Infrastructure	166,553
<b>Total Governmental Activities</b>	<u><b>264,784</b></u>
<b>Business - Type Activities</b>	
<b>Total Business - Type Activities</b>	<u><b>0</b></u>
<b>Total Primary Government</b>	<u><b>\$ 264,784</b></u>
<b>Discretely Presented Component Units</b>	
Higher Education	
Land Improvements	\$ 3,173
Buildings and Structures	75,947
Infrastructure	7,031
Science and Technology	
Buildings and Structures	5,857
Infrastructure	18,480
<b>Total Discretely Presented Component Units</b>	<u><b>\$ 110,488</b></u>

## 7. RETIREMENT PLANS

### A. South Dakota Retirement System

#### *General Description of the System*

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

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

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

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

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

SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of contributory service. Class A members and Class B judicial members who retire after age 65 with three years of service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B judicial members where the sum of age and credited service is equal to or greater than 80. Class B public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B public safety members where the sum of age and credited service is equal to or greater than 75. All retirement benefits that do not meet the above criteria may be payable at a reduced level. Class C Cement Plant Retirement members have a normal retirement age of 65 and early retirement is age 55 with the required credited service. Class C provides for disability payments for those disabled on or before March 16, 2001. All participants of the Plan on March 15, 2001 were 100% vested.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) and based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - \* 90.0% to 99.9% funded – 2.1% minimum and 2.8% maximum COLA
  - \* 80.0% to 90.0% funded – 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% – 2.1% COLA

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

SDRS is a qualified defined benefit retirement plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes. SDRS last received a favorable determination letter dated July 3, 2012, in which the Internal Revenue Service stated that the System, as then designated, was in compliance with the applicable requirements of the Internal Revenue Code. SDRS believes that the system currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, SDRS continues to be tax exempt as of June 30, 2015. Therefore, no provision for income taxes has been included in SDRS's financial statements.

### *Summary of Significant Accounting Policies*

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

Investments are reported at fair value. The fair value of investments in securities is determined based on last reported prices for those securities traded on national and international stock exchanges. In general, fixed income securities not traded on a national or international exchange are valued based on comparable securities of issuers with similar yield and risk. The value of foreign securities in foreign currency amounts is expressed in U.S. dollars at the closing daily rate of exchange. Purchases and sales are recorded as of the trade date.



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

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

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

### *Contributions*

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

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

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

SDRS is funded by fixed member and employer contributions at a rate established by South Dakota law. On an annual basis, an independent actuarial valuation of SDRS is performed to determine the adequacy of the fixed contributions to pay the normal costs and expenses if the System is fully funded or pay the normal costs, expenses and amortize the unfunded actuarial accrued liability (UAAL) if the System is not fully funded. The June 30, 2014 actuarial valuation of the plan determined that the System is fully funded and that the statutorily required employer contributions meet the requirements for the annual required contributions of the employers under Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* along with amendments included in Statement No. 67, *Financial Reporting for Pension Plans*; and the statutorily required employer contributions are sufficient to pay the employer normal cost and expenses.

Contributions for the primary government during fiscal year 2015 were \$24,588,311 and during fiscal year 2014 were \$23,155,335. Contributions for the State's component units during fiscal year 2015 were \$17,493,492 and during fiscal year 2014 were \$16,997,432.

### *State's Proportionate Share of SDRS*

For fiscal year 2015, the State and its component units used a July 1, 2013 to June 30, 2014 measurement date for reporting purposes.

The State's proportionate share of SDRS's collective net pension asset is 22.0687777% or \$158,996,518 using a June 30, 2014 measurement date. This percentage was measured based on all employer contributions from July 1, 2013 through June 30, 2014. Pension revenues were \$6,715,954 and contributions subsequent to the measurement date were \$24,588,311.

The State's component units pension revenues were \$4,929,921 and contributions subsequent to the measurement date were \$17,493,492.

The components of the net pension asset of the System at June 30, 2014 were as follows:

	<b>State of South Dakota Proportionate Allocation 22.0687777%</b>	<b>Discretely Presented Component Units Proportionate Allocation 16.1998334%</b>
<b>Total Pension Liability</b>	\$ 2,181,961,102	\$ 1,601,692,981
<b>Plan Fiduciary Net Position</b>	(2,340,957,620)	(1,718,406,156)
<b>Net Pension Asset</b>	<b><u>\$ (158,996,518)</u></b>	<b><u>\$ (116,713,175)</u></b>

<b>Fiduciary Net Position as a Percentage of Net Pension Liability</b>	107.3%	107.3%
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**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.25%
Salary Increase:	5.83% at entry to 3.87% after 30 years of service
Discount Rate:	7.25% through 2017 and 7.50% thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of July 1 2005 to June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

**Discount rate** – The discount rate used to measure the total pension liability was 7.25% through FY 2017 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2014 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	64%	4.7%
Fixed Income	26%	1.8%
Real Estate	8%	5.5%
Cash	2%	0.8%
<b>Total</b>	<b><u>100%</u></b>	

**Sensitivity of (asset) liability to changes in the discount rate** – The following presents the net pension (asset) liability of the State’s proportionate share of SDRS’s collective net pension asset of \$158,996,518 using a June 30, 2014 measurement date, calculated using the discount rate of 7.25% through FY 2017 and 7.50% thereafter, as well

as what the System's net pension asset would be if it were calculated using a discount rate that is 1% point lower (6.25/6.50%) or 1% point higher (8.25/8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>State's proportionate share of SDRS's net pension (asset) liability</b>	\$ 157,118,465	\$ (158,996,518)	\$ (416,821,282)
<b>Discretely presented component units proportionate share of the net pension (asset) liability</b>	115,334,676	(116,713,283)	(305,972,615)

**Deferred Outflows and Inflows of Resources Related to Pensions** – The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2015 were as follows:

**State of South Dakota  
Deferred Outflows and Inflows of Resources  
Related to Pensions  
(Expressed in Thousands)**

<u>Source</u>	<u>Primary Government</u>		<u>Discretely Presented Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 13,453	\$	\$ 9,875	\$
Changes in Assumptions	103,788		76,187	
Net Differences between Projected and Actual Earnings on Pension Plan Investments		184,145		135,173
Contributions Subsequent to the Measurement Date	24,588		17,493	
<b>Total</b>	<u>\$ 141,829</u>	<u>\$ 184,145</u>	<u>\$ 103,555</u>	<u>\$ 135,173</u>

The \$24.6 million and the \$17.5 million reported above as deferred outflows of resources by the primary government and the discretely presented component units are the result of employer contributions made subsequent to the measurement date of June 30, 2014. These contributions will be recognized as an increase of the net pension asset in the upcoming year. The remaining amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (dollars expressed in thousands):

**Recognition of Remaining Deferred Outflows and (Inflows) or Resources**

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
<b>2016</b>	\$ (12,634)	\$ (9,274)
<b>2017</b>	(12,634)	(9,274)
<b>2018</b>	(12,634)	(9,274)
<b>2019</b>	(29,001)	(21,289)
<b>Total</b>	<u>\$ (66,903)</u>	<u>\$ (49,111)</u>

*B. Department of Labor Employment Security Retirement Plan*

Employees of the Department of Labor and Regulation 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. Per SDCL 61-2-15, the Department of Labor and Regulation may establish this retirement program and contract with a retirement plan

administrator selected by the employee's retirement board. In addition this SDCL further specifies that no obligation may be incurred against the State's General Fund to pay for this program. The assets of the plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers the plan for the participants. The State has no liability for losses under the plan.

The Employment Security Retirement Plan was established as a defined benefit single employer plan administered through a private insurance carrier, however; the plan can be changed at any time. If the plan should terminate, the full amount in the employee account will be used to provide a retirement benefit to the employee. The plan assets over and above employee accounts will be used up on a priority basis to provide retirement income for plan members.

On July 1, 2014, the most recent actuarial valuation date, the plan had 14 active participants, 2 vested terminated participants, and 222 retired participants and beneficiaries.

## *8. DEFERRED COMPENSATION PLAN*

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

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

The assets of the deferred compensation plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers and markets the plan for the participants. A copy of the South Dakota Retirement System financial statements is available to the public at [www.sdrs.sd.gov](http://www.sdrs.sd.gov).

## *9. SPECIAL PAY PLAN*

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

## 10. FUND BALANCES AND NET POSITION

### Fund Balance Classifications – Governmental Funds

The following table provides additional detail regarding the fund balances reported on the Governmental Fund Balance Sheet at June 30, 2015, (expressed in thousands):

	<u>General</u>	<u>Trans- portation</u>	<u>Social Services Federal</u>	<u>Dakota Cement Trust</u>	<u>Education Enhancement Trust</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Nonspendable</b>							
Inventory	\$ 2,291	\$ 18,416	\$ 17	\$	\$	\$ 2,102	\$ 22,826
Prepays	1,620	288	146			1,361	3,415
Permanent Fund Principal					347,252	131,511	478,763
<b>Total Non-Spendable Fund Balances</b>	<u>3,911</u>	<u>18,704</u>	<u>163</u>	<u>0</u>	<u>347,252</u>	<u>134,974</u>	<u>505,004</u>
<b>Restricted</b>							
Education				305,395	149,877	8,970	464,242
Health and Public Assistance						59,835	59,835
Law, Justice, and Public Protection						19,060	19,060
Economic Development	1,637					54,716	56,353
Transportation		132,575					132,575
Agriculture and Natural Resources						91,809	91,809
Energy Conservation or Development						11,547	11,547
Game and Fish						9,030	9,030
Parks and Recreation						7,086	7,086
Public Buildings						328	328
Public Broadcasting						549	549
Railroads						42,873	42,873
Debt Service						35,366	35,366
Capital Projects						13,609	13,609
Other	8,842					7,088	15,930
<b>Total Restricted Fund Balances</b>	<u>10,479</u>	<u>132,575</u>	<u>0</u>	<u>305,395</u>	<u>149,877</u>	<u>361,866</u>	<u>960,192</u>
<b>Committed</b>							
Education						200	200
Health and Public Assistance						4,816	4,816
Law, Justice, and Public Protection						13,393	13,393
Agriculture and Natural Resources						8,368	8,368
Environmental Cleanup						5,053	5,053
Energy Conservation or Development						3,918	3,918
Public Buildings						4,024	4,024
Railroads						329	329
Other						11,018	11,018
<b>Total Committed Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,119</u>	<u>51,119</u>
<b>Assigned</b>							
Education	58,597					845	59,442
Higher Education	6,625						6,625
Health and Public Assistance	9,699		1,216			13,687	24,602
Law, Justice, and Public Protection	3,590					6,622	10,212
Agriculture and Natural Resources	4,540					2,108	6,648
Tourism Promotion	2,887						2,887
Public Buildings	8,961					2,413	11,374
Economic Development	13,693						13,693
Other	11,588					742	12,330
<b>Total Assigned Fund Balances</b>	<u>120,180</u>	<u>0</u>	<u>1,216</u>	<u>0</u>	<u>0</u>	<u>26,417</u>	<u>147,813</u>
<b>Unassigned Fund Balances *</b>	183,570					(3,624)	179,946
<b>Total Fund Balances</b>	<u>\$ 318,140</u>	<u>\$ 151,279</u>	<u>\$ 1,379</u>	<u>\$ 305,395</u>	<u>\$ 497,129</u>	<u>\$ 570,752</u>	<u>\$ 1,844,074</u>

\* This amount includes \$126,737,000 of equity from the Budget Reserve established by the 1991 South Dakota Legislature as discussed further in the following paragraph.

*Budget Reserve Account*

The 1991 South Dakota Legislature established a budget reserve funded from any unobligated cash in the General Fund. The maximum balance of the budget reserve is 10% of the prior year's General Fund appropriation. Expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to South Dakota Constitution, Article III, Section 1. The balance in the budget reserve at June 30, 2015, was \$126,737,000 and is reported as unassigned fund balance within the General Fund.

*General Fund*

*GASB 54*

Since the implementation of GASB 54 in FY11 fourteen statutorily created funds no longer qualify as Special Revenue Funds and are required to be combined with the State's General Fund. As of June 30, 2015, the following equity balances are included within the State's General Fund in accordance with GASB 54 (expressed in thousands):

<b>Fund Balance - June 30, 2015 as reported</b>	<b>\$ 318,140</b>
<b>Less: Statutorily Created Funds Combined with the General Fund</b>	
Property Tax Reduction - assigned for Education	44,610
Tourism Promotion - assigned for Tourism Promotion	2,886
Investment Council Operating - assigned for Other	3,571
Private Activity Bond - assigned for Other	409
Teen Court - assigned for Other	11
Proof of Concept - assigned for Economic Development	202
Economic Development - assigned for Economic Development	1,072
Local Infrastructure Improvement - assigned for Economic Development	3,780
Workforce Education - assigned for Education	1,432
Tax Relief - unassigned	0
Building South Dakota - assigned for Economic Development, Education, and Health and Public Assistance	15,413
Extraordinary Litigation Expense - unassigned	(1,437)
Legislative Contingency Fund - unassigned	1,000
Unclaimed Property - unassigned	30
<b>Fund Balance - June 30, 2015 excluding GASB 54 combinations</b>	<b><u>\$ 245,161</u></b>

*The Immigrant Investor Program (EB-5 Program)*

In evaluating the contract between SDRC, Inc. and GOED, relating to the EB-5 program, it was determined the SDRC Indemnification Fund One Account should be reported in the State's General Fund. As of June 30, 2015, the following equity balance was included within the State's General Fund (expressed in thousands):

**The Immigrant Investor Program (EB-5 Program):**

<b>Fund Balance - June 30, 2015 excluding GASB 54 combinations</b>	<b>\$ 245,161</b>
<b>Less: SDRC Funds Combined with the General Fund</b>	
SDRC Indemnification Fund One Account - restricted for Economic Development	<u>1,637</u>
<b>Fund Balance - June 30, 2015 excluding all combinations</b>	<b><u>\$ 243,524</u></b>

*Net Position Restricted by Enabling Legislation*

The Government-wide Statement of Net Position reports \$1.54 billion of restricted net position for the primary government of which \$189.6 million was restricted by enabling legislation. Restrictions imposed by enabling legislation could be changed by future legislative action.

*Funds Held as Permanent Investments*

Funds held as permanent investments represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. Funds held in Special Revenue Funds for this purpose have their principal balance classified as nonspendable in the governmental fund financial statements since these amounts are not available for appropriation. In the Government-wide Statement of Net Position, the principal balance is shown as nonexpendable and the investment earnings remaining in these funds at June 30, 2015, is shown as expendable.

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

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

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

These balances at June 30, 2015, are summarized as follows (expressed in thousands):

<b>Fund</b>	<b>Expendable</b>	<b>Nonexpendable</b>	<b>Total Restriction</b>
Education Enhancement Trust	\$ 149,877	\$ 347,252	\$ 497,129
Health Care Trust	47,223	85,631	132,854
Permanent	270	45,880	46,150
<b>Total</b>	<b>\$ 197,370</b>	<b>\$ 478,763</b>	<b>\$ 676,133</b>

*Individual Fund Deficits*

The following individual funds had deficit fund equity at June 30, 2015 (expressed in thousands):

<b>Fund Type/Fund</b>	<b>Deficit</b>
Internal Service:	
State Worker's Compensation	\$ 21,291
Special Revenue:	
Law Enforcement Revolving	1,230
State Fire Suppression	1,359
Public Utilities Commission Federal	100

## 11. COMMITMENTS

**Construction and Other Commitments:** At June 30, 2015, the Department of Transportation had contractual construction commitments of \$246,282,381 for various highway projects and maintenance commitments (including stockpile) of \$7,057,150. 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 \$133,964,077 for various water development projects. Financing for these future expenditures will be from approved federal grants, legislative appropriations, and a bond issue. These commitments relate to the following funds/programs:

Clean Water State Revolving Fund	\$ 38,470,783
Drinking Water State Revolving Fund	45,330,494
Water and Environment Fund Program	47,723,807
Federal Funds	2,438,993

**The South Dakota Building Authority** had contracts and other construction commitments of \$64,338,220.

**The South Dakota Housing Development Authority** had commitments to fund the Homeownership Program aggregating approximately \$50,826,423. Financing for these commitments will be from home-ownership mortgage bonds.

**The Governor's Office of Economic Development** had construction and other contractual commitments of \$81,412,083. Financing for these future expenditures will be from approved federal grants, bond issuances, from a previous 1% sales tax, an employer's investment in South Dakota's future fee, and general appropriations. These commitments relate to the following funds/programs:

Revolving Economic Development Initiative (REDI) Fund Grants/Loans	
REDI Fund Loans	\$ 14,477,037
Community Development Block Grant (CDBG)	10,721,530
Future Fund Program	30,464,134
Energy Program Loans	730,471
SD Works Committee Approved	7,223,701
Economic Development Partnership Program	1,117,110
Local Infrastructure Improvement Program	1,920,000
Reinvestment Payment Program	14,438,100
Energy Grants - Federal	320,000

**The South Dakota Science and Technology Authority** had the following contractual commitments: \$4,482,500 for the installation and maintenance of a deep level pump system at the Homestake Mine, \$3,634,063 for the construction of the Sanford Lab Visitor center, \$733,977 for exhibit designs and fabrication, \$999,334 for the Compact Acceleration System Performing Astrophysical Research project, and \$2,746,300 to design and outfit two additional underground facilities.

**The South Dakota Soybean Research and Promotion Council** had commitments of \$4,447,000 for projects related to soybean research, promotion, and other various activities aimed at enhancing consumer and producer awareness of soybeans and soybean related issues.

**The South Dakota Corn Utilization Council** had commitments of \$300,000 annually for 10 years beginning in FY16 to be provided to a foundation.

**The South Dakota Wheat Utilization, Research and Market Development Commission** had commitments of \$1,425,886 for projects relating to research, promotion, and other various activities aimed at enhancing producer awareness of wheat and wheat related issues.

**The South Dakota Board of Regents** had construction commitments of \$52,608,003.



## 12. SELF-INSURANCE

### A. Workers' Compensation Benefits and Unemployment Insurance

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

The State is self-insured for workers' compensation through the creation of reserves derived from a percentage of wages paid to state employees. This activity is accounted for in an internal service fund. Claims payable for workers' compensation is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses (those relating to a specific claim) are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. The claims liability is funded as claims are paid resulting in an actuarially determined unfunded liability of \$21,291,000 at June 30, 2015. The Workers' Compensation Fund liability at June 30, 2015, and the changes to the liability during fiscal years ended June 30, 2015 and 2014 listed on the following page were as follows (expressed in thousands):

	<u>FY2015</u>	<u>FY2014</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 24,322	\$ 23,407
<b>Incurred claims and claim adjustment expenses</b>		
Provision for insured events of current fiscal year	4,814	4,521
Changes in provision for insured events of prior fiscal years	206	(21)
<b>Total incurred claims and claim adjustment expenses</b>	<u>5,020</u>	<u>4,500</u>
<b>Payments</b>		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	986	1,042
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	2,405	2,543
<b>Total payments</b>	<u>3,391</u>	<u>3,585</u>
<b>Unpaid claims and claim adjustment expenses at end of fiscal year</b>	<u>\$ 25,951</u>	<u>\$ 24,322</u>

### B. Health and Life Insurance

The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance and life insurance benefits (an insurance carrier, however, provides claims administration services for health insurance). The health and life insurance programs are accounted for in the Self-Insurance Fund, reported as an internal service fund. "Premiums" are charged to state funds for all covered employees. Employees may purchase varying levels of health and/or life coverage for their spouses and/or dependents. Effective January 1, 2014, the life insurance program switched from being self-insured to a fully insured product. Claims payable for health insurance is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. 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.

The health and life insurance programs liability at June 30, 2015 and the changes to the liability during fiscal years ended June 30, 2015 and 2014 were as follows (expressed in thousands):

	Health Insurance		Life Insurance	
	FY2015	FY2014	FY2015	FY2014
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 14,055	\$ 15,952	\$	\$ 647
Incurred claims and claim adjustment expenses	108,813	102,577	8	1,271
<b>Payments:</b>				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	94,508	88,522	8	1,271
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	14,055	15,952		647
<b>Total payments</b>	<b>108,563</b>	<b>104,474</b>	<b>8</b>	<b>1,918</b>
<b>Unpaid claims and claim adjustment expenses at end of fiscal year</b>	<b>\$ 14,305</b>	<b>\$ 14,055</b>	<b>\$ 0</b>	<b>\$ 0</b>

### C. Public Entity Pool for Liability

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

All funds and agencies of the State participate in the PEPL Fund. The PEPL Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund and agency based on the number of automobiles titled to each agency (for automobile liability) or approved full-time employees (for general tort liability). The PEPL Fund initially limited claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The State claimed sovereign immunity for all other tort liabilities. A State Supreme Court opinion allows noneconomic damages against employees of the State while they are performing ministerial acts; therefore, beginning in FY1996, the PEPL Fund coverage document was amended to provide liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance was purchased. In FY2015 the State purchased reinsurance for claims costs over \$500,000 with 100% of the remaining \$500,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2015, \$7,752,228 of the net assets balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2015 and the changes to the liability during fiscal years ended June 30, 2015 and 2014 were as follows (dollars expressed in thousands):

	FY2015	FY2014
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 5,407	\$ 5,126
<b>Incurred claims and claim adjustment expenses</b>		
Provision for insured events of current fiscal year	910	923
Changes in provision for insured events of prior fiscal years	(1,532)	1,115
<b>Total incurred claims and claim adjustment expenses</b>	<b>(622)</b>	<b>2,038</b>
<b>Payments</b>		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	236	251
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	701	1,506
<b>Total payments</b>	<b>937</b>	<b>1,757</b>
Unpaid claims and claim adjustment expenses at end of fiscal year	<b>\$ 3,848</b>	<b>\$ 5,407</b>

#### *D. Risk Management*

The State is commercially insured for boiler insurance, aircraft, and crime bonds through outside insurance companies. Entities participating in these insurance coverages are only billed for premiums applicable to their coverage needs. Prior to April 13, 2015, the State was uninsured for property losses with the exception of all bonded buildings, all higher education facilities and buildings, and certain other revenue-producing buildings that are covered through outside insurance companies. On April 13, 2015, additional insurance was purchased resulting in the majority of all State buildings being covered.

### **13. OPERATING LEASES**

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

The following schedule is a summary of future minimum rental payments by years required under operating leases with lease terms in excess of one year as of June 30, 2015 (expressed in thousands):

<b>Year Ending June 30</b>	<b>Primary Government</b>	<b>Component Units</b>
2016	\$ 7,519	\$ 3,318
2017	7,152	2,279
2018	6,634	1,819
2019	6,137	1,468
2020	5,488	1,396
2021-2025	17,790	5,704
2026-2030	5,711	206
2031-2035	1,388	
2036-2040	100	
<b>Total Minimum Payments</b>	<b>\$ 57,919</b>	<b>\$ 16,190</b>

The total rental expenses for all operating leases for the fiscal year ended June 30, 2015 was \$11,632,910 for the primary government and \$3,788,841 for component units.

## 14. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2015, and changes to long-term liabilities during the fiscal year then ended are as follows (expressed in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities *</b>					
Revenue Bonds	\$ 168,757	\$ 23,818	\$ (27,407)	\$ 165,168	\$ 16,125
Add Unamortized Premium	8,546	1,882	(832)	9,596	795
<b>Net Revenue Bonds</b>	<b>177,303</b>	<b>25,700</b>	<b>(28,239)</b>	<b>174,764</b>	<b>16,920</b>
Trust Certificates	880		(310)	570	290
Compensated Absences	56,072	39,735	(37,488)	58,319	30,925
Policy Claims Liability	5,407		(1,559)	3,848	1,361
Workers Compensation	24,349	5,020	(3,414)	25,955	3,344
Capital Leases, as restated	114,587	6,733	(4,968)	116,352	5,804
Pollution Remediation Obligation	14,829	250	(93)	14,986	250
Escheat Property	24,017	19,496	(15,031)	28,482	5,814
<b>Total Governmental Activities, as restated</b>	<b>\$ 417,444</b>	<b>\$ 96,934</b>	<b>\$ (91,102)</b>	<b>\$ 423,276</b>	<b>\$ 64,708</b>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 195,710	\$ 59,815	\$ (12,055)	\$ 243,470	\$ 14,825
Add Unamortized Premium	11,738	9,602	(992)	20,348	1,140
<b>Net Revenue Bonds**</b>	<b>207,448</b>	<b>69,417</b>	<b>(13,047)</b>	<b>263,818</b>	<b>15,965</b>
Other Noncurrent Liabilities	289	886	(513)	662	
Compensated Absences	1,502	937	(835)	1,604	856
<b>Total Business-type Activities</b>	<b>\$ 209,239</b>	<b>\$ 71,240</b>	<b>\$ (14,395)</b>	<b>\$ 266,084</b>	<b>\$ 16,821</b>
<b>Component Units</b>					
Revenue Bonds	\$ 1,691,368	\$ 298,707	\$ (421,089)	\$ 1,568,986	\$ 53,638
Less Unamortized Discount	(258)	22	(236)	(236)	11
Add Unamortized Premium	25,920	15,966	(5,105)	36,781	1,601
<b>Net Revenue Bonds**</b>	<b>1,717,030</b>	<b>314,695</b>	<b>(426,194)</b>	<b>1,605,531</b>	<b>55,250</b>
Compensated Absences	39,169	15,098	(13,701)	40,566	13,270
Capital Leases	3,515	1,791	(2,229)	3,077	1,477
Rural Development Loans	2,166	248	(544)	1,870	110
Federal Portion of Perkins Loan Program	38,192	414		38,606	
Advances from Primary Government	19,129	4,838	(278)	23,689	903
<b>Total Component Units</b>	<b>\$ 1,819,201</b>	<b>\$ 337,084</b>	<b>\$ (442,946)</b>	<b>\$ 1,713,339</b>	<b>\$ 71,010</b>

\*Governmental Activities Other Long-Term Obligations - The General Fund, special revenue and internal service funds in which the leases are recorded will liquidate the capital lease obligations. The compensated absence liability will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. The workers' compensation and policy claims liabilities will be liquidated by applicable Internal Service funds which will ultimately be billed out to the applicable funds that account for the salaries and wages of the related employees. The pollution remediation obligations will be liquidated by the Petroleum Release Compensation Fund and the Department of Environment and Natural Resources – Other Fund. The escheat property obligation will be liquidated by the State's General Fund.

### Revenue Bonds and Trust Certificates

#### A. Governmental Activities

##### 1. South Dakota Building Authority

The South Dakota Building Authority (SDBA) issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of state departments and institutions. Bonds and certificates of participation are payable from revenues generated through lease agreements between the SDBA and

state departments and institutions. Lease payments for bonds and certificates of participation are paid from the General Fund and other state dedicated fees of state departments, boards, and commissions, and an annuity.

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

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

Following are SDBA bonds and trust certificates outstanding at June 30, 2015 (dollars expressed in thousands):

<b>Bond Series:</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
1996A	2016	5.900% - 5.950%	\$ 2,696
2003	2015	4.125%	29
2006A	2026	4.250% - 5.000%	920
2008	2034	4.250% - 5.000%	1,630
2010B	2035	3.150% - 6.200%	4,780
2010C	2031	3.700% - 5.850%	3,335
2010D	2019	2.500% - 3.250%	448
2013D	2038	1.109% - 5.769%	4,320
2014A	2029	4.000% - 5.000%	1,800
2014D	2026	4.500% - 5.000%	6,179
2014E	2027	4.500%	3,906
2015A	2030	.700% - 4.013%	11,500
Add Unamortized Premium			2,025
<b>Total Bonds</b>			<b>43,568</b>
Trust Certificate Series:			
1991A	2016	6.750000%	570
<b>Total Trust Certificates</b>			<b>570</b>
<b>Total</b>			<b>\$ 44,138</b>

As of June 30, 2015, debt service requirements for principal and interest for the SDBA were as follows (expressed in thousands):

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 3,880	\$ 4,724	\$ 8,604
2017	3,648	4,388	8,036
2018	2,212	1,534	3,747
2019	2,257	1,459	3,716
2020	2,335	1,375	3,709
2021 - 2025	12,684	5,409	18,093
2026 - 2030	11,252	2,522	13,774
2031 - 2035	2,960	756	3,716
2036 - 2040	885	104	989
<b>Total</b>	<b>\$ 42,113</b>	<b>\$ 22,271</b>	<b>\$ 64,384</b>

## 2. Educational Enhancement Funding Corporation

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

Following are Educational Enhancement Funding Corporation bonds outstanding at June 30, 2015 (dollars expressed in thousands):

<u>Bond Series:</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2013A	2022	1.551% - 3.539%	\$ 76,990
2013B	2027	5.00%	46,635
Add Unamortized Premium			7,571
<b>Total</b>			<b>\$ 131,196</b>

As of June 30, 2015, debt service requirements for principal and interest for the Educational Enhancement Funding Corporation were as follows (expressed in thousands):

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 12,535	\$ 4,453	\$ 16,988
2017	11,935	4,259	16,194
2018	11,500	4,031	15,531
2019	10,900	3,783	14,683
2020	10,600	3,398	13,998
2021-2025	49,260	11,184	60,444
2026-2027	16,895	1,197	18,092
<b>Total</b>	<b>\$ 123,625</b>	<b>\$ 32,305</b>	<b>\$ 155,930</b>

## B. Business-type Activities

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

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

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

The following is a schedule of outstanding bonds as of June 30, 2015 (dollars expressed in thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
<b>Clean Water State Revolving Fund</b>			
1996A	2017	5.625%	\$ 100
2010AB	2030-2031	4.084%-5.646%	47,340
2012AB	2027-2033	.25%-5.00%	79,200
2014AB	2020-2035	.30%-5.00%	48,860
Add Unamortized Premium			17,588
<b>Total</b>			<b><u>193,088</u></b>
<b>Drinking Water State Revolving Fund</b>			
2010AB	2030-2031	2.00%-5.646%	30,000
2012AB	2023-2027	.25%-5.00%	27,015
2014AB	2020-2035	.30%-5.00%	10,955
Add Unamortized Premium			2,759
<b>Total</b>			<b><u>70,729</u></b>
<b>Total Revenue Bonds</b>			<b><u>\$ 263,817</u></b>

As of June 30, 2015, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (expressed in thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Clean Water State Revolving Fund</b>			
2016	\$ 9,290	\$ 7,187	\$ 16,477
2017	9,875	6,932	16,807
2018	10,125	6,641	16,766
2019	10,255	6,310	16,565
2020	9,585	5,972	15,557
2021-2025	51,135	24,125	75,260
2026-2030	47,650	12,412	60,062
2031-2035	27,585	2,860	30,445
<b>Total</b>	<b><u>175,500</u></b>	<b><u>72,439</u></b>	<b><u>247,939</u></b>
<b>Drinking Water State Revolving Fund</b>			
2016	5,535	2,307	7,842
2017	5,925	2,174	8,099
2018	6,075	2,023	8,098
2019	6,255	1,854	8,109
2020	5,850	1,685	7,535
2021-2025	22,115	6,174	28,289
2026-2030	13,275	2,498	15,773
2031-2035	2,940	292	3,232
<b>Total</b>	<b><u>67,970</u></b>	<b><u>19,007</u></b>	<b><u>86,977</u></b>
<b>Total</b>	<b><u>\$ 243,470</u></b>	<b><u>\$ 91,446</u></b>	<b><u>\$ 334,916</u></b>

### C. Component Units

#### 1. South Dakota Housing Development Authority

The South Dakota Housing Development Authority (SDHDA) provides mortgage financing for construction, rehabilitation, and purchase of residential housing and assists in coordinating with federal, state, regional, and local public and private efforts with statewide housing planning. The SDHDA issues negotiable notes and bonds in amounts

authorized by the Governor of South Dakota. Notes and bonds of the SDHDA do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. These notes and bonds are payable solely from the revenues or assets of the SDHDA.

Following is a schedule of bonds, consolidated by category, outstanding at June 30, 2015 (dollars expressed in thousands):

	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
<b>Home-Ownership Mortgage Program</b>	2015-2045	.06%-6.25%	
Serial Bonds			\$ 241,985
Term Bonds			546,281
Add Unamortized Premium			9,440
<b>Total</b>			<u><b>797,706</b></u>
<b>Single Family Mortgage Revenue Bonds</b>	2015-2041	1.50%-5.00%	
Serial Bonds			40,150
Term Bonds			181,415
Add Unamortized Premium			1,134
<b>Total</b>			<u><b>222,699</b></u>
<b>Multiple Purpose Bonds</b>	2015-2048	.15%-3.65%	
Serial Bonds			8,010
Term Bonds			15,200
<b>Total</b>			<u><b>23,210</b></u>
<b>Multifamily Housing Revenue Bonds</b>			
Term Bonds	2015-2044	.08%-6.15%	<u><b>29,102</b></u>
<b>Multifamily Risk Sharing Bonds</b>			
Term Bonds	2015-2043	5.35%-5.85%	<u><b>12,365</b></u>
<b>Total Bonds</b>			<u><b>\$ 1,085,082</b></u>

As of June 30, 2015, debt service requirements for principal and interest for the SDHDA were as follows (expressed in thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 33,520	\$ 34,424	\$ 67,944
2017	48,045	33,428	81,473
2018	46,285	32,217	78,502
2019	46,301	30,877	77,178
2020	36,972	29,527	66,499
2021-2025	167,617	131,067	298,684
2026-2030	174,374	103,379	277,753
2031-2035	230,769	66,421	297,190
2036-2040	162,645	30,621	193,266
2041-2045	95,511	8,904	104,415
2046-2050	32,470	73	32,543
<b>Total</b>	<u><b>\$ 1,074,509</b></u>	<u><b>\$ 500,938</b></u>	<u><b>\$ 1,575,447</b></u>



## 2. South Dakota Economic Development Finance Authority

The South Dakota Economic Development Finance Authority (EDFA) was established for the purpose of making loans to businesses for the acquisition and/or construction of land, buildings, machinery and equipment to spawn economic growth. The EDFA is authorized by South Dakota Codified Law to provide sufficient funds for achieving any of its corporate purposes. The total outstanding amount of such notes and bonds shall not exceed \$300 million at any time. No obligation issued by the EDFA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision.

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

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2015, the balance in the Capital Reserve Account was \$5,000,000 and the reserve requirement was \$1,911,250.

The following is a schedule of outstanding bonds as of June 30, 2015 (dollars expressed in thousands):

<b>Bond Series</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
2008	2015-2028	4.85%-5.875%	\$ 5,795
2013A	2021-2033	1.00%-5.80%	9,495
<b>Total</b>			<b>\$ 15,290</b>

As of June 30, 2015, debt service requirements for principal and interest for the EDFA were as follows (expressed in thousands):

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 685	\$ 807	\$ 1,492
2017	710	782	1,492
2018	730	757	1,487
2019	760	728	1,488
2020	795	694	1,489
2021-2025	4,605	2,839	7,444
2026-2030	4,750	1,405	6,155
2031-2033	2,255	267	2,522
<b>Total</b>	<b>\$ 15,290</b>	<b>\$ 8,279</b>	<b>\$ 23,569</b>

### 3. Higher Education

#### a. Higher Education Facilities

Revenue bonds were issued for the purpose of constructing buildings. The bonds are payable only from and secured by a pledge of net revenues of the University Housing and Auxiliary Facilities System. Net revenue is defined as gross revenue, less reasonable and necessary costs of currently maintaining, repairing, insuring, and operating the University Housing and Auxiliary Facilities System. Total net revenue pledges for fiscal year 2015 equaled \$31,690,262.

Following are revenue bonds outstanding at June 30, 2015 (dollars expressed in thousands):

<b>Bond Series</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>School of Mines and Technology</b>			
2008	2028	4.550%	\$ 3,185
2009	2039	2.150%-6.250%	9,030
2014A	2039	3.000%-5.000%	6,665
2014B	2029	5.000%	6,115
Less Unamortized Discount			(19)
Add Unamortized Premium			1,093
<b>University of South Dakota</b>			
2005A	2030	4.000%-5.000%	9,725
2009	2039	2.150%-6.250%	39,515
2013	2028	2.000%-5.000%	10,780
Less Unamortized Discount			(166)
Add Unamortized Premium			1,019
<b>South Dakota State University</b>			
2005A	2030	4.000%-5.000%	2,220
2006	2060	3.920%	5,155
2009	2039	2.150%-6.250%	28,380
2011	2031	2.000%-5.000%	54,645
2014A	2025	3.000%-5.000%	21,410
Less Unamortized Discount			(59)
Add Unamortized Premium			4,851
<b>Northern State University</b>			
2008	2038	4.550%	845
2009	2039	2.150%-6.250%	1,185
2011	2031	2.000%-5.000%	5,340
2014B	2029	5.000%	3,510
Less Unamortized Discount			(3)
Add Unamortized Premium			781
<b>Dakota State University</b>			
2007	2029	3.760%	300
2008	2028	3.760%	3,490
2014B	2029	5.000%	1,540
Add Unamortized Premium			234
<b>Black Hills State University</b>			
2006	2026	3.920%	845
2007	2029	3.880%	6,325
2014A	2039	3.000%-5.000%	9,820
2014B	2029	5.000%	1,675
Add Unamortized Premium			706
<b>Total</b>			<b><u>\$240,137</u></b>

As of June 30, 2015, debt service requirements for principal and interest were as follows (expressed in thousands):

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 9,795	\$ 10,659	\$ 20,454
2017	10,210	10,285	20,495
2018	10,605	9,870	20,475
2019	11,020	9,414	20,434
2020	11,475	8,924	20,399
2021-2025	64,780	35,841	100,621
2026-2030	54,490	21,240	75,730
2031-2035	44,725	8,937	53,662
2036-2040	14,600	1,275	15,875
<b>Total</b>	<b>\$ 231,700</b>	<b>\$ 116,445</b>	<b>\$ 348,145</b>

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

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

Following is a schedule of bonds outstanding at June 30, 2015 (dollars expressed in thousands):

<b>Bond Series</b>	<b>Maturity Through</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Revenue Bonds</b>			
2003	2015	4.125%	\$ 336
2006A	2016	4.250%-5.000%	185
2008	2033	4.250%-5.000%	33,540
2009	2034	5.250%-6.760%	11,265
2010A	2027	3.150%-5.650%	8,435
2010B	2035	5.800%-6.200%	8,970
2010D	2019	2.500%-3.250%	147
2011	2026	3.000%-5.000%	10,160
2011A	2026	3.000%-5.000%	6,500
2012A	2028	1.500%-5.000%	8,305
2013B	2038	4.000%-5.000%	67,340
2013C	2018	1.109%-2.197%	6,685
2014A	2039	4.000%-5.000%	33,910
2014B	2029	5.00%	5,250
2014C	2020	1.000%-2.400%	6,820
2014D	2026	4.500%-5.000%	1,236
2014E	2032	4.500%-5.000%	30,004
2014F	2032	4.500%-5.000%	8,400
Add Unamortized Premium			17,524
<b>Total Revenue Bonds</b>			<b>\$ 265,013</b>

As of June 30, 2015, debt service requirements for principal and interest for the South Dakota Building Authority (Higher Education portion) were as follows (expressed in thousands):

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 9,638	\$ 11,557	\$ 21,195
2017	10,380	11,290	21,670
2018	10,668	10,967	21,635
2019	10,908	10,603	21,511
2020	11,350	10,131	21,481
2021-2025	61,131	42,576	103,707
2026-2030	63,688	27,262	90,950
2031-2035	49,975	11,821	61,796
2036-2040	19,750	2,243	21,993
<b>Total</b>	<b>\$ 247,489</b>	<b>\$ 138,449</b>	<b>\$ 385,938</b>

### *Capital Leases*

The State has entered into various agreements to lease buildings, vehicles, and equipment. GASB standards require a lease that transfers substantially all of the benefits and risks of ownership to the lessee be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease).

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

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2015 (expressed in thousands):

<b>Fiscal Year Ending June 30</b>	<b>Governmental Activities</b>	<b>Component Units</b>
2016	\$ 11,038	\$ 1,628
2017	10,962	758
2018	10,587	580
2019	9,517	357
2020	8,387	
2021-2025	35,252	
2026-2030	33,889	
2031-2035	32,713	
2036-2040	30,548	
2041-2045	17,442	
2046-2049	7,992	
<b>Total Minimum Lease Payments</b>	<b>208,327</b>	<b>3,323</b>
Less: Amount Representing Interest	91,975	246
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$ 116,352</b>	<b>\$ 3,077</b>

The historical cost and depreciation of assets acquired under capital leases and included in capital assets on the Government-wide financial statements at June 30, 2015 are as follows (expressed in thousands):

	<b>Governmental Activities</b>
Buildings	\$ 112,276
Equipment	3,803
Vehicles	17,933
Total	134,012
Less: Accumulated Depreciation	23,020
<b>Total, Net</b>	<b>\$ 110,992</b>

### *Conduit Debt Obligations*

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

#### *1. South Dakota Value Added Finance Authority*

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

As of June 30, 2015, there were 127 Beginning Farmer Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2015 could not be determined; however, the original issue amount totaled \$22,747,254.

As of June 30, 2015, there were 6 Agribusiness Bonding Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2015 could not be determined; however, the original issue amount totaled \$8,917,500.

As of June 30, 2015, there were 19 Livestock Nutrient Management Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2015 could not be determined; however, the original issue amount totaled \$14,303,490.

As part of the American Recovery and Reinvestment Act, the South Dakota Value Added Finance Authority issued 3 recovery zone bonds in state fiscal year 2011. The outstanding balance at June 30, 2015 could not be determined; however, the original issue amount totaled \$24,750,000.

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

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

As of June 30, 2015, the aggregate amount of stand-alone bond principal outstanding was \$11,277,926. The original issue amount of stand-alone bonds totaled \$25,740,000.

## *Refunded and Defeased Bonds*

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

In fiscal year 2015, The South Dakota Housing Development Authority issued \$167,270,000 of fixed rate Homeownership Mortgage Bonds. Of that amount, \$20,000,000 was used to finance the Homeownership Mortgage Loan Program, and \$147,270,000 was used to refund existing bonds.

### *2. South Dakota Board of Regents*

In September 2014, the South Dakota Board of Regents (SDBOR) issued \$13,760,000 in Revenue Bonds Series 2014B to refund the remaining Series 2003 and Series 2004A bonds. The refunding portion with an average interest rate of 4.91 percent was used to refund \$6,215,000 of outstanding South Dakota School of Mines and Technology (SDSMT) Series 2003 Bonds with an average interest rate of 5.24 percent, \$2,305,000 of outstanding Black Hills State University (BHSU) Series 2004A Bonds with an average interest rate of 4.95 percent, \$4,620,000 of outstanding Northern State University (NSU) Series 2004A Bonds with an average interest rate of 4.91 percent, and \$2,120,000 of outstanding Dakota State University (DSU) Series 2004A Bonds with an average interest rate of 4.97 percent. The purpose of the refunding was to reduce the SDBOR borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by \$2,746,580. This resulted in a present value savings on the SDSMT bonds of \$1,023,178, the BHSU bonds of \$311,482, the NSU bonds of \$637,887, and on the DSU bonds of \$279,961. The net refunding portion of \$14,639,609 (after payment of \$208,285 in underwriting fees and other issuance costs) in addition to \$288,128 from BHSU, \$446,873 from NSU, and \$257,178 from DSU accounts were deposited in trust with an escrow agent to provide for the current refunding of the Series 2003 and Series 2004A bonds.

### *3. South Dakota Building Authority*

On August 28, 2014, the South Dakota Building Authority issued \$12,430,000 in Revenue Bonds Series 2014B and Series 2014C to refund the Series 2005C bonds. The refunding portion with an average interest rate of 4.05 percent was used to refund \$11,835,000 of outstanding Series 2005C bonds with an average interest rate of 4.50 percent. The net proceeds of the refunding portion of \$12,647,649 were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded Series 2005C bonds (after payment of \$124,274 in underwriting fees and other issuance costs and transfer of \$718,061 in savings to the State General Fund). As a result, the refunded Series 2005C bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$645,907. This difference is being charged to operations through fiscal year 2030 using the effective-interest method. The Authority completed the advanced refunding for a net economic gain of \$31,008. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$40,924 reduction in debt service payments, the actual cash amount realized was \$718,061.

On December 3, 2014, the Authority issued \$7,505,000 in Revenue Bonds Series 2014D to refund a portion of the Series 2006A bonds. The refunding portion with an average interest rate of 4.90 percent was used to refund \$7,410,000 of outstanding Series 2006A bonds with an average interest rate of 4.95 percent. The net proceeds of the refunding portion of \$8,070,764 were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded Series 2006A bonds (after payment of \$71,373 in underwriting fees and other issuance costs and transfer of \$625,432 in savings to the State General Fund). As a result, the refunded Series 2006A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$465,935. This difference is being charged to operations through fiscal year 2027 using the effective-interest method. The Authority completed the advanced refunding for a net economic gain of \$20,989. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$23,612 reduction in debt service payments, the actual cash amount realized was \$625,432.

On December 3, 2014 the Authority issued \$44,240,000 in Revenue Bonds Series 2014E and Series 2014F to refund the Series 2007 bonds. The refunding portion with an average interest rate of 4.74 percent was used to refund \$44,675,000 of outstanding Series 2007 bonds with an average interest rate of 4.74 percent. The net proceeds of the refunding portion of \$48,621,144 were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded Series 2007 bonds (after payment of \$412,624 in underwriting fees and other issuance costs and transfer of \$565,260 in savings to the State General Fund). As a result, the refunded Series 2007 bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,849,539. This difference is being charged to operations through fiscal year 2032 using the effective-interest method. The Authority completed the advanced refunding for a net economic gain of \$33,075. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$44,204 reduction in debt service payments, the actual cash amount realized was \$565,260.

### *Pollution Remediation Obligations*

The State has pollution remediation obligation liabilities as of June 30, 2015 of \$14,985,626.

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

The State of South Dakota, acting through the Department of Environment and Natural Resources, has contracted with the United States Environmental Protection Agency for participation in the reclamation and remediation of the former Brohm Mine, the Gilt Edge Superfund Site in Lawrence County. The EPA's current estimate of total cleanup cost is \$176 million. The State is required by law to pay 10% of the total costs of reclamation and remediation of the site or \$17.6 million. The State has already spent approximately \$6.1 million with a remaining outstanding liability as of June 30, 2015 of \$11,450,026. The State's contribution to the costs of reclamation and remediation will come from the Regulated Response Fund, which has a cash balance of \$2.6 million, but will grow with future penalties collected for environmental violations deposited into the fund and interest earned on the cash deposit. After reclamation is completed, and after a holding period by the United States, the State will take control of the site and use the reclamation bond to pay 100% of the ongoing water treatment costs. The State had a cash balance of approximately \$8.0 million from the cash reclamation bond deposited by Brohm and \$8.6 million in a cash settlement as of June 30, 2015. However, actual costs incurred when the State takes control of the site cannot be anticipated at this time because the final cleanup action has not been determined yet.

#### *2. Petroleum Release Compensation Fund*

The Petroleum Release Compensation Fund (PRCF) provides reimbursement for remediation of sites where a petroleum release has occurred. This fund and the requirement that the State provide reimbursement were established under SDCL 34A-13. As of June 30, 2015, PRCF was currently involved with 37 active cases, 31 active/monitoring cases, and 7 pending cases (spill report not yet filed), for a total of 75 cases. The estimated cost remaining for sites that have received at least one payment is \$335,600, the estimated cost for sites that haven't received any payments is \$2,600,000 and the estimated cost for the Abandoned Tank Removal Program is \$600,000. The total liability as of June 30, 2015 for this program is \$3,535,600. The cash balance in the PRCF on June 30, 2015 is \$4,749,291.

## 15. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES

The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented in natural classifications. The following table presents those same expenses in functional classifications for Higher Education (excluding Foundations) as of June 30, 2015 as recommended by NACUBO (expressed in thousands):

Function	Personal		Contractual	Supplies & Non-Capitalized		Interest & Other		Depreciation	Total
	Services	Travel		Equipment	Grants & Subsidies	Expenses			
Instruction	\$ 171,483	\$ 3,839	\$ 15,885	\$ 9,276	\$ 958	\$	\$ 4,152	\$ 205,593	
Research	39,918	2,910	7,463	8,786	8,571	1	4,801	72,450	
Public Service	25,512	1,199	5,302	4,273	1,652		197	38,135	
Academic Support	39,179	976	6,775	7,211	21	116	1,801	56,079	
Student Services	33,218	6,616	7,420	5,470	186		962	53,872	
Institutional Support	42,491	1,027	20,696	2,915	1,649	661	943	70,382	
O&M of Plant	20,910	240	13,923	6,412	2		30,646	72,133	
Scholarships and Fellowships	1,131	30	19	249	23,172	177		24,778	
Auxilliary Enterprises	11,042	108	33,626	11,377	293		1,507	57,953	
Other						304	622	926	
<b>Total</b>	<b>\$ 384,884</b>	<b>\$ 16,945</b>	<b>\$ 111,109</b>	<b>\$ 55,969</b>	<b>\$ 36,504</b>	<b>\$ 1,259</b>	<b>\$ 45,631</b>	<b>\$ 652,301</b>	

## 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 2015, the State provided \$20,075,000 in General Fund state aid payments to the technical institutes.

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

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



## 17. RELATED PARTY TRANSACTIONS

**The South Dakota Development Corporation (SDDC)** is a South Dakota non-profit corporation and a Certified Development Company created for the purpose of administering the U.S. Small Business Administration's (SBA) 503/504 loan programs and the Microloan Program. The Microloan Program is formed as a partnership between the SDDC and the GOED. GOED has agreed to provide certain staff services and related support of the SBA 504 loans and Microloan Program loans made by SDDC. GOED provides these services out of GOED funds. The purpose of the SBA's 504 loan program and the Microloan program is to help facilitate economic development and the creation of jobs in South Dakota. These loans are used to assist companies either operating in the State or moving to the State. Businesses use the loan funds to expand their operations, improve their facilities, or set up operations in South Dakota. The 504 loans awarded during FY2015 were \$9,875,900. Funding for these loans came from the SBA. In addition, the SDDC has approved loans totaling \$838,173 for the Microloan Program as of June 30, 2015.

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

**The South Dakota Housing Development Authority (SDHDA)** was created in 1973 by an Act of the South Dakota Legislature as a body politic and corporate, and an independent public instrumentality for the purpose of encouraging the investment of private capital for the construction and rehabilitation of residential housing to meet the needs of persons and families in the state. SDHDA has a note receivable of \$1,620,404 from the South Dakota Ellsworth Development Finance Authority (SDEDFEA), another component unit of the State of South Dakota. The note receivable is based on funding through the Neighborhood Stabilization Program (NSP) which is a non-interest bearing note that will be forgiven in 2033 if restrictive covenants related to providing low income housing are maintained for the 20 year duration.

**The South Dakota Science and Technology Authority (SDSTA)** was created and organized by Chapter 1-16H of the South Dakota Codified Laws. The purposes of SDSTA are to foster and facilitate scientific and technology, investigation, experimentation, and development by creating a mechanism through which laboratory, experimental and development facilities may be acquired and operated. SDSTA has various agreements with the other State component units and agencies that include:

The SDSTA received a \$2.0 million Future Fund grant from the State to remodel the Jonas Hall located on the campus of Black Hills State University.

A contract with the South Dakota School of Mines and Technology to be the lead institution for the accelerator project known as Compact Acceleration System Performing Astrophysical Research (CASPAR) for \$999,334 and extends into fiscal year 2016.

An agreement with the Governor's Office of Economic Development (GOED) whereby the State is granting up to \$6,000,000 between July 14, 2015 and September 30, 2018. The State has chosen to engage in a public-private partnership with SDSTA, the South Dakota Community Foundation and other private foundations to assist with the costs of infrastructure and laboratory upgrades, procurement of xenon for experiments, and interest payments.

**The South Dakota Ellsworth Development Authority (SDEDA)** was created by Chapter 1-16J of the South Dakota Codified Laws for the purpose of protecting and promoting the economic impact of Ellsworth Air Force Base and associated industry, and to promote the health and safety of those living or working near the base. At June 30, 2015, the SDEDA has loans payable to the State Department of Environment and Natural Resources for \$1,413,421 and to the Clean Water State Revolving Fund for \$22,275,837. Proceeds from the loans provided financing for the construction of the waste water treatment plant. SDEDA has pledged future user charges as security under various loan agreements.

## 18. SUBSEQUENT EVENTS

### *Board of Regents*

On July 8, 2015, the South Dakota Building Authority issued the \$10,880,000 Series 2015B Tax-Exempt Revenue Bonds to finance the Information System Building at Dakota State University and to finance the renovation of the Chemical and Biological Engineering and Chemistry Building at South Dakota School of Mines and Technology.

In December of 2015, the South Dakota Board of Regents, issued \$22,525,000 of Housing and Auxiliary Facilities System Revenue Bonds, Series 2015. The bonds were issued to (i) pay the costs of improvements to, or remodeling or renovation of, student housing at the University of South Dakota, (ii) pay the costs of additions and renovations of the student union and student housing at Dakota State University, (iii) provide funds for the current refunding of the South Dakota Board of Regents Housing and Auxiliary Facilities Revenue Bonds, Series 2005A; and (iv) pay certain expenses incident to the issuance of the Series 2015 Bonds.

### *South Dakota Housing Development Authority*

On December 17, 2015, the South Dakota Housing Development Authority issued 2015 DE Homeownership Mortgage bonds in the amount of \$75,000,000 to fund first time home buyer loans. These bonds are comprised of: 2015 Series D bonds in the amount of \$50,000,000, and 2015 Series E bonds in the amount of \$25,000,000.

### *Bureau of Administration*

The State of South Dakota created two captive insurance companies that are nonprofit LLC's. The first is a liability captive insurance company to provide liability coverage to 6 of the State's component units (South Dakota Building Authority, South Dakota Health and Educational Facilities Authority, South Dakota Science and Technology Authority, South Dakota Housing Development Authority, South Dakota Education Enhancement Funding Corporation, and South Dakota Ellsworth Development Authority). The other is a property and casualty insurance company to provide property insurance to the State of South Dakota on the majority of all state buildings. Both of these captive insurance companies have contracted with the Division of Risk Management within the Bureau of Administration for management and administrative services. The liability captive company began providing coverage on 9/1/2015. The property and casualty insurance company began providing coverage on 10/1/2015.

### *South Dakota Science and Technology Authority*

A loan agreement was signed between South Dakota Science and Technology Authority and South Dakota Community Foundation on Oct. 9, 2015, for \$2,000,000. The funds from this loan are to be used to purchase xenon for use in underground laboratory experiments. The note is due 10/1/2026, with simple interest to be paid quarterly at 2.5% per annum for 11 years.

## 19. CONTINGENCIES AND LITIGATION

The State of South Dakota is party to numerous legal proceedings, many of which occur in the normal course of governmental operation. The outcomes of these lawsuits could have an impact on the State's financial statements. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the State. The contingencies at June 30, 2015 are as follows:

### *In Re: 2004 NPM Adjustment Proceedings*

In 1998, the largest tobacco manufacturers and the states entered into the Master Settlement Agreement (MSA). Under the terms of the MSA, South Dakota receives approximately \$23 million per year in exchange for diligently enforcing its tobacco enforcement statutes, including against tobacco companies that are not part of the MSA. In 2002 and again in 2013 South Dakota securitized its annual payments from the MSA. The tobacco companies are alleging that all of the states failed to diligently enforce their tobacco statutes in 2004. The MSA requires a neutral arbitration panel to determine if a state diligently enforced its statutes. The process to arbitrate that issue has been started. If it is

found that South Dakota did not diligently enforce the statutes in 2004, the State would need to repay the \$23 million it received for 2004. The State intends to assert that all statutes were diligently enforced. If the decision is unfavorable, it could have a material impact on the State's Tobacco Securitization Debt Service Fund.

*Long, et al v. State of South Dakota*

The owners of five properties upstream from the South Dakota Department of Transportation's Highway 11 project in Lincoln County sued the Department in 2010, alleging the Department's handling of drainage in connection with the project resulted in a compensable damaging of their properties under the State constitution. The circuit court in Minnehaha County, the Honorable Judge Reipel presiding, concluded on June 24, 2014, that there had been a compensable damaging of the properties and a jury subsequently awarded the landowners a total of \$1,297,505.90, plus post-judgment interest. The Department appealed to the South Dakota Supreme Court. The plaintiff landowners have appealed the trial court's refusal to award attorney and expert fees as a separate item of compensation. Oral argument on all appeal issues occurred on January 12, 2016. If the decision is unfavorable, compensation would be paid out of the State Highway Fund.

*Gard v. Dooley, et al*

On February 13, 2014, Gard, the Plaintiff, an inmate at the Mike Durfee State Prison in Springfield, filed a 1983 Complaint in which he alleged deliberate indifference to his significant medical needs. Gard is asking for \$100,000 in compensatory damages and \$250,000 in punitive damages against each of the eight defendants named in the lawsuit. Defendants filed a motion for summary judgement on April 7, 2015. The District Court has granted Gard multiple extensions and he currently has until January 21, 2016 to respond. The defendants intend to vigorously defend against the plaintiffs' action. However, due to the current stage of the litigation, as well as the nature of procedural and substantive defenses, counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome regarding this matter.

*Dubois v. Dooley, et al*

On August 11, 2015, Dubois, the Plaintiff, an inmate at the Mike Durfee State Prison in Springfield, filed a 1983 Complaint in which he alleged Health Services at said facility were deliberately indifferent to his serious medical needs resulting in permanent hearing loss. Dubois is seeking \$3,000,000 in compensatory damages. The defendants filed an Answer on November 12, 2015. The defendants have until March 1, 2016 in which to file their Motion for Summary Judgment to the District Court. The defendants intend to vigorously defend against the plaintiffs' action. However, due to the current stage of the litigation, as well as the nature of procedural and substantive defenses, counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome regarding this matter.

*Oglala Sioux Tribe and Rosebud Sioux Tribe et al v. State of South Dakota Department of Social Services*

This case was filed on March 21, 2013. Plaintiffs are challenging the procedures of the State of South Dakota Department of Social Services in emergency removal hearings, claiming violations of constitutional rights and of the Indian Child Welfare Act. The State has filed a Motion to Dismiss which was denied by the court in January 2014. On March 30, 2015, the Court ruled in favor of the Plaintiffs on a partial summary judgment motion. All Defendants have filed Motions to Reconsider as of May 20, 2015. There are many motions pending for this case. If this matter has an unfavorable outcome, there will be considerable costs for discovery expenses, travel, and attorney fees totaling over \$1,000,000. This case is being run through the State Office of Risk Management Extraordinary Litigation Fund which is reported as part of the State's General Fund.

*South Dakota v. BP, et al*

South Dakota Petroleum Release Compensation Fund, administered by the Department of Environment and Natural Resources of the State of South Dakota, brought claims against BP defendants for claims of fraud, misrepresentation, violations of their subrogation agreements, unjust enrichment, and is claiming that BP has strict liability under SDCL 34A-2-96, for the remediation of its environmental contamination at all of its divested former petroleum fuel dispensing facilities that were owned, operated, leased, controlled, distributed, and supplied by defendant in the state. South

Dakota is seeking damages that total in a range of \$79,620,991 to \$89,620,991 in addition to punitive damages. The trial is currently scheduled to begin May 16, 2016, in the Sixth Judicial Circuit Court, but BP is seeking to continue the trial to a later date.

State v. SDRC, Inc.

On October 16, 2015, the State of South Dakota filed a Complaint against SDRC, Inc. in the Circuit Court of the Sixth Judicial Circuit, Hughes County, South Dakota, relating to the State's Contract with SDRC, Inc. to operate the South Dakota Regional Center under the federal EB-5 program. The Complaint seeks indemnification from SDRC for approximately \$175,000 in expenses the State incurred, specific performance by SDRC of its obligations relating to indemnification fund accounts benefiting the State, and other non-monetary relief. On November 20, 2015, SDRC, Inc. filed an Answer and Counterclaim against the State alleging a variety of contract and tort claims, and sought \$1,500,000 in damages. The State intends to file a Motion to Dismiss the Counterclaim and believes a dismissal is likely. The State will likely seek indemnification from SDRC, Inc. for any costs and expenses related to the State's defense of this action. Counsel cannot offer an opinion at this time on the risk of unfavorable outcome. If the outcome is unfavorable, any amounts not covered by insurance and indemnification funds maintained by SDRC could have a material impact on the State's General Fund.

LP6 Claimants LLC v. South Dakota Department of Tourism and State Development, South Dakota Governor's Office of Economic Development, South Dakota Department of Tourism, the State of South Dakota, et al.

On or about December 9, 2015, the class of plaintiffs known as "LP6 Claimants LLC" filed an Amended Complaint in the Circuit Court of the Sixth Judicial Circuit, Hughes County, South Dakota, against various state agencies and private, non-state defendants. As to the State and its agencies, the Complaint alleges fraud and aiding and abetting the private, non-state defendants in a breach of fiduciary duty to plaintiff's members. Plaintiffs allege \$18,550,000 in damages. On January 6, 2016, the State filed a Motion to Dismiss the Complaint, and believes a dismissal is likely. On January 8, 2016, the private, non-state defendants filed a Crossclaim against the State, seeking indemnification of their costs and expenses. The State intends to file a Motion to Dismiss the Crossclaim, and believes a dismissal is likely. A hearing date for all of these matters remains pending. The State will likely seek indemnification from SDRC, Inc. for any costs and expenses related to the State's defense of this action. Counsel cannot offer an opinion at this time on the risk of unfavorable outcome. If the outcome is unfavorable, any amounts not covered by insurance and indemnification funds maintained by SDRC could have a material impact on the State's General Fund. Similar additional un-asserted claims may exist for other investors in the Northern Beef Packers project.

## ***REQUIRED SUPPLEMENTARY INFORMATION***

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

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

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>OFFICE OF THE GOVERNOR</b>				
Personal Services	\$ 1,807	\$ 1,807	\$ 1,807	\$ 0
Operating Expenses	411	411	411	0
<b>TOTAL</b>	<b>2,218</b>	<b>2,218</b>	<b>2,218</b>	<b>0</b>
<b>GOVERNOR'S CONTINGENCY FUND</b>				
Personal Services	0	0	0	0
Operating Expenses	75	75	75	0
<b>TOTAL</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>0</b>
<b>GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT</b>				
Personal Services	1,649	1,649	1,649	0
Operating Expenses	1,350	1,350	1,350	0
<b>TOTAL</b>	<b>2,999</b>	<b>2,999</b>	<b>2,999</b>	<b>0</b>
<b>OFFICE OF RESEARCH COMMERCE</b>				
Personal Services	174	174	174	0
Operating Expenses	3,690	3,690	3,690	0
<b>TOTAL</b>	<b>3,864</b>	<b>3,864</b>	<b>3,864</b>	<b>0</b>
<b>SCIENCE AND TECHNOLOGY AUTHORITY</b>				
Personal Services	0	0	0	0
Operating Expenses	0	3,950	3,950	0
<b>TOTAL</b>	<b>0</b>	<b>3,950</b>	<b>3,950</b>	<b>0</b>
<b>LIEUTENANT GOVERNOR</b>				
Personal Services	21	21	21	0
Operating Expenses	13	13	13	0
<b>TOTAL</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>0</b>
<b>BUREAU OF FINANCE AND MANAGEMENT</b>				
Personal Services	663	661	654	7
Operating Expenses	16,278	629	272	357
<b>TOTAL</b>	<b>16,941</b>	<b>1,290</b>	<b>926</b>	<b>364</b>
<b>SALE LEASEBACK, B.F.M.</b>				
Personal Services	0	0	0	0
Operating Expenses	5,030	5,030	5,030	0
<b>TOTAL</b>	<b>5,030</b>	<b>5,030</b>	<b>5,030</b>	<b>0</b>
<b>EMPLOYEE COMPENSATION</b>				
Personal Services	0	0	0	0
Operating Expenses	1	1	0	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION</b>				
Personal Services	0	0	0	0
Operating Expenses	81	81	5	76
<b>TOTAL</b>	<b>81</b>	<b>81</b>	<b>5</b>	<b>76</b>
<b>SALE LEASEBACK, B.O.A.</b>				
Personal Services	0	0	0	0
Operating Expenses	359	359	359	0
<b>TOTAL</b>	<b>359</b>	<b>359</b>	<b>359</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>CENTRAL SERVICES</b>				
Personal Services	\$ 182	\$ 182	\$ 176	\$ 6
Operating Expenses	209	209	208	1
<b>TOTAL</b>	<b>391</b>	<b>391</b>	<b>384</b>	<b>7</b>
<b>STATEWIDE MAINTENANCE AND REPAIR</b>				
Personal Services	0	0	0	0
Operating Expenses	17,501	17,501	11,244	6,257
<b>TOTAL</b>	<b>17,501</b>	<b>17,501</b>	<b>11,244</b>	<b>6,257</b>
<b>OFFICE OF HEARING EXAMINERS</b>				
Personal Services	251	251	251	0
Operating Expenses	70	70	70	0
<b>TOTAL</b>	<b>321</b>	<b>321</b>	<b>321</b>	<b>0</b>
<b>PEPL FUND ADMINISTRATION - INFORMATIONAL</b>				
Personal Services	0	0	0	0
Operating Expenses	0	6,000	0	6,000
<b>TOTAL</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>6,000</b>
<b>SOUTH DAKOTA PUBLIC BROADCASTING</b>				
Personal Services	2,647	2,647	2,646	1
Operating Expenses	1,227	1,227	1,227	0
<b>TOTAL</b>	<b>3,874</b>	<b>3,874</b>	<b>3,873</b>	<b>1</b>
<b>STATE RADIO ENGINEERING</b>				
Personal Services	657	657	657	0
Operating Expenses	2,158	2,158	2,158	0
<b>TOTAL</b>	<b>2,815</b>	<b>2,815</b>	<b>2,815</b>	<b>0</b>
<b>PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS</b>				
Personal Services	203	203	203	0
Operating Expenses	60	60	60	0
<b>TOTAL</b>	<b>263</b>	<b>263</b>	<b>263</b>	<b>0</b>
<b>DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT</b>				
Personal Services	8,254	8,252	8,238	14
Operating Expenses	48,513	42,814	30,122	12,692
<b>TOTAL</b>	<b>56,767</b>	<b>51,066</b>	<b>38,360</b>	<b>12,706</b>
<b>PROPERTY AND SPECIAL TAXES</b>				
Personal Services	907	919	899	20
Operating Expenses	857	1,295	782	513
<b>TOTAL</b>	<b>1,764</b>	<b>2,214</b>	<b>1,681</b>	<b>533</b>
<b>DEPARTMENT TOTAL, REVENUE</b>				
Personal Services	907	919	899	20
Operating Expenses	857	1,295	782	513
<b>TOTAL</b>	<b>1,764</b>	<b>2,214</b>	<b>1,681</b>	<b>533</b>
<b>ADMINISTRATION, SECRETARY OF AGRICULTURE</b>				
Personal Services	658	730	730	0
Operating Expenses	179	179	179	0
<b>TOTAL</b>	<b>837</b>	<b>909</b>	<b>909</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>AGRICULTURAL SERVICES AND ASSISTANCE</b>				
Personal Services	\$ 1,341	\$ 1,341	\$ 1,341	\$ 0
Operating Expenses	600	600	599	1
<b>TOTAL</b>	<b>1,941</b>	<b>1,941</b>	<b>1,940</b>	<b>1</b>
<b>AGRICULTURAL DEVELOPMENT AND PROMOTION</b>				
Personal Services	1,217	1,144	1,144	0
Operating Expenses	521	1,271	1,255	16
<b>TOTAL</b>	<b>1,738</b>	<b>2,415</b>	<b>2,399</b>	<b>16</b>
<b>ANIMAL INDUSTRY BOARD</b>				
Personal Services	1,658	1,658	1,658	0
Operating Expenses	335	335	335	0
<b>TOTAL</b>	<b>1,993</b>	<b>1,993</b>	<b>1,993</b>	<b>0</b>
<b>STATE FAIR</b>				
Personal Services	0	0	0	0
Operating Expenses	270	270	270	0
<b>TOTAL</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>0</b>
<b>DEPARTMENT TOTAL, AGRICULTURE</b>				
Personal Services	4,874	4,873	4,873	0
Operating Expenses	1,905	2,655	2,638	17
<b>TOTAL</b>	<b>6,779</b>	<b>7,528</b>	<b>7,511</b>	<b>17</b>
<b>HISTORY</b>				
Personal Services	921	921	921	0
Operating Expenses	1,018	1,018	1,018	0
<b>TOTAL</b>	<b>1,939</b>	<b>1,939</b>	<b>1,939</b>	<b>0</b>
<b>DEPARTMENT TOTAL, TOURISM</b>				
Personal Services	921	921	921	0
Operating Expenses	1,018	1,018	1,018	0
<b>TOTAL</b>	<b>1,939</b>	<b>1,939</b>	<b>1,939</b>	<b>0</b>
<b>ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS</b>				
Personal Services	123	123	123	0
Operating Expenses	825	825	825	0
<b>TOTAL</b>	<b>948</b>	<b>948</b>	<b>948</b>	<b>0</b>
<b>STATE PARKS AND RECREATION</b>				
Personal Services	2,527	2,527	2,527	0
Operating Expenses	1,466	1,651	1,651	0
<b>TOTAL</b>	<b>3,993</b>	<b>4,178</b>	<b>4,178</b>	<b>0</b>
<b>DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION</b>				
Personal Services	0	0	0	0
Operating Expenses	3,779	3,779	380	3,399
<b>TOTAL</b>	<b>3,779</b>	<b>3,779</b>	<b>380</b>	<b>3,399</b>
<b>DEPARTMENT TOTAL, GAME, FISH, &amp; PARKS</b>				
Personal Services	2,650	2,650	2,650	0
Operating Expenses	6,070	6,255	2,856	3,399
<b>TOTAL</b>	<b>8,720</b>	<b>8,905</b>	<b>5,506</b>	<b>3,399</b>



**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>OFFICE OF TRIBAL RELATIONS</b>				
Personal Services	\$ 344	\$ 350	\$ 350	\$ 0
Operating Expenses	93	87	67	20
<b>TOTAL</b>	<b>437</b>	<b>437</b>	<b>417</b>	<b>20</b>
<b>DEPARTMENT TOTAL, TRIBAL RELATIONS</b>				
Personal Services	344	350	350	0
Operating Expenses	93	87	67	20
<b>TOTAL</b>	<b>437</b>	<b>437</b>	<b>417</b>	<b>20</b>
<b>ADMINISTRATION, SECRETARY OF SOCIAL SERVICES</b>				
Personal Services	4,267	4,267	4,267	0
Operating Expenses	4,426	4,426	4,426	0
<b>TOTAL</b>	<b>8,693</b>	<b>8,693</b>	<b>8,693</b>	<b>0</b>
<b>ECONOMIC ASSISTANCE</b>				
Personal Services	7,846	7,846	7,846	0
Operating Expenses	17,321	17,438	17,320	118
<b>TOTAL</b>	<b>25,167</b>	<b>25,284</b>	<b>25,166</b>	<b>118</b>
<b>MEDICAL AND ADULT SERVICES</b>				
Personal Services	3,032	3,032	3,032	0
Operating Expenses	300,744	296,462	293,297	3,165
<b>TOTAL</b>	<b>303,776</b>	<b>299,494</b>	<b>296,329</b>	<b>3,165</b>
<b>CHILDREN'S SERVICES</b>				
Personal Services	11,430	11,430	11,430	0
Operating Expenses	34,057	29,241	29,204	37
<b>TOTAL</b>	<b>45,487</b>	<b>40,671</b>	<b>40,634</b>	<b>37</b>
<b>BEHAVIORAL HEALTH</b>				
Personal Services	28,966	28,966	28,966	0
Operating Expenses	39,932	40,834	38,803	2,031
<b>TOTAL</b>	<b>68,898</b>	<b>69,800</b>	<b>67,769</b>	<b>2,031</b>
<b>DEPARTMENT TOTAL, SOCIAL SERVICES</b>				
Personal Services	55,541	55,541	55,541	0
Operating Expenses	396,480	388,401	383,050	5,351
<b>TOTAL</b>	<b>452,021</b>	<b>443,942</b>	<b>438,591</b>	<b>5,351</b>
<b>ADMINISTRATION, SECRETARY OF HEALTH</b>				
Personal Services	704	704	704	0
Operating Expenses	522	522	522	0
<b>TOTAL</b>	<b>1,226</b>	<b>1,226</b>	<b>1,226</b>	<b>0</b>
<b>HEALTH SYSTEMS DEVELOPMENT AND REGULATION</b>				
Personal Services	1,608	1,608	1,608	0
Operating Expenses	1,193	1,920	1,268	652
<b>TOTAL</b>	<b>2,801</b>	<b>3,528</b>	<b>2,876</b>	<b>652</b>
<b>HEALTH AND MEDICAL SERVICES</b>				
Personal Services	1,895	1,895	1,895	0
Operating Expenses	2,987	2,902	2,902	0
<b>TOTAL</b>	<b>4,882</b>	<b>4,797</b>	<b>4,797</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEPARTMENT TOTAL, HEALTH</b>				
Personal Services	\$ 4,207	\$ 4,207	\$ 4,207	\$ 0
Operating Expenses	4,702	5,344	4,692	652
<b>TOTAL</b>	<b>8,909</b>	<b>9,551</b>	<b>8,899</b>	<b>652</b>
<b>ADMINISTRATION, SECRETARY OF LABOR</b>				
Personal Services	0	0	0	0
Operating Expenses	605	605	605	0
<b>TOTAL</b>	<b>605</b>	<b>605</b>	<b>605</b>	<b>0</b>
<b>STATE LABOR LAW ADMINISTRATION</b>				
Personal Services	587	587	587	0
Operating Expenses	93	93	93	0
<b>TOTAL</b>	<b>680</b>	<b>680</b>	<b>680</b>	<b>0</b>
<b>DEPARTMENT TOTAL, LABOR AND REGULATION</b>				
Personal Services	587	587	587	0
Operating Expenses	698	698	698	0
<b>TOTAL</b>	<b>1,285</b>	<b>1,285</b>	<b>1,285</b>	<b>0</b>
<b>GENERAL OPERATIONS</b>				
Personal Services	499	499	499	0
Operating Expenses	26	26	26	0
<b>TOTAL</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>0</b>
<b>DEPARTMENT TOTAL, TRANSPORTATION</b>				
Personal Services	499	499	499	0
Operating Expenses	26	26	26	0
<b>TOTAL</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>0</b>
<b>ADMINISTRATION, SECRETARY OF EDUCATION</b>				
Personal Services	1,448	1,513	1,513	0
Operating Expenses	1,151	1,401	1,102	299
<b>TOTAL</b>	<b>2,599</b>	<b>2,914</b>	<b>2,615</b>	<b>299</b>
<b>STATE AID TO GENERAL EDUCATION</b>				
Personal Services	0	0	0	0
Operating Expenses	343,909	336,732	333,088	3,644
<b>TOTAL</b>	<b>343,909</b>	<b>336,732</b>	<b>333,088</b>	<b>3,644</b>
<b>STATE AID TO SPECIAL EDUCATION</b>				
Personal Services	0	0	0	0
Operating Expenses	53,045	53,045	52,230	815
<b>TOTAL</b>	<b>53,045</b>	<b>53,045</b>	<b>52,230</b>	<b>815</b>
<b>SPARSITY PAYMENTS</b>				
Personal Services	0	0	0	0
Operating Expenses	1,863	1,936	1,936	0
<b>TOTAL</b>	<b>1,863</b>	<b>1,936</b>	<b>1,936</b>	<b>0</b>
<b>TECHNOLOGY IN SCHOOLS</b>				
Personal Services	0	0	0	0
Operating Expenses	8,169	8,169	8,169	0
<b>TOTAL</b>	<b>8,169</b>	<b>8,169</b>	<b>8,169</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>POST-SECONDARY VOCATIONAL EDUCATION</b>				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	23,450	23,392	23,392	0
<b>TOTAL</b>	<b>23,450</b>	<b>23,392</b>	<b>23,392</b>	<b>0</b>
<b>NONRECURRING POST-SECONDARY TECHNICAL INSTITUTE FUNDING</b>				
Personal Services	0	0	0	0
Operating Expenses	916	916	916	0
<b>TOTAL</b>	<b>916</b>	<b>916</b>	<b>916</b>	<b>0</b>
<b>EDUCATION RESOURCES</b>				
Personal Services	1,639	1,613	1,613	0
Operating Expenses	11,632	12,380	10,595	1,785
<b>TOTAL</b>	<b>13,271</b>	<b>13,993</b>	<b>12,208</b>	<b>1,785</b>
<b>STATE LIBRARY</b>				
Personal Services	1,241	1,201	1,201	0
Operating Expenses	645	645	610	35
<b>TOTAL</b>	<b>1,886</b>	<b>1,846</b>	<b>1,811</b>	<b>35</b>
<b>DEPARTMENT TOTAL, EDUCATION</b>				
Personal Services	4,328	4,327	4,327	0
Operating Expenses	444,780	438,616	432,038	6,578
<b>TOTAL</b>	<b>449,108</b>	<b>442,943</b>	<b>436,365</b>	<b>6,578</b>
<b>ADMINISTRATION, SECRETARY OF PUBLIC SAFETY</b>				
Personal Services	120	120	120	0
Operating Expenses	14	14	14	0
<b>TOTAL</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>0</b>
<b>ENFORCEMENT</b>				
Personal Services	886	835	833	2
Operating Expenses	1,883	1,796	1,413	383
<b>TOTAL</b>	<b>2,769</b>	<b>2,631</b>	<b>2,246</b>	<b>385</b>
<b>EMERGENCY SERVICES AND HOMELAND SECURITY</b>				
Personal Services	1,229	1,280	1,261	19
Operating Expenses	3,183	3,189	3,184	5
<b>TOTAL</b>	<b>4,412</b>	<b>4,469</b>	<b>4,445</b>	<b>24</b>
<b>EMERGENCY AND DISASTER FUND</b>				
Personal Services	0	0	0	0
Operating Expenses	0	6,829	6,829	0
<b>TOTAL</b>	<b>0</b>	<b>6,829</b>	<b>6,829</b>	<b>0</b>
<b>LEGAL AND REGULATORY SERVICES</b>				
Personal Services	66	66	63	3
Operating Expenses	650	731	728	3
<b>TOTAL</b>	<b>716</b>	<b>797</b>	<b>791</b>	<b>6</b>
<b>DEPARTMENT TOTAL, PUBLIC SAFETY</b>				
Personal Services	2,301	2,301	2,277	24
Operating Expenses	5,730	12,559	12,168	391
<b>TOTAL</b>	<b>8,031</b>	<b>14,860</b>	<b>14,445</b>	<b>415</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REGENTS CENTRAL OFFICE</b>				
Personal Services	\$ 4,286	\$ 4,230	\$ 4,230	\$ 0
Operating Expenses	12,652	11,846	8,699	3,147
<b>TOTAL</b>	<b>16,938</b>	<b>16,076</b>	<b>12,929</b>	<b>3,147</b>
<b>BOARD OF REGENTS RESEARCH GRANT POOL</b>				
Personal Services	0	0	0	0
Operating Expenses	1,822	1,822	1,822	0
<b>TOTAL</b>	<b>1,822</b>	<b>1,822</b>	<b>1,822</b>	<b>0</b>
<b>SOUTH DAKOTA SCHOLARSHIPS</b>				
Personal Services	0	0	0	0
Operating Expenses	4,699	4,699	4,649	50
<b>TOTAL</b>	<b>4,699</b>	<b>4,699</b>	<b>4,649</b>	<b>50</b>
<b>UNIVERSITY OF SOUTH DAKOTA PROPER</b>				
Personal Services	31,744	31,744	31,744	0
Operating Expenses	4,467	4,953	3,991	962
<b>TOTAL</b>	<b>36,211</b>	<b>36,697</b>	<b>35,735</b>	<b>962</b>
<b>UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE</b>				
Personal Services	18,414	18,414	18,414	0
Operating Expenses	3,319	3,319	3,319	0
<b>TOTAL</b>	<b>21,733</b>	<b>21,733</b>	<b>21,733</b>	<b>0</b>
<b>SOUTH DAKOTA STATE UNIVERSITY PROPER</b>				
Personal Services	39,619	39,619	39,619	0
Operating Expenses	6,789	7,153	5,116	2,037
<b>TOTAL</b>	<b>46,408</b>	<b>46,772</b>	<b>44,735</b>	<b>2,037</b>
<b>COOPERATIVE EXTENSION SERVICE</b>				
Personal Services	7,989	7,989	7,989	0
Operating Expenses	329	329	329	0
<b>TOTAL</b>	<b>8,318</b>	<b>8,318</b>	<b>8,318</b>	<b>0</b>
<b>AGRICULTURAL EXPERIMENT STATION</b>				
Personal Services	11,101	11,101	11,101	0
Operating Expenses	627	627	627	0
<b>TOTAL</b>	<b>11,728</b>	<b>11,728</b>	<b>11,728</b>	<b>0</b>
<b>SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY</b>				
Personal Services	15,389	15,213	15,213	0
Operating Expenses	1,720	1,978	1,978	0
<b>TOTAL</b>	<b>17,109</b>	<b>17,191</b>	<b>17,191</b>	<b>0</b>
<b>NORTHERN STATE UNIVERSITY</b>				
Personal Services	11,900	11,900	11,900	0
Operating Expenses	1,054	1,246	1,246	0
<b>TOTAL</b>	<b>12,954</b>	<b>13,146</b>	<b>13,146</b>	<b>0</b>
<b>BLACK HILLS STATE UNIVERSITY</b>				
Personal Services	8,245	8,245	8,245	0
Operating Expenses	658	716	716	0
<b>TOTAL</b>	<b>8,903</b>	<b>8,961</b>	<b>8,961</b>	<b>0</b>

**STATE OF SOUTH DAKOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**  
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DAKOTA STATE UNIVERSITY</b>				
Personal Services	\$ 9,143	\$ 9,176	\$ 8,777	\$ 399
Operating Expenses	659	713	644	69
<b>TOTAL</b>	<b>9,802</b>	<b>9,889</b>	<b>9,421</b>	<b>468</b>
<b>SOUTH DAKOTA SCHOOL FOR THE DEAF</b>				
Personal Services	1,585	1,497	1,497	0
Operating Expenses	1,142	1,267	1,267	0
<b>TOTAL</b>	<b>2,727</b>	<b>2,764</b>	<b>2,764</b>	<b>0</b>
<b>SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED</b>				
Personal Services	2,576	2,486	2,486	0
Operating Expenses	250	358	358	0
<b>TOTAL</b>	<b>2,826</b>	<b>2,844</b>	<b>2,844</b>	<b>0</b>
<b>DEPARTMENT TOTAL, BOARD OF REGENTS</b>				
Personal Services	161,991	161,614	161,215	399
Operating Expenses	40,187	41,026	34,761	6,265
<b>TOTAL</b>	<b>202,178</b>	<b>202,640</b>	<b>195,976</b>	<b>6,664</b>
<b>ADJUTANT GENERAL</b>				
Personal Services	404	414	414	0
Operating Expenses	523	513	438	75
<b>TOTAL</b>	<b>927</b>	<b>927</b>	<b>852</b>	<b>75</b>
<b>ARMY GUARD</b>				
Personal Services	344	371	371	0
Operating Expenses	2,759	2,755	2,754	1
<b>TOTAL</b>	<b>3,103</b>	<b>3,126</b>	<b>3,125</b>	<b>1</b>
<b>AIR GUARD</b>				
Personal Services	190	190	183	7
Operating Expenses	225	225	221	4
<b>TOTAL</b>	<b>415</b>	<b>415</b>	<b>404</b>	<b>11</b>
<b>DEPARTMENT TOTAL, MILITARY</b>				
Personal Services	938	975	968	7
Operating Expenses	3,507	3,493	3,413	80
<b>TOTAL</b>	<b>4,445</b>	<b>4,468</b>	<b>4,381</b>	<b>87</b>
<b>VETERANS' BENEFITS AND SERVICES</b>				
Personal Services	1,062	1,022	1,007	15
Operating Expenses	1,222	1,252	609	643
<b>TOTAL</b>	<b>2,284</b>	<b>2,274</b>	<b>1,616</b>	<b>658</b>
<b>STATE VETERANS' HOME</b>				
Personal Services	1,731	1,771	1,771	0
Operating Expenses	14,602	14,572	7,617	6,955
<b>TOTAL</b>	<b>16,333</b>	<b>16,343</b>	<b>9,388</b>	<b>6,955</b>
<b>DEPARTMENT TOTAL, VETERANS' AFFAIRS</b>				
Personal Services	2,793	2,793	2,778	15
Operating Expenses	15,824	15,824	8,226	7,598
<b>TOTAL</b>	<b>18,617</b>	<b>18,617</b>	<b>11,004</b>	<b>7,613</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>ADMINISTRATION, CENTRAL OFFICE</b>				
Personal Services	\$ 1,585	\$ 1,541	\$ 1,541	\$ 0
Operating Expenses	393	365	364	1
<b>TOTAL</b>	<b>1,978</b>	<b>1,906</b>	<b>1,905</b>	<b>1</b>
<b>MIKE DURFEE STATE PRISON</b>				
Personal Services	10,624	10,624	10,624	0
Operating Expenses	5,192	4,775	4,774	1
<b>TOTAL</b>	<b>15,816</b>	<b>15,399</b>	<b>15,398</b>	<b>1</b>
<b>STATE PENITENTIARY</b>				
Personal Services	15,896	16,715	16,715	0
Operating Expenses	4,444	5,520	5,520	0
<b>TOTAL</b>	<b>20,340</b>	<b>22,235</b>	<b>22,235</b>	<b>0</b>
<b>WOMEN'S PRISON</b>				
Personal Services	3,655	3,540	3,540	0
Operating Expenses	1,312	1,320	1,320	0
<b>TOTAL</b>	<b>4,967</b>	<b>4,860</b>	<b>4,860</b>	<b>0</b>
<b>INMATE SERVICES</b>				
Personal Services	957	992	992	0
Operating Expenses	20,070	21,024	21,024	0
<b>TOTAL</b>	<b>21,027</b>	<b>22,016</b>	<b>22,016</b>	<b>0</b>
<b>PAROLE SERVICES</b>				
Personal Services	3,010	3,131	3,131	0
Operating Expenses	1,698	1,698	1,689	9
<b>TOTAL</b>	<b>4,708</b>	<b>4,829</b>	<b>4,820</b>	<b>9</b>
<b>JUVENILE COMMUNITY CORRECTIONS</b>				
Personal Services	2,808	2,701	2,701	0
Operating Expenses	13,868	11,130	11,076	54
<b>TOTAL</b>	<b>16,676</b>	<b>13,831</b>	<b>13,777</b>	<b>54</b>
<b>YOUTH CHALLENGE CENTER</b>				
Personal Services	1,635	1,364	1,364	0
Operating Expenses	112	112	112	0
<b>TOTAL</b>	<b>1,747</b>	<b>1,476</b>	<b>1,476</b>	<b>0</b>
<b>PATRICK HENRY BRADY ACADEMY</b>				
Personal Services	1,645	1,382	1,379	3
Operating Expenses	95	95	95	0
<b>TOTAL</b>	<b>1,740</b>	<b>1,477</b>	<b>1,474</b>	<b>3</b>
<b>STATE TREATMENT AND REHABILITATION ACADEMY</b>				
Personal Services	2,604	2,466	2,454	12
Operating Expenses	2,411	2,268	2,267	1
<b>TOTAL</b>	<b>5,015</b>	<b>4,734</b>	<b>4,721</b>	<b>13</b>
<b>QUEST/ExCEL</b>				
Personal Services	1,184	1,145	1,145	0
Operating Expenses	111	126	126	0
<b>TOTAL</b>	<b>1,295</b>	<b>1,271</b>	<b>1,271</b>	<b>0</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEPARTMENT TOTAL, CORRECTIONS</b>				
Personal Services	\$ 45,603	\$ 45,601	\$ 45,586	\$ 15
Operating Expenses	49,706	48,433	48,367	66
<b>TOTAL</b>	<b>95,309</b>	<b>94,034</b>	<b>93,953</b>	<b>81</b>
<b>ADMINISTRATION, SECRETARY OF HUMAN SERVICES</b>				
Personal Services	582	582	556	26
Operating Expenses	276	276	276	0
<b>TOTAL</b>	<b>858</b>	<b>858</b>	<b>832</b>	<b>26</b>
<b>DEVELOPMENTAL DISABILITIES</b>				
Personal Services	691	691	691	0
Operating Expenses	55,345	56,354	55,994	360
<b>TOTAL</b>	<b>56,036</b>	<b>57,045</b>	<b>56,685</b>	<b>360</b>
<b>SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD</b>				
Personal Services	9,604	9,604	9,232	372
Operating Expenses	2,379	2,404	2,340	64
<b>TOTAL</b>	<b>11,983</b>	<b>12,008</b>	<b>11,572</b>	<b>436</b>
<b>REHABILITATION SERVICES</b>				
Personal Services	795	795	795	0
Operating Expenses	3,594	3,626	3,622	4
<b>TOTAL</b>	<b>4,389</b>	<b>4,421</b>	<b>4,417</b>	<b>4</b>
<b>SERVICES TO THE BLIND AND VISUALLY IMPAIRED</b>				
Personal Services	478	478	478	0
Operating Expenses	464	464	463	1
<b>TOTAL</b>	<b>942</b>	<b>942</b>	<b>941</b>	<b>1</b>
<b>DEPARTMENT TOTAL, HUMAN SERVICES</b>				
Personal Services	12,150	12,150	11,752	398
Operating Expenses	62,058	63,124	62,695	429
<b>TOTAL</b>	<b>74,208</b>	<b>75,274</b>	<b>74,447</b>	<b>827</b>
<b>FINANCIAL AND TECHNICAL ASSISTANCE</b>				
Personal Services	2,020	2,020	2,020	0
Operating Expenses	1,345	1,345	1,344	1
<b>TOTAL</b>	<b>3,365</b>	<b>3,365</b>	<b>3,364</b>	<b>1</b>
<b>ENVIRONMENTAL SERVICES</b>				
Personal Services	3,244	3,244	3,244	0
Operating Expenses	564	914	914	0
<b>TOTAL</b>	<b>3,808</b>	<b>4,158</b>	<b>4,158</b>	<b>0</b>
<b>DEPARTMENT TOTAL, ENVIRONMENT AND NATURAL RESOURCES</b>				
Personal Services	5,264	5,264	5,264	0
Operating Expenses	1,909	2,259	2,258	1
<b>TOTAL</b>	<b>7,173</b>	<b>7,523</b>	<b>7,522</b>	<b>1</b>
<b>ADMINISTRATION, PUBLIC UTILITIES COMMISSION</b>				
Personal Services	503	503	503	0
Operating Expenses	53	53	53	0
<b>TOTAL</b>	<b>556</b>	<b>556</b>	<b>556</b>	<b>0</b>

**STATE OF SOUTH DAKOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**  
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION</b>				
Personal Services	\$ 503	\$ 503	\$ 503	\$ 0
Operating Expenses	53	53	53	0
<b>TOTAL</b>	<b>556</b>	<b>556</b>	<b>556</b>	<b>0</b>
<b>UNIFIED JUDICIAL SYSTEM</b>				
Personal Services	36,200	36,200	36,200	0
Operating Expenses	4,904	5,104	4,435	669
<b>TOTAL</b>	<b>41,104</b>	<b>41,304</b>	<b>40,635</b>	<b>669</b>
<b>DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM</b>				
Personal Services	36,200	36,200	36,200	0
Operating Expenses	4,904	5,104	4,435	669
<b>TOTAL</b>	<b>41,104</b>	<b>41,304</b>	<b>40,635</b>	<b>669</b>
<b>LEGISLATIVE OPERATIONS</b>				
Appropriation	6,067	6,067	5,748	319
<b>TOTAL</b>	<b>6,067</b>	<b>6,067</b>	<b>5,748</b>	<b>319</b>
<b>NONRECURRING TECHNOLOGY INFRASTRUCTURE UPGRADE FUNDING</b>				
Personal Services	0	0	0	0
Operating Expenses	500	500	500	0
<b>TOTAL</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>0</b>
<b>AUDITOR GENERAL</b>				
Personal Services	3,050	3,010	2,948	62
Operating Expenses	434	474	465	9
<b>TOTAL</b>	<b>3,484</b>	<b>3,484</b>	<b>3,413</b>	<b>71</b>
<b>DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT</b>				
Personal Services	3,050	3,010	2,948	62
Operating Expenses	934	974	965	9
Appropriation	6,067	6,067	5,748	319
<b>TOTAL</b>	<b>10,051</b>	<b>10,051</b>	<b>9,661</b>	<b>390</b>
<b>LEGAL SERVICES PROGRAM</b>				
Personal Services	4,091	4,091	4,091	0
Operating Expenses	531	531	531	0
<b>TOTAL</b>	<b>4,622</b>	<b>4,622</b>	<b>4,622</b>	<b>0</b>
<b>CRIMINAL INVESTIGATION</b>				
Personal Services	3,782	3,782	3,782	0
Operating Expenses	1,571	1,571	1,571	0
<b>TOTAL</b>	<b>5,353</b>	<b>5,353</b>	<b>5,353</b>	<b>0</b>
<b>LAW ENFORCEMENT TRAINING</b>				
Personal Services	0	0	0	0
Operating Expenses	375	375	375	0
<b>TOTAL</b>	<b>375</b>	<b>375</b>	<b>375</b>	<b>0</b>
<b>DEPARTMENT TOTAL, ATTORNEY GENERAL</b>				
Personal Services	7,873	7,873	7,873	0
Operating Expenses	2,477	2,477	2,477	0
<b>TOTAL</b>	<b>10,350</b>	<b>10,350</b>	<b>10,350</b>	<b>0</b>



**STATE OF SOUTH DAKOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**  
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>ADMINISTRATION OF SCHOOL AND PUBLIC LANDS</b>				
Personal Services	\$ 426	\$ 426	\$ 423	\$ 3
Operating Expenses	597	597	338	259
<b>TOTAL</b>	<b>1,023</b>	<b>1,023</b>	<b>761</b>	<b>262</b>
<b>DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS</b>				
Personal Services	426	426	423	3
Operating Expenses	597	597	338	259
<b>TOTAL</b>	<b>1,023</b>	<b>1,023</b>	<b>761</b>	<b>262</b>
<b>SECRETARY OF STATE</b>				
Personal Services	700	751	751	0
Operating Expenses	304	528	517	11
<b>TOTAL</b>	<b>1,004</b>	<b>1,279</b>	<b>1,268</b>	<b>11</b>
<b>DEPARTMENT TOTAL, SECRETARY OF STATE</b>				
Personal Services	700	751	751	0
Operating Expenses	304	528	517	11
<b>TOTAL</b>	<b>1,004</b>	<b>1,279</b>	<b>1,268</b>	<b>11</b>
<b>TREASURY MANAGEMENT</b>				
Personal Services	380	380	374	6
Operating Expenses	146	146	123	23
<b>TOTAL</b>	<b>526</b>	<b>526</b>	<b>497</b>	<b>29</b>
<b>DEPARTMENT TOTAL, STATE TREASURER</b>				
Personal Services	380	380	374	6
Operating Expenses	146	146	123	23
<b>TOTAL</b>	<b>526</b>	<b>526</b>	<b>497</b>	<b>29</b>
<b>STATE AUDITOR</b>				
Personal Services	1,079	1,079	1,056	23
Operating Expenses	145	145	145	0
<b>TOTAL</b>	<b>1,224</b>	<b>1,224</b>	<b>1,201</b>	<b>23</b>
<b>DEPARTMENT TOTAL, STATE AUDITOR</b>				
Personal Services	1,079	1,079	1,056	23
Operating Expenses	145	145	145	0
<b>TOTAL</b>	<b>1,224</b>	<b>1,224</b>	<b>1,201</b>	<b>23</b>
<b>STATE TOTAL</b>				
Personal Services	\$ 364,363	\$ 364,046	\$ 363,060	\$ 986
Operating Expenses	1,093,623	1,083,951	1,038,928	45,023
Appropriation	6,067	6,067	5,748	319
<b>TOTAL</b>	<b>\$ 1,464,053</b>	<b>\$ 1,454,064</b>	<b>\$ 1,407,736</b>	<b>\$ 46,328</b>

**STATE OF SOUTH DAKOTA  
 BUDGETARY COMPARISON SCHEDULE  
 TRANSPORTATION FUND  
 For the Fiscal Year Ended June 30, 2015  
 (Expressed in Thousands)**

Department	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>GENERAL OPERATIONS</b>				
Personal Services	\$ 66,608	\$ 66,608	\$ 62,113	\$ 4,495
Operating Expenses	124,549	128,002	108,687	19,315
<b>TOTAL</b>	<b>191,157</b>	<b>194,610</b>	<b>170,800</b>	<b>23,810</b>
<b>CONTRACT CONSTRUCTION INFORMATIONAL</b>				
Personal Services	0	0	0	0
Operating Expenses	421,753	441,753	393,636	48,117
<b>TOTAL</b>	<b>421,753</b>	<b>441,753</b>	<b>393,636</b>	<b>48,117</b>
<b>ENFORCEMENT</b>				
Personal Services	13,683	13,683	13,218	465
Operating Expenses	5,995	6,192	5,995	197
<b>TOTAL</b>	<b>19,678</b>	<b>19,875</b>	<b>19,213</b>	<b>662</b>
<b>FUND TOTAL, TRANSPORTATION</b>				
Personal Services	\$ 80,291	\$ 80,291	\$ 75,331	\$ 4,960
Operating Expenses	552,297	575,947	508,318	67,629
<b>TOTAL</b>	<b>\$ 632,588</b>	<b>\$ 656,238</b>	<b>\$ 583,649</b>	<b>\$ 72,589</b>

**STATE OF SOUTH DAKOTA  
 BUDGETARY COMPARISON SCHEDULE  
 SOCIAL SERVICES FEDERAL FUND  
 For the Fiscal Year Ended June 30, 2015  
 (Expressed in Thousands)**

Department	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>ADMINISTRATION</b>				
Personal Services	\$ 5,513	\$ 5,513	\$ 4,431	\$ 1,082
Operating Expenses	15,537	15,537	6,335	9,202
<b>TOTAL</b>	<b>21,050</b>	<b>21,050</b>	<b>10,766</b>	<b>10,284</b>
<b>ECONOMIC ASSISTANCE</b>				
Personal Services	10,897	10,897	9,472	1,425
Operating Expenses	49,664	49,664	39,046	10,618
<b>TOTAL</b>	<b>60,561</b>	<b>60,561</b>	<b>48,518</b>	<b>12,043</b>
<b>MEDICAL AND ADULT SERVICES</b>				
Personal Services	6,331	6,331	4,836	1,495
Operating Expenses	472,898	469,726	404,612	65,114
<b>TOTAL</b>	<b>479,229</b>	<b>476,057</b>	<b>409,448</b>	<b>66,609</b>
<b>CHILDREN'S SERVICES</b>				
Personal Services	9,708	9,708	7,997	1,711
Operating Expenses	40,973	36,473	31,162	5,311
<b>TOTAL</b>	<b>50,681</b>	<b>46,181</b>	<b>39,159</b>	<b>7,022</b>
<b>BEHAVIORAL HEALTH</b>				
Personal Services	10,246	10,246	9,414	832
Operating Expenses	28,545	27,646	20,185	7,461
<b>TOTAL</b>	<b>38,791</b>	<b>37,892</b>	<b>29,599</b>	<b>8,293</b>
<b>DEPARTMENT TOTAL, SOCIAL SERVICES</b>				
Personal Services	\$ 42,695	\$ 42,695	\$ 36,150	\$ 6,545
Operating Expenses	607,617	599,046	501,340	97,706
<b>TOTAL</b>	<b>\$ 650,312</b>	<b>\$ 641,741</b>	<b>\$ 537,490</b>	<b>\$ 104,251</b>

**STATE OF SOUTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Social Services Federal Fund</u>
<b>Uses/Outflows of Resources:</b>			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,407,736	\$ 583,649	\$ 537,490
<b>Differences-budget to GAAP:</b>			
Encumbrances for supplies, equipment ordered but not yet received and for uncompleted contracts are reported in the year first encumbered for budgetary purposes, but expenditures are reported in the year the related expenditure is incurred for financial reporting purposes.	(12,367)	(19,864)	(2)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(11,803)		
To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution	24,749	236	145,705
To adjust expenditures/expenses for reclassification under GASB 54	<u>31,663</u>		
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds</b>	<b><u>\$ 1,439,978</u></b>	<b><u>\$ 564,021</u></b>	<b><u>\$ 683,193</u></b>

## **Required Supplementary Information**

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

The Budgetary Comparison Schedule presents comparisons of the original budget and legally revised final budget, with actual amounts for each program of the State of South Dakota on a budgetary basis. A Budgetary Comparison Schedule is presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. There are currently two major special revenue funds that fit this criterion: the Social Services Federal Fund and the Transportation Fund. The Budget Comparison Schedule follows the same format, terminology, and classification as the State's General Appropriations Act (General Bill). Also included is a column that compares the variance between the final budget and actual amounts. A positive variance refers to unused budget, while a negative variance refers to an over-expended budget. For the year ended June 30, 2015, there were no over-expenditures by any State department.

The original budget is defined as the first complete appropriated budget, adjusted by reserves, transfers, allocations, supplemental appropriations, reorganizations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. Any such transaction that is authorized as legislative or executive change before the beginning of the fiscal year is included in the original budget, regardless of the effective date of the document loaded on the accounting system. The amount appropriated for employee compensation in the General Bill is reported as distributed to the departments and programs. Any of these adjustments may change the format, terminology, or classification of a Budget Comparison Schedule. The original budget also includes any actual appropriation amounts carried forward by law from prior years, including special appropriations, maintenance and repair, and carryovers. The final budget is defined as the original budget, adjusted by all reserves, transfers, allocations, supplemental appropriations, reorganizations, and other legally authorized legislative and executive changes after the beginning of the fiscal year.

The Budgetary Comparison Schedule reports amounts on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes information presented on this basis for the fiscal year. A reconciliation of the two methods for the fiscal year ended June 30, 2015 has also been included as Required Supplementary Information.

**STATE OF SOUTH DAKOTA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**SOUTH DAKOTA RETIREMENT SYSTEM**  
**July 1, 2013 to June 30, 2014 Measurement Date**

Last Ten Fiscal Years \*

(Dollars Expressed in Thousands)

	<u>Fiscal Year 2015</u>
State's proportion of net pension liability (asset)	22.0687777%
State's proportionate share of the net pension liability (asset)	\$ (158,996)
State's covered-employee payroll	\$ 367,417
State's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(43.27%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.29%

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

**STATE OF SOUTH DAKOTA**  
**SCHEDULE OF CONTRIBUTIONS**  
**SOUTH DAKOTA RETIREMENT SYSTEM**  
**June 30, 2015**

Last Ten Fiscal Years \*

(Dollars Expressed in Thousands)

	<u>Fiscal Year 2015</u>
Contractually required contribution	\$ 24,588
Contributions in relation to the contractually required contribution	(24,588)
Contribution deficiency (excess)	<u>\$ 0</u>
State's covered-employee payroll	\$ 389,949
Contributions as a percentage of covered-employee payroll	6.31%

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

# ***COMBINING FINANCIAL STATEMENTS***

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

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

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE  
June 30, 2015  
(Expressed in Thousands)**

<b>Assets</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 367,960	\$ 6,381	\$ 2,359	\$ 3,840	\$ 380,540
Restricted Cash		7			7
Investments	108,865	8,892		42,910	160,667
Restricted Investments		20,080			20,080
Receivables from:					
Taxes, net	3,254				3,254
Interest and Dividends	1,480	6	25	116	1,627
Other Funds	5,631				5,631
Component Units	205				205
Other Governments	76,922				76,922
Loans and Notes, net	49,944				49,944
Other, net	6,278	11,663		4	17,945
Inventory	2,142				2,142
Advances to Component Units	1,413				1,413
Other Assets	1,353	8			1,361
<b>Total Assets</b>	<b>\$ 625,447</b>	<b>\$ 47,037</b>	<b>\$ 2,384</b>	<b>\$ 46,870</b>	<b>\$ 721,738</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 34,387	\$	\$ 63	\$ 15	\$ 34,465
Payable to:					
Other Funds	23,294		125	705	24,124
Component Units	1,490				1,490
Other Governments	61,477				61,477
Claims, Judgments, and Compensated Absences	81				81
Unearned Revenue	14,100				14,100
<b>Total Liabilities</b>	<b>134,829</b>	<b>0</b>	<b>188</b>	<b>720</b>	<b>135,737</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	3,586	11,663			15,249
<b>Total Deferred Inflows of Resources</b>	<b>3,586</b>	<b>11,663</b>	<b>0</b>	<b>0</b>	<b>15,249</b>
<b>Fund Balances:</b>					
Nonspendable	89,086	8		45,880	134,974
Restricted	324,034	35,366	2,196	270	361,866
Committed	51,119				51,119
Assigned	26,417				26,417
Unassigned	(3,624)				(3,624)
<b>Total Fund Balances</b>	<b>487,032</b>	<b>35,374</b>	<b>2,196</b>	<b>46,150</b>	<b>570,752</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 625,447</b>	<b>\$ 47,037</b>	<b>\$ 2,384</b>	<b>\$ 46,870</b>	<b>\$ 721,738</b>



**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
<b>Revenue:</b>					
Taxes:	\$ 111,907	\$	\$	\$	\$ 111,907
Licenses, Permits, and Fees	266,157				266,157
Fines, Forfeits, and Penalties	14,148				14,148
Use of Money and Property	12,784	13	94	3,458	16,349
Sales and Services	18,985				18,985
Administering Programs	478,472				478,472
Tobacco Settlement		23,421			23,421
Other Revenue	12,949	109		8	13,066
<b>Total Revenue</b>	<b>915,402</b>	<b>23,543</b>	<b>94</b>	<b>3,466</b>	<b>942,505</b>
<b>Expenditures:</b>					
Current:					
General Government	32,614	442		1,795	34,851
Education	181,209				181,209
Health, Human, and Social Services	222,866				222,866
Law, Justice, Public Protection, and Regulation	110,459				110,459
Agriculture and Natural Resources	127,303				127,303
Economic Resources	45,437				45,437
Transportation	9,313				9,313
State Shared Revenue Paid to Other Governments	131,829				131,829
Capital Outlay			2,038		2,038
Debt Service:					
Principal		17,272			17,272
Interest		9,261			9,261
Bond Issuance Costs		133	213		346
<b>Total Expenditures</b>	<b>861,030</b>	<b>27,108</b>	<b>2,251</b>	<b>1,795</b>	<b>892,184</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>54,372</b>	<b>(3,565)</b>	<b>(2,157)</b>	<b>1,671</b>	<b>50,321</b>
<b>Other Financing Sources (Uses):</b>					
Capital Leases	1,125				1,125
Bonds Issued			13,410		13,410
Proceeds of Refunding Bonds		10,408			10,408
Premiums on Bond Issuance			314		314
Premiums on Refunding Bonds		1,657			1,657
Proceeds from Sale of Capital Assets	591				591
Payments on Advance Refundings		(11,379)			(11,379)
Transfers In	40,137	3,963			44,100
Transfers Out	(93,478)	(6,111)	(11,405)	(712)	(111,706)
<b>Total Other Financing Sources (Uses)</b>	<b>(51,625)</b>	<b>(1,462)</b>	<b>2,319</b>	<b>(712)</b>	<b>(51,480)</b>
<b>Net Change in Fund Balances</b>	<b>2,747</b>	<b>(5,027)</b>	<b>162</b>	<b>959</b>	<b>(1,159)</b>
Fund Balances at Beginning of Year	484,285	40,401	2,034	45,191	571,911
<b>Fund Balances at End of Year</b>	<b>\$ 487,032</b>	<b>\$ 35,374</b>	<b>\$ 2,196</b>	<b>\$ 46,150</b>	<b>\$ 570,752</b>

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2015  
(Expressed in Thousands)**

	<u>Education Federal</u>	<u>Human Services</u>	<u>Labor</u>	<u>Health Federal</u>	<u>Governor's Office and State Development Federal</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 772	\$ 1,869	\$ 1,643	\$	\$ 12,377
Investments					
Receivables from:					
Taxes, net					
Interest and Dividends			2		39
Other Funds	63	202	525	50	
Component Units	160				
Other Governments	24,539	8,761	1,400	2,744	724
Loans and Notes, net					3,660
Other, net			5		
Inventory		136	67	1,629	
Advances to Component Units					
Other Assets	133				
<b>Total Assets</b>	<b>\$ 25,667</b>	<b>\$ 10,968</b>	<b>\$ 3,642</b>	<b>\$ 4,423</b>	<b>\$ 16,800</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 2,114	\$ 7,485	\$ 1,673	\$ 1,871	\$ 32
Payable to:					
Other Funds	146	991	280	907	14
Component Units	175	45		19	8
Other Governments	22,024	160	3	121	673
Claims, Judgments, and Compensated Absences	1	10	18		
Unearned Revenue	930	74	9		
<b>Total Liabilities</b>	<b>25,390</b>	<b>8,765</b>	<b>1,983</b>	<b>2,918</b>	<b>727</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue					
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	133	136	67	1,630	
Restricted					16,073
Committed					
Assigned	144	2,067	1,592		
Unassigned				(125)	
<b>Total Fund Balances</b>	<b>277</b>	<b>2,203</b>	<b>1,659</b>	<b>1,505</b>	<b>16,073</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 25,667</b>	<b>\$ 10,968</b>	<b>\$ 3,642</b>	<b>\$ 4,423</b>	<b>\$ 16,800</b>

<b>Public Safety Emergency Management</b>	<b>Natural Resources Federal</b>	<b>Game, Fish and Parks Federal</b>	<b>Game and Fish</b>	<b>Parks and Recreation</b>	<b>Securities and Insurance</b>	<b>Health</b>	<b>Gaming Commission</b>
\$ 468	\$	\$	\$ 10,818	\$ 18,157	\$ 746	\$ 4,859	\$ 6,508
							774
			27	13	14		4
	2		51	1,638		78	
						8	
1,948	1,720	2,890		207		203	
811							
			338	523		81	
						175	
323							
<b>\$ 3,550</b>	<b>\$ 1,722</b>	<b>\$ 2,890</b>	<b>\$ 11,234</b>	<b>\$ 20,538</b>	<b>\$ 760</b>	<b>\$ 5,404</b>	<b>\$ 7,286</b>
\$ 353	\$ 480	\$ 807	\$ 1,676	\$ 1,806	\$ 153	\$ 522	\$ 88
93	886	943	411	187	18	710	616
	29	397	18				
1,514	295	535	80	8		190	706
			19		1		
		208		39			5,709
<b>1,960</b>	<b>1,690</b>	<b>2,890</b>	<b>2,204</b>	<b>2,040</b>	<b>172</b>	<b>1,422</b>	<b>7,119</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
323						175	
			9,030	18,498		2,523	
					255		167
1,267	32				333	1,284	
<b>1,590</b>	<b>32</b>	<b>0</b>	<b>9,030</b>	<b>18,498</b>	<b>588</b>	<b>3,982</b>	<b>167</b>
<b>\$ 3,550</b>	<b>\$ 1,722</b>	<b>\$ 2,890</b>	<b>\$ 11,234</b>	<b>\$ 20,538</b>	<b>\$ 760</b>	<b>\$ 5,404</b>	<b>\$ 7,286</b>

Continued on next page

**STATE OF SOUTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (continued)  
June 30, 2015  
(Expressed in Thousands)**

<b>Assets</b>	<b>Motor Vehicle</b>	<b>Revenue</b>	<b>Future</b>	<b>Vocational Education Facilities</b>	<b>Petroleum Release Compensation</b>
Cash and Cash Equivalents	\$ 16,521	\$ 3,603	\$ 40,972	\$ 6,794	\$ 4,953
Investments					
Receivables from:					
Taxes, net					165
Interest and Dividends	33	7	135	4	12
Other Funds	23		3		
Component Units					
Other Governments	16,144	409		98	
Loans and Notes, net					
Other, net	458				
Inventory					
Advances to Component Units					
Other Assets	11				
<b>Total Assets</b>	<b>\$ 33,190</b>	<b>\$ 4,019</b>	<b>\$ 41,110</b>	<b>\$ 6,896</b>	<b>\$ 5,130</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 595	\$ 592	\$ 973	\$	\$ 71
Payable to:					
Other Funds	1,193	230	169		6
Component Units			697		
Other Governments	29,236		628	843	
Claims, Judgments, and Compensated Absences		2			
Unearned Revenue					
<b>Total Liabilities</b>	<b>31,024</b>	<b>824</b>	<b>2,467</b>	<b>843</b>	<b>77</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue					
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	11				
Restricted			38,643	6,053	
Committed	2,155	3,924			5,053
Assigned					
Unassigned		(729)			
<b>Total Fund Balances</b>	<b>2,166</b>	<b>3,195</b>	<b>38,643</b>	<b>6,053</b>	<b>5,053</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 33,190</b>	<b>\$ 4,019</b>	<b>\$ 41,110</b>	<b>\$ 6,896</b>	<b>\$ 5,130</b>

<b>Maintenance and Repair</b>	<b>Water and Environment</b>	<b>Energy Conservation</b>	<b>Military Federal</b>	<b>Health Care Trust</b>	<b>Railroad Trust</b>	<b>Other</b>	<b>Total</b>
\$ 6,061	\$ 35,827	\$ 5,157	\$ 42	\$ 28,690	\$ 19,699	\$ 141,424	\$ 367,960
				108,546		319	108,865
	442					1,873	3,254
9	162	18		338	371	292	1,480
620	415	640				1,321	5,631
						37	205
	136		3,439		23	11,537	76,922
	14,008	7,645			23,660	160	49,944
					32	4,841	6,278
						135	2,142
	1,413						1,413
						886	1,353
<b>\$ 6,690</b>	<b>\$ 52,403</b>	<b>\$ 13,460</b>	<b>\$ 3,481</b>	<b>\$ 137,574</b>	<b>\$ 43,785</b>	<b>\$ 162,825</b>	<b>\$ 625,447</b>
\$ 249	\$ 347	\$ 1	\$ 1,810	\$ 46	\$ 715	\$ 9,928	\$ 34,387
4			1,511	4,674	23	9,282	23,294
					47	55	1,490
	1,110		118			3,233	61,477
						30	81
						7,131	14,100
<b>253</b>	<b>1,457</b>	<b>1</b>	<b>3,439</b>	<b>4,720</b>	<b>785</b>	<b>29,659</b>	<b>134,829</b>
	78					3,508	3,586
<b>0</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,508</b>	<b>3,586</b>
				85,631		980	89,086
	50,868	11,547		47,223	42,671	80,905	324,034
4,024		1,912			329	33,300	51,119
2,413			42			17,243	26,417
						(2,770)	(3,624)
<b>6,437</b>	<b>50,868</b>	<b>13,459</b>	<b>42</b>	<b>132,854</b>	<b>43,000</b>	<b>129,658</b>	<b>487,032</b>
<b>\$ 6,690</b>	<b>\$ 52,403</b>	<b>\$ 13,460</b>	<b>\$ 3,481</b>	<b>\$ 137,574</b>	<b>\$ 43,785</b>	<b>\$ 162,825</b>	<b>\$ 625,447</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>Education Federal</u>	<u>Human Services</u>	<u>Labor</u>	<u>Health Federal</u>	<u>Governor's and State Development Federal</u>
<b>Revenue:</b>					
Taxes	\$	\$	\$ 478	\$	\$
Licenses, Permits, and Fees		92			
Fines, Forfeits, and Penalties					
Use of Money and Property		40	6		46
Sales and Services	1	1,444			12
Administering Programs	169,195	95,474	22,950	50,989	5,066
Other Revenue	224	111	5	21	7
<b>Total Revenue</b>	<u>169,420</u>	<u>97,161</u>	<u>23,439</u>	<u>51,010</u>	<u>5,131</u>
<b>Expenditures:</b>					
General Government					
Education	169,328				
Health, Human, and Social Services		97,196	26,326	51,467	
Law, Justice, Public Protection, and Regulation			158		
Agriculture and Natural Resources					
Economic Resources					5,128
Transportation					
State Shared Revenue Paid to Other Governments					
<b>Total Expenditures</b>	<u>169,328</u>	<u>97,196</u>	<u>26,484</u>	<u>51,467</u>	<u>5,128</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>92</b>	<b>(35)</b>	<b>(3,045)</b>	<b>(457)</b>	<b>3</b>
<b>Other Financing Sources (Uses):</b>					
Capital Leases					
Proceeds from Sale of Capital Assets					
Transfers In		296	3,340	201	7
Transfers Out		(461)	(939)		
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(165)</u>	<u>2,401</u>	<u>201</u>	<u>7</u>
<b>Net Change in Fund Balances</b>	<b>92</b>	<b>(200)</b>	<b>(644)</b>	<b>(256)</b>	<b>10</b>
Fund Balances at Beginning of Year	185	2,403	2,303	1,761	16,063
<b>Fund Balances at End of Year</b>	<u>\$ 277</u>	<u>\$ 2,203</u>	<u>\$ 1,659</u>	<u>\$ 1,505</u>	<u>\$ 16,073</u>

<b>Public Safety Emergency Management</b>	<b>Natural Resources Federal</b>	<b>Game, Fish and Parks Federal</b>	<b>Game and Fish</b>	<b>Parks and Recreation</b>	<b>Securities and Insurance</b>	<b>Health</b>	<b>Gaming Commission</b>
\$	\$	\$	\$	\$	\$	\$	\$
			27,964	2,055	22,887		9,290
			1	17,060	25,713	8,872	6,724
47			451	1,827	80	2	26
			157	5	6	33	13
26,443	9,549	16,517	10	301		84	
143		117	260	73		2,253	
<b>26,633</b>	<b>9,549</b>	<b>16,634</b>	<b>28,843</b>	<b>21,321</b>	<b>48,749</b>	<b>11,244</b>	<b>16,053</b>
						10,090	
29,304					2,831		1,359
	9,627	15,876	26,929	15,782			
							8,423
<b>29,304</b>	<b>9,627</b>	<b>15,876</b>	<b>26,929</b>	<b>15,782</b>	<b>2,831</b>	<b>10,090</b>	<b>9,782</b>
(2,671)	(78)	758	1,914	5,539	45,918	1,154	6,271
9			168	192			
6,829	68		1,437	11,348	2		
		(758)	(1,939)	(2,158)	(45,834)	(897)	(6,295)
<b>6,838</b>	<b>68</b>	<b>(758)</b>	<b>(334)</b>	<b>9,382</b>	<b>(45,832)</b>	<b>(897)</b>	<b>(6,295)</b>
4,167	(10)		1,580	14,921	86	257	(24)
(2,577)	42		7,450	3,577	502	3,725	191
<b>\$ 1,590</b>	<b>\$ 32</b>	<b>\$ 0</b>	<b>\$ 9,030</b>	<b>\$ 18,498</b>	<b>\$ 588</b>	<b>\$ 3,982</b>	<b>\$ 167</b>

Continued on next page

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (continued)  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>Motor Vehicle</u>	<u>Revenue</u>	<u>Future</u>	<u>Vocational Education Facilities</u>	<u>Petroleum Release Compensation</u>
<b>Revenue:</b>					
Taxes	\$ 3,982	\$ 10,901	\$ 16,570	\$	\$ 1,831
Licenses, Permits, and Fees	123,650	3,598		4,666	
Fines, Forfeits, and Penalties					
Use of Money and Property	175	29	483	14	38
Sales and Services	2,217				
Administering Programs					
Other Revenue	11		42	757	1
<b>Total Revenue</b>	<u>130,035</u>	<u>14,528</u>	<u>17,095</u>	<u>5,437</u>	<u>1,870</u>
<b>Expenditures:</b>					
General Government	7,228	11,132			
Education				8,998	
Health, Human, and Social Services					
Law, Justice, Public Protection, and Regulation	8,411				
Agriculture and Natural Resources					1,131
Economic Resources			35,028		
Transportation					
State Shared Revenue Paid to Other Governments	114,037				
<b>Total Expenditures</b>	<u>129,676</u>	<u>11,132</u>	<u>35,028</u>	<u>8,998</u>	<u>1,131</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>359</b>	<b>3,396</b>	<b>(17,933)</b>	<b>(3,561)</b>	<b>739</b>
<b>Other Financing Sources (Uses):</b>					
Capital Leases				1,125	
Proceeds from Sale of Capital Assets					
Transfers In	1,033			2,217	
Transfers Out	(1,376)	(992)	(2,439)		
<b>Total Other Financing Sources (Uses)</b>	<u>(343)</u>	<u>(992)</u>	<u>(2,439)</u>	<u>3,342</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<b>16</b>	<b>2,404</b>	<b>(20,372)</b>	<b>(219)</b>	<b>739</b>
Fund Balances at Beginning of Year	2,150	791	59,015	6,272	4,314
<b>Fund Balances at End of Year</b>	<u>\$ 2,166</u>	<u>\$ 3,195</u>	<u>\$ 38,643</u>	<u>\$ 6,053</u>	<u>\$ 5,053</u>



<b>Maintenance and Repair</b>	<b>Water and Environment</b>	<b>Energy Conservation</b>	<b>Military Federal</b>	<b>Health Care Trust</b>	<b>Railroad Trust</b>	<b>Other</b>	<b>Total</b>
\$	\$ 5,104 1,735	\$ 500	\$	\$	\$ 308	\$ 38,309	\$ 111,907
						45,775	266,157
						14,039	14,148
36	587	61		5,985	856	2,027	12,784
1,684						13,426	18,985
12			17,597		23	64,262	478,472
1			1		237	8,685	12,949
<b>1,733</b>	<b>7,426</b>	<b>561</b>	<b>17,598</b>	<b>5,985</b>	<b>1,424</b>	<b>186,523</b>	<b>915,402</b>
2,305				150		11,799	32,614
						2,883	181,209
						37,787	222,866
			17,598			50,798	110,459
	10,136					47,822	127,303
		79				5,202	45,437
					6,344	2,969	9,313
						9,369	131,829
<b>2,305</b>	<b>10,136</b>	<b>79</b>	<b>17,598</b>	<b>150</b>	<b>6,344</b>	<b>168,629</b>	<b>861,030</b>
(572)	(2,710)	482	0	5,835	(4,920)	17,894	54,372
							1,125
						222	591
607	4,435				1,750	6,567	40,137
	(379)			(4,674)		(24,337)	(93,478)
<b>607</b>	<b>4,056</b>	<b>0</b>	<b>0</b>	<b>(4,674)</b>	<b>1,750</b>	<b>(17,548)</b>	<b>(51,625)</b>
35	1,346	482		1,161	(3,170)	346	2,747
6,402	49,522	12,977	42	131,693	46,170	129,312	484,285
<b>\$ 6,437</b>	<b>\$ 50,868</b>	<b>\$ 13,459</b>	<b>\$ 42</b>	<b>\$ 132,854</b>	<b>\$ 43,000</b>	<b>\$ 129,658</b>	<b>\$ 487,032</b>

STATE OF SOUTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 June 30, 2015  
 (Expressed in Thousands)

	Building Authority	Tobacco Securitization	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 6,223	\$ 158	\$ 6,381
Restricted Cash		7	7
Investments	8,254	638	8,892
Restricted Investments		20,080	20,080
Receivables from:			
Interest and Dividends		6	6
Other, net		11,663	11,663
Other Assets		8	8
<b>Total Assets</b>	<b>\$ 14,477</b>	<b>\$ 32,560</b>	<b>\$ 47,037</b>
<b>Deferred Inflows of Resources and Fund Balances</b>			
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	\$	\$ 11,663	\$ 11,663
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>11,663</b>	<b>11,663</b>
<b>Fund Balances:</b>			
Nonspendable		8	8
Restricted	14,477	20,889	35,366
<b>Total Fund Balances</b>	<b>14,477</b>	<b>20,897</b>	<b>35,374</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,477</b>	<b>\$ 32,560</b>	<b>\$ 47,037</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>Building Authority</u>	<u>Tobacco Securitization</u>	<u>Total</u>
<b>Revenue:</b>			
Use of Money and Property	\$	\$ 13	\$ 13
Tobacco Settlement		23,421	23,421
Other Revenue	109		109
<b>Total Revenue</b>	<u>109</u>	<u>23,434</u>	<u>23,543</u>
<b>Expenditures:</b>			
Current:			
General Government	296	146	442
Debt Service:			
Principal	4,047	13,225	17,272
Interest	4,651	4,610	9,261
Bond Issuance Costs	133		133
<b>Total Expenditures</b>	<u>9,127</u>	<u>17,981</u>	<u>27,108</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(9,018)</b>	<b>5,453</b>	<b>(3,565)</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Refunding Bonds	10,408		10,408
Payments on Advance Refundings	(11,379)		(11,379)
Premiums on Refunding Bonds	1,657		1,657
Transfers In	3,963		3,963
Transfers Out	(590)	(5,521)	(6,111)
<b>Total Other Financing Sources (Uses)</b>	<u>4,059</u>	<u>(5,521)</u>	<u>(1,462)</u>
<b>Net Change in Fund Balances</b>	<b>(4,959)</b>	<b>(68)</b>	<b>(5,027)</b>
Fund Balances at Beginning of Year	19,436	20,965	40,401
<b>Fund Balances at End of Year</b>	<u>\$ 14,477</u>	<u>\$ 20,897</u>	<u>\$ 35,374</u>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2015  
(Expressed in Thousands)

Assets	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 74,315	\$ 89,511	\$ 929	\$ 1,290	\$ 697
Receivables:					
Interest and Dividends	225		5	4	2
Other Funds	500	47			1
Component Units					
Other Governments		144			93
Loans and Notes, net	8,866				
Other, net	116	1,455		19	8
Inventory					1,518
Other Assets					
<b>Total Current Assets</b>	<b>84,022</b>	<b>91,157</b>	<b>934</b>	<b>1,313</b>	<b>2,319</b>
Due From Other Funds	500				
Restricted Assets:					
Restricted Cash				2,810	
Net Pension Asset	137		7	141	155
<b>Capital Assets:</b>					
Land and Other Non-depreciable Assets				192	103
Property, Plant, and Equipment	28			3,413	559
Accumulated Depreciation	(26)			(3,006)	(447)
<b>Total Capital Assets</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>599</b>	<b>215</b>
Other Noncurrent Assets	25,744				
<b>Total Assets</b>	<b>110,405</b>	<b>91,157</b>	<b>941</b>	<b>4,863</b>	<b>2,689</b>
<b>Deferred Outflows of Resources</b>					
Deferred Outflow Related to Pensions	121		6	126	136
<b>Total Deferred Outflows of Resources</b>	<b>121</b>	<b>0</b>	<b>6</b>	<b>126</b>	<b>136</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Liabilities	40		2	172	86
Payable to:					
Other Funds	8	143		16	4
Claims, Judgments, and Compensated Absences	13		1	24	44
Unearned Revenue				844	
<b>Total Current Liabilities</b>	<b>61</b>	<b>143</b>	<b>3</b>	<b>1,056</b>	<b>134</b>
<b>Noncurrent Liabilities:</b>					
Claims, Judgments, and Compensated Absences	11		1	21	39
<b>Total Noncurrent Liabilities</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>21</b>	<b>39</b>
<b>Total Liabilities</b>	<b>72</b>	<b>143</b>	<b>4</b>	<b>1,077</b>	<b>173</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflow Related to Pensions	159		8	164	180
<b>Total Deferred Inflows of Resources</b>	<b>159</b>	<b>0</b>	<b>8</b>	<b>164</b>	<b>180</b>
<b>Net Position</b>					
Net Investment in Capital Assets	2			599	215
Restricted for Pensions	100		5	104	112
Restricted for Other				2,810	
Unrestricted	110,193	91,014	930	235	2,145
<b>Total Net Position</b>	<b>\$ 110,295</b>	<b>\$ 91,014</b>	<b>\$ 935</b>	<b>\$ 3,748</b>	<b>\$ 2,472</b>

<u>Rural Rehabilitation</u>	<u>Prison Industries</u>	<u>Health Insurance Risk Pool</u>	<u>Professional and Licensing</u>	<u>Banking and Insurance</u>	<u>Other</u>	<u>Total</u>
\$ 3,096	\$ 2,074	\$ 3,376	\$ 10,944	\$ 7,288	\$ 2,745	\$ 196,265
50	6	16	27	15	3	353
	131		14			693
	33					33
					17	254
611						9,477
	44	108			1	1,751
	971				66	2,555
	12				147	159
<u>3,757</u>	<u>3,271</u>	<u>3,500</u>	<u>10,985</u>	<u>7,303</u>	<u>2,979</u>	<u>211,540</u>
						500
						2,810
86	239	18	1,090	589	301	2,763
						295
18	2,202		109		294	6,623
(17)	(1,499)		(58)		(115)	(5,168)
<u>1</u>	<u>703</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>179</u>	<u>1,750</u>
4,543						30,287
<u>8,387</u>	<u>4,213</u>	<u>3,518</u>	<u>12,126</u>	<u>7,892</u>	<u>3,459</u>	<u>249,650</u>
71	211	14	977	526	270	2,458
<u>71</u>	<u>211</u>	<u>14</u>	<u>977</u>	<u>526</u>	<u>270</u>	<u>2,458</u>
9	133	11	401	5,038	193	6,085
2	32	1	75	16	47	344
15	75	71	235	146	61	685
	11		785			1,640
<u>26</u>	<u>251</u>	<u>83</u>	<u>1,496</u>	<u>5,200</u>	<u>301</u>	<u>8,754</u>
14	56		209	130	54	535
<u>14</u>	<u>56</u>	<u>0</u>	<u>209</u>	<u>130</u>	<u>54</u>	<u>535</u>
<u>40</u>	<u>307</u>	<u>83</u>	<u>1,705</u>	<u>5,330</u>	<u>355</u>	<u>9,289</u>
99	277	21	1,263	682	349	3,202
<u>99</u>	<u>277</u>	<u>21</u>	<u>1,263</u>	<u>682</u>	<u>349</u>	<u>3,202</u>
1	703		51		179	1,750
57	173	11	804	432	222	2,020
						2,810
8,261	2,964	3,417	9,280	1,974	2,624	233,037
<u>\$ 8,319</u>	<u>\$ 3,840</u>	<u>\$ 3,428</u>	<u>\$ 10,135</u>	<u>\$ 2,406</u>	<u>\$ 3,025</u>	<u>\$ 239,617</u>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
<b>Operating Revenue:</b>					
Licenses, Permits, and Fees	\$	\$	\$	\$	\$
Use of Money and Property	819			462	
Sales and Services				2,049	4,250
Administering Programs				12	
Assessments		41,543	8		
Other Revenue	194			331	13
<b>Total Operating Revenue</b>	<b>1,013</b>	<b>41,543</b>	<b>8</b>	<b>2,854</b>	<b>4,263</b>
<b>Operating Expenses:</b>					
Personal Services and Benefits	153		24	803	492
Travel	6			10	4
Contractual Services	252			1,863	753
Supplies and Materials	18			493	3,129
Other	(322)			72	
Depreciation/Amortization	2			22	9
Insurance Claims		26,534	1,865		
<b>Total Operating Expenses</b>	<b>109</b>	<b>26,534</b>	<b>1,889</b>	<b>3,263</b>	<b>4,387</b>
<b>Operating Income (Loss)</b>	<b>904</b>	<b>15,009</b>	<b>(1,881)</b>	<b>(409)</b>	<b>(124)</b>
<b>Nonoperating Revenue (Expenses):</b>					
Loss on Disposal of Assets					
Interest Income	708	2,457	20	17	7
Other Expense	(341)		(2)	(1)	(1)
Grant and Other Income				25	
<b>Total Nonoperating Revenue (Expenses)</b>	<b>367</b>	<b>2,457</b>	<b>18</b>	<b>41</b>	<b>6</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>1,271</b>	<b>17,466</b>	<b>(1,863)</b>	<b>(368)</b>	<b>(118)</b>
<b>Capital Contributions and Transfers:</b>					
Capital Contributions				2,810	
Transfers In	2,003	939		270	
Transfers Out		(1,372)	(1)		
<b>Net Capital Contributions and Transfers</b>	<b>2,003</b>	<b>(433)</b>	<b>(1)</b>	<b>3,080</b>	<b>0</b>
<b>Change in Net Position</b>	<b>3,274</b>	<b>17,033</b>	<b>(1,864)</b>	<b>2,712</b>	<b>(118)</b>
Net Position at Beginning of Year, as restated	107,021	73,981	2,799	1,036	2,590
<b>Net Position at End of Year</b>	<b>\$ 110,295</b>	<b>\$ 91,014</b>	<b>\$ 935</b>	<b>\$ 3,748</b>	<b>\$ 2,472</b>

<u>Rural Rehabilitation</u>	<u>Prison Industries</u>	<u>Health Insurance Risk Pool</u>	<u>Professional and Licensing</u>	<u>Banking and Insurance</u>	<u>Other</u>	<u>Total</u>
\$ 56	\$	\$	\$ 7,369	\$ 4,086	\$ 2,855	\$ 14,366
161						1,442
78	2,741	1,851	185	369	957	12,480
			52			64
						41,551
20	10	158	586	26	21	1,359
<u>315</u>	<u>2,751</u>	<u>2,009</u>	<u>8,192</u>	<u>4,481</u>	<u>3,833</u>	<u>71,262</u>
100	694	16	3,868	1,897	1,696	9,743
7	13		514	163	136	853
32	401	202	2,868	1,841	788	9,000
54	1,210	1	279	66	261	5,511
222			9		4	(15)
2	87		9		25	156
		2,056				30,455
<u>417</u>	<u>2,405</u>	<u>2,275</u>	<u>7,547</u>	<u>3,967</u>	<u>2,910</u>	<u>55,703</u>
(102)	346	(266)	645	514	923	15,559
	(2)					(2)
30	23	55	99	58	12	3,486
(4)	(3)	(7)	(11)	(6)		(376)
135		498			20	678
<u>161</u>	<u>18</u>	<u>546</u>	<u>88</u>	<u>52</u>	<u>32</u>	<u>3,786</u>
59	364	280	733	566	955	19,345
						2,810
(2)	(806)	(2,420)	(79)	16	117	3,345
<u>(2)</u>	<u>(806)</u>	<u>(2,420)</u>	<u>(79)</u>	<u>(74)</u>	<u>117</u>	<u>(4,754)</u>
						1,401
57	(442)	(2,140)	654	508	1,072	20,746
8,262	4,282	5,568	9,481	1,898	1,953	218,871
<u>\$ 8,319</u>	<u>\$ 3,840</u>	<u>\$ 3,428</u>	<u>\$ 10,135</u>	<u>\$ 2,406</u>	<u>\$ 3,025</u>	<u>\$ 239,617</u>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**  
**(Expressed in Thousands)**

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers and Users	\$ 188	\$ 41,553	\$ 8	\$ 2,960	\$ 2,602
Receipts from Interfund Services Provided			1		1,789
Receipts from Federal Agencies					70
Receipts from Loan Payments	19,274				
Payments to Suppliers and for Benefits and Claims	(220)	(26,533)	(1,950)	(2,199)	(3,535)
Payments for Employee Services	(189)		(25)	(855)	(507)
Payments for Interfund Services Used	(68)			(261)	(89)
Payments for Loans Originated	(13,846)				
Other Receipts (Payments)		22			7
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,139</b>	<b>15,042</b>	<b>(1,966)</b>	<b>(355)</b>	<b>337</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Capital Contributions				2,810	
Purchases of Capital Assets				(36)	
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,774</b>	<b>0</b>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers In	2,503	939		270	
Transfers Out		(1,372)	(1)		
Received (Paid) on Interfund Borrowing					
Other Noncapital Financing Activities	(262)			25	
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>2,241</b>	<b>(433)</b>	<b>(1)</b>	<b>295</b>	<b>0</b>
<b>Cash Flows From Investing Activities:</b>					
Investment Income	706	2,457	18	16	7
Investment Expense	(79)		(2)	(2)	(1)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>627</b>	<b>2,457</b>	<b>16</b>	<b>14</b>	<b>6</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year</b>	<b>8,007</b>	<b>17,066</b>	<b>(1,951)</b>	<b>2,728</b>	<b>343</b>
Cash and Cash Equivalents at Beginning of Year	66,308	72,445	2,880	1,372	354
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 74,315</b>	<b>\$ 89,511</b>	<b>\$ 929</b>	<b>\$ 4,100</b>	<b>\$ 697</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 904	\$ 15,009	\$ (1,881)	\$ (409)	\$ (124)
Adjustments to Reconcile Operating Income (Loss):					
Depreciation/Amortization Expense	2			22	9
Decrease/(Increase) in Assets:					
Accounts Receivable	87	15		13	20
Interest, Dividends, and Penalties Receivable	99				
Loans and Notes Receivable	4,091				
Due From Other Funds		41			106
Due From Component Units					1
Due From Other Governments		(4)			84
Inventory					221
Other Assets					
Restricted Net Pension Asset	(83)		(4)	(86)	(94)
Decrease/(Increase) in Deferred Outflows of Resources:					
Deferred Outflows Related to Pensions	(101)		(5)	(106)	(114)
Increase/(Decrease) in Liabilities:					
Accounts Payable	(3)		(85)	(15)	41
Accrued Liabilities	(3)			(23)	1
Compensated Absences Payable	(12)		1	(7)	6
Due To Other Funds	(1)	(19)		(3)	
Due To Other Governments				(3)	
Unearned Revenue				98	
Policy Claim Liabilities					
Increase/(Decrease) in Deferred Inflows of Resources:					
Deferred Inflows Related to Pensions	159		8	164	180
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 5,139</b>	<b>\$ 15,042</b>	<b>\$ (1,966)</b>	<b>\$ (355)</b>	<b>\$ 337</b>



Rural Rehabilitation	Prison Industries	Health Insurance Risk Pool	Professional and Licensing	Banking and Insurance	Other	Total
\$ 151	\$ 694	\$ 1,321	\$ 8,184	\$ 4,456	\$ 3,810	\$ 65,927
	2,273		75		6	4,144
						70
1,378						20,652
(303)	(1,365)	(2,399)	(2,997)	(1,743)	(931)	(44,175)
(100)	(668)	(20)	(3,999)	(1,941)	(1,713)	(10,017)
(16)	(442)	(10)	(683)	(72)	(228)	(1,869)
(2,612)						(16,458)
			11			40
<b>(1,502)</b>	<b>492</b>	<b>(1,108)</b>	<b>591</b>	<b>700</b>	<b>944</b>	<b>18,314</b>
						2,810
					(8)	(44)
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8)</b>	<b>2,766</b>
				16	118	3,846
(2)	(806)	(2,420)	(79)	(74)		(4,754)
(2)						(2)
135		498			79	475
<b>131</b>	<b>(806)</b>	<b>(1,922)</b>	<b>(79)</b>	<b>(58)</b>	<b>197</b>	<b>(435)</b>
34	24	58	101	57	13	3,491
(4)	(3)	(7)	(11)	(6)	(1)	(116)
<b>30</b>	<b>21</b>	<b>51</b>	<b>90</b>	<b>51</b>	<b>12</b>	<b>3,375</b>
<b>(1,341)</b>	<b>(293)</b>	<b>(2,979)</b>	<b>602</b>	<b>693</b>	<b>1,145</b>	<b>24,020</b>
4,437	2,367	6,355	10,342	6,595	1,600	175,055
<b>\$ 3,096</b>	<b>\$ 2,074</b>	<b>\$ 3,376</b>	<b>\$ 10,944</b>	<b>\$ 7,288</b>	<b>\$ 2,745</b>	<b>\$ 199,075</b>
\$ (102)	\$ 346	\$ (266)	\$ 645	\$ 514	\$ 923	\$ 15,559
2	87		9		25	156
	27	86	1			249
(18)						81
(1,377)						2,714
	(42)					105
	(23)					(22)
					(7)	73
	86				(3)	304
	(4)				16	12
(52)	(145)	(11)	(664)	(359)	(183)	(1,681)
(58)	(176)	(12)	(818)	(440)	(226)	(2,056)
(2)	42	1	4	251	8	242
1	1	(2)	9	11	12	7
6	1	(1)	34	35	22	85
(1)	11	(1)	5	6	9	6
	4	(773)	103		(1)	(569)
		(150)				(150)
99	277	21	1,263	682	349	3,202
<b>\$ (1,502)</b>	<b>\$ 492</b>	<b>\$ (1,108)</b>	<b>\$ 591</b>	<b>\$ 700</b>	<b>\$ 944</b>	<b>\$ 18,314</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2015  
(Expressed in Thousands)**

<b>Assets</b>	<b>Self- Insurance</b>	<b>Information Services</b>	<b>Tele- communi- cations</b>	<b>Accounting and Payroll</b>	<b>Buildings and Grounds</b>	<b>Central Mail</b>
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 58,399	\$ 3,120	\$ 1,837	\$ 983	\$ 774	\$ 590
Receivables:						
Interest and Dividends	133	6	4	2	1	2
Other Funds		2,078	1,018	1,052	1,373	378
Component Units		3	330	88		
Other Governments						
Other	1,026	1	18	1		2
Inventory		8	116			148
Other Assets	300	1,134	727	724	13	
<b>Total Current Assets</b>	<b>59,858</b>	<b>6,350</b>	<b>4,050</b>	<b>2,850</b>	<b>2,161</b>	<b>1,120</b>
<b>Restricted Assets:</b>						
Net Pension Asset	207	4,669	1,537	407	842	101
<b>Capital Assets:</b>						
Property, Plant, and Equipment		18,641	3,309	12,238	1,313	673
Accumulated Depreciation		(14,984)	(2,775)	(10,757)	(1,221)	(366)
Construction in Progress		303		902		
<b>Total Capital Assets</b>	<b>0</b>	<b>3,960</b>	<b>534</b>	<b>2,383</b>	<b>92</b>	<b>307</b>
<b>Total Assets</b>	<b>60,065</b>	<b>14,979</b>	<b>6,121</b>	<b>5,640</b>	<b>3,095</b>	<b>1,528</b>
<b>Deferred Outflows of Resources</b>						
Deferred Outflow Related to Pensions	188	4,186	1,371	371	753	89
<b>Total Deferred Outflows of Resources</b>	<b>188</b>	<b>4,186</b>	<b>1,371</b>	<b>371</b>	<b>753</b>	<b>89</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Liabilities	1,582	1,179	760	405	439	32
Payable to:						
Other Funds	59	138	219	94	42	7
Component Units						
Bonds, Notes, and Leases Payable		665				53
Claims, Judgments, and Compensated Absences	14,421	1,284	462	146	163	33
Unearned Revenue	11,022					
<b>Total Current Liabilities</b>	<b>27,084</b>	<b>3,266</b>	<b>1,441</b>	<b>645</b>	<b>644</b>	<b>125</b>
<b>Noncurrent Liabilities:</b>						
Bonds, Notes, and Leases Payable		1,201				194
Claims, Judgments, and Compensated Absences	35	1,140	410	129	145	29
Other Noncurrent Liabilities	54					
<b>Total Noncurrent Liabilities</b>	<b>89</b>	<b>2,341</b>	<b>410</b>	<b>129</b>	<b>145</b>	<b>223</b>
<b>Total Liabilities</b>	<b>27,173</b>	<b>5,607</b>	<b>1,851</b>	<b>774</b>	<b>789</b>	<b>348</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflow Related to Pensions	240	5,407	1,780	471	975	117
<b>Total Deferred Inflows of Resources</b>	<b>240</b>	<b>5,407</b>	<b>1,780</b>	<b>471</b>	<b>975</b>	<b>117</b>
<b>Net Position</b>						
Net Investment in Capital Assets		2,094	534	2,383	92	60
Restricted for Pensions	156	3,447	1,128	307	619	73
Unrestricted	32,684	2,610	2,199	2,076	1,373	1,019
<b>Total Net Position</b>	<b>\$ 32,840</b>	<b>\$ 8,151</b>	<b>\$ 3,861</b>	<b>\$ 4,766</b>	<b>\$ 2,084</b>	<b>\$ 1,152</b>

Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 511	\$ 11,671	\$ 2,430	\$ 1,046	\$ 4,637	\$ 3,349	\$ 89,347
1	25	4	3	13	8	202
100		1,321	271		706	8,297
102		244	3		73	843
					95	95
1		7	7	6	89	1,158
					305	577
13		14	5	38	6	2,974
<b>728</b>	<b>11,696</b>	<b>4,020</b>	<b>1,335</b>	<b>4,694</b>	<b>4,631</b>	<b>103,493</b>
112	80	177	931	53	1,726	10,842
2,199	58	53,865	5		10,345	102,646
(2,087)	(58)	(33,604)	(5)		(4,463)	(70,320)
					348	1,553
<b>112</b>	<b>0</b>	<b>20,261</b>	<b>0</b>	<b>0</b>	<b>6,230</b>	<b>33,879</b>
<b>952</b>	<b>11,776</b>	<b>24,458</b>	<b>2,266</b>	<b>4,747</b>	<b>12,587</b>	<b>148,214</b>
100	71	158	827	48	1,533	9,695
<b>100</b>	<b>71</b>	<b>158</b>	<b>827</b>	<b>48</b>	<b>1,533</b>	<b>9,695</b>
26	49	597	288	27	576	5,960
28	9	505	56	12	183	1,352
		33				33
		2,940			74	3,732
52	1,381	35	245	3,360	461	22,043
					11	11,033
<b>106</b>	<b>1,439</b>	<b>4,110</b>	<b>589</b>	<b>3,399</b>	<b>1,305</b>	<b>44,153</b>
		10,197			87	11,679
46	2,505	31	218	22,625	410	27,723
						54
<b>46</b>	<b>2,505</b>	<b>10,228</b>	<b>218</b>	<b>22,625</b>	<b>497</b>	<b>39,456</b>
<b>152</b>	<b>3,944</b>	<b>14,338</b>	<b>807</b>	<b>26,024</b>	<b>1,802</b>	<b>83,609</b>
130	93	205	1,079	62	1,999	12,558
<b>130</b>	<b>93</b>	<b>205</b>	<b>1,079</b>	<b>62</b>	<b>1,999</b>	<b>12,558</b>
112		7,124			6,069	18,468
83	58	130	679	39	1,260	7,979
575	7,752	2,819	528	(21,330)	2,990	35,295
<b>\$ 770</b>	<b>\$ 7,810</b>	<b>\$ 10,073</b>	<b>\$ 1,207</b>	<b>\$ (21,291)</b>	<b>\$ 10,319</b>	<b>\$ 61,742</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
<b>Operating Revenue:</b>						
Use of Money and Property	\$	\$	\$	\$	\$	\$
Sales and Services	148,300	22,686	14,874	3,935	6,150	3,766
Other Revenue	2,709	218	69	29	44	4
<b>Total Operating Revenue</b>	<b>151,009</b>	<b>22,904</b>	<b>14,943</b>	<b>3,964</b>	<b>6,194</b>	<b>3,770</b>
<b>Operating Expenses:</b>						
Personal Services and Benefits	757	15,598	4,983	1,457	3,039	350
Travel	21	103	117	11	4	
Contractual Services	25,787	4,445	8,868	2,015	2,140	174
Supplies and Materials	49	365	450	98	821	3,067
Grant and Other						
Interest		41				8
Depreciation/Amortization		1,402	263	309	14	73
Insurance Claims	113,712					
<b>Total Operating Expenses</b>	<b>140,326</b>	<b>21,954</b>	<b>14,681</b>	<b>3,890</b>	<b>6,018</b>	<b>3,672</b>
<b>Operating Income (Loss)</b>	<b>10,683</b>	<b>950</b>	<b>262</b>	<b>74</b>	<b>176</b>	<b>98</b>
<b>Nonoperating Revenue (Expenses):</b>						
Gain on Disposal of Assets		61				
Loss on Disposal of Assets			(9)			
Interest Income	564	22	11	8	5	12
Other Expense	(56)	(3)	(2)	(1)	(1)	(1)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>508</b>	<b>80</b>	<b>0</b>	<b>7</b>	<b>4</b>	<b>11</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>11,191</b>	<b>1,030</b>	<b>262</b>	<b>81</b>	<b>180</b>	<b>109</b>
<b>Capital Contributions and Transfers:</b>						
Capital Contribution		44				
Transfers In				596		
Transfers Out						
<b>Net Capital Contributions and Transfers</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>596</b>	<b>0</b>	<b>0</b>
<b>Change in Net Position</b>	<b>11,191</b>	<b>1,074</b>	<b>262</b>	<b>677</b>	<b>180</b>	<b>109</b>
Net Position at Beginning of Year, as restated	21,649	7,077	3,599	4,089	1,904	1,043
<b>Net Position at End of Year</b>	<b>\$ 32,840</b>	<b>\$ 8,151</b>	<b>\$ 3,861</b>	<b>\$ 4,766</b>	<b>\$ 2,084</b>	<b>\$ 1,152</b>

Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$	\$	\$	\$	\$	\$	\$
748	3,302	14,823	4,305	3,636	10,446	236,971
5	641	18	40	10	195	3,982
<b>753</b>	<b>3,943</b>	<b>14,841</b>	<b>4,345</b>	<b>3,646</b>	<b>10,650</b>	<b>240,962</b>
386	221	641	3,231	197	5,683	36,543
8	17	9	77	1	332	700
278	689	2,787	807	237	1,764	49,991
15	10	7,939	183	6	1,969	14,972
		266			1	1
		14			14	329
78		3,821			481	6,441
				5,020	270	119,002
<b>765</b>	<b>937</b>	<b>15,463</b>	<b>4,298</b>	<b>5,461</b>	<b>10,514</b>	<b>227,979</b>
(12)	3,006	(622)	47	(1,815)	136	12,983
		610				671
		(61)	(1)		(38)	(109)
4	93	15	10	44	29	817
	(11)	(2)	(1)	(5)	(3)	(86)
<b>4</b>	<b>82</b>	<b>562</b>	<b>8</b>	<b>39</b>	<b>(12)</b>	<b>1,293</b>
(8)	3,088	(60)	55	(1,776)	124	14,276
			263		7	51
					525	1,384
					(345)	(345)
<b>0</b>	<b>0</b>	<b>0</b>	<b>263</b>	<b>0</b>	<b>187</b>	<b>1,090</b>
(8)	3,088	(60)	318	(1,776)	311	15,366
778	4,722	10,133	889	(19,515)	10,008	46,376
<b>\$ 770</b>	<b>\$ 7,810</b>	<b>\$ 10,073</b>	<b>\$ 1,207</b>	<b>\$ (21,291)</b>	<b>\$ 10,319</b>	<b>\$ 61,742</b>

**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**  
**(Expressed in Thousands)**

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ 80,664	\$ 412	\$ 4,326	\$ 387	\$ 6	\$ 162
Receipts from Interfund Services Provided	71,083	22,370	10,425	3,457	6,126	3,520
Payments to Suppliers and for Benefits and Claims	(138,776)	(3,881)	(8,777)	(1,154)	(2,204)	(3,084)
Payments for Employee Services	(776)	(16,071)	(5,143)	(1,518)	(3,151)	(362)
Payments for Interfund Services Used	(927)	(962)	(1,184)	(914)	(734)	(93)
Other Receipts (Payments)	21	21	4	12	8	8
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>11,268</b>	<b>1,889</b>	<b>(349)</b>	<b>270</b>	<b>51</b>	<b>143</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Purchases of Capital Assets		(94)	(326)	(209)	(8)	
Construction in Progress		(301)		(428)		
Sales of Capital Assets		61				
Payments on Capital Lease Obligations		(960)				(59)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>0</b>	<b>(1,294)</b>	<b>(326)</b>	<b>(637)</b>	<b>(8)</b>	<b>(59)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>						
Transfers In				596		
Transfers Out						
<b>Net Cash Provided (Used) From Noncapital Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>596</b>	<b>0</b>	<b>0</b>
<b>Cash Flows From Investing Activities:</b>						
Investment Income	502	23	14	9	5	10
Investment Expense	(56)	(3)	(2)	(1)	(1)	(1)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>446</b>	<b>20</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>9</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year</b>	<b>11,714</b>	<b>615</b>	<b>(663)</b>	<b>237</b>	<b>47</b>	<b>93</b>
Cash and Cash Equivalents at Beginning of Year	46,685	2,505	2,500	746	727	497
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 58,399</b>	<b>\$ 3,120</b>	<b>\$ 1,837</b>	<b>\$ 983</b>	<b>\$ 774</b>	<b>\$ 590</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 10,683	\$ 950	\$ 262	\$ 74	\$ 176	\$ 98
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense		1,402	263	309	14	73
Interest Expense		36				8
Decrease/(Increase) in Assets:						
Accounts Receivable	(370)		(2)			
Due From Other Funds		94	(141)	(84)	(17)	(84)
Due From Component Units		1	20	(8)		
Due From Other Governments						
Inventory		4	(1)			96
Other Assets		15	(393)	23	(13)	
Restricted Net Pension Asset	(126)	(2,842)	(936)	(247)	(512)	(61)
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	(158)	(3,506)	(1,148)	(312)	(630)	(75)
Increase/(Decrease) in Liabilities:						
Accounts Payable	11	44	(24)	1	23	(30)
Accrued Liabilities	5	79	34	14	24	1
Compensated Absences Payable	12	194	43	24	(3)	1
Due To Other Funds	17	11	(144)	5	11	(1)
Due To Component Units						
Due To Other Governments			38		3	
Unearned Revenue	1,110					
Policy Claim Liabilities	(156)					
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	240	5,407	1,780	471	975	117
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 11,268</b>	<b>\$ 1,889</b>	<b>\$ (349)</b>	<b>\$ 270</b>	<b>\$ 51</b>	<b>\$ 143</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Gain (Loss) on Disposal of Fixed Assets	\$	\$ 61	\$ (9)	\$	\$	\$
Capital Lease Obligations Entered Into		1,316				
Transfers In (Out) of Fixed Assets		44				

Rural Development Telecommunica- tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 381	\$ 920	\$ 2,735	\$ 55	\$ 758	\$ 2,109	\$ 92,915
362	2,384	12,009	4,174	2,912	8,410	147,232
(180)	(1,271)	(9,509)	(599)	(3,611)	(2,874)	(175,920)
(387)	(248)	(662)	(3,392)	(200)	(5,891)	(37,801)
(140)	(345)	(1,541)	(439)	(36)	(1,412)	(8,727)
	15	15	1		132	208
<b>36</b>	<b>1,455</b>	<b>3,047</b>	<b>(200)</b>	<b>(177)</b>	<b>474</b>	<b>17,907</b>
		(2,075)			(579)	(3,291)
		1,180				(729)
		(2,470)			(94)	1,241
<b>0</b>	<b>0</b>	<b>(3,365)</b>	<b>0</b>	<b>0</b>	<b>(673)</b>	<b>(3,583)</b>
			263		525	1,384
<b>0</b>	<b>0</b>	<b>0</b>	<b>263</b>	<b>0</b>	<b>(345)</b>	<b>(345)</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>263</b>	<b>0</b>	<b>180</b>	<b>1,039</b>
4	94	16	10	47	31	765
	(11)	(2)	(1)	(5)	(3)	(86)
<b>4</b>	<b>83</b>	<b>14</b>	<b>9</b>	<b>42</b>	<b>28</b>	<b>679</b>
<b>40</b>	<b>1,538</b>	<b>(304)</b>	<b>72</b>	<b>(135)</b>	<b>9</b>	<b>13,263</b>
471	10,133	2,734	974	4,772	3,340	76,084
<b>\$ 511</b>	<b>\$ 11,671</b>	<b>\$ 2,430</b>	<b>\$ 1,046</b>	<b>\$ 4,637</b>	<b>\$ 3,349</b>	<b>\$ 89,347</b>
\$ (12)	\$ 3,006	\$ (622)	\$ 47	\$ (1,815)	\$ 136	\$ 12,983
78		3,821			481	6,441
		247			14	305
1	3	2	(3)	22	(5)	(352)
(6)		(86)	(81)		40	(365)
1		10	(2)		(10)	12
					47	47
					(3)	96
	10	(14)	(5)		63	(314)
(68)	(49)	(108)	(567)	(32)	(1,050)	(6,598)
(84)	(59)	(133)	(691)	(40)	(1,282)	(8,118)
(2)	25	(60)	40	217	22	267
2	(2)	2	(6)	3	13	169
12	(13)	5	(15)	3	44	307
(14)		(202)	4	7	(31)	(337)
		(20)			(5)	(25)
					1	42
(2)						1,108
	(1,559)			1,396		(319)
130	93	205	1,079	62	1,999	12,558
<b>\$ 36</b>	<b>\$ 1,455</b>	<b>\$ 3,047</b>	<b>\$ (200)</b>	<b>\$ (177)</b>	<b>\$ 474</b>	<b>\$ 17,907</b>
\$	\$	\$ 549	\$	\$	\$ (37)	\$ 564
		4,261			29	5,606
					7	51

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
June 30, 2015  
(Expressed in Thousands)**

	<b>Common School</b>	<b>Child's Own</b>	<b>Corrections</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 46,651	\$ 248	\$ 1,382	\$ 995	\$ 49,276
<b>Receivables:</b>					
Due From Other Funds			110		110
Investment Income	545			2	547
Other	45	17			62
<b>Total Receivables</b>	<b>590</b>	<b>17</b>	<b>110</b>	<b>2</b>	<b>719</b>
<b>Investments, at Fair Value:</b>					
Pooled Investment Funds	169,717				169,717
<b>Total Investments</b>	<b>169,717</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169,717</b>
Properties, at cost	14,009			2	14,011
Other Assets				10	10
<b>Total Assets</b>	<b>230,967</b>	<b>265</b>	<b>1,492</b>	<b>1,009</b>	<b>233,733</b>
<b>Liabilities</b>					
Payables:					
Accounts Payable and Other Liabilities	72	140		10	222
Due To Other Funds			190	24	214
<b>Total Liabilities</b>	<b>72</b>	<b>140</b>	<b>190</b>	<b>34</b>	<b>436</b>
<b>Net Position - Restricted for Others</b>	<b>\$ 230,895</b>	<b>\$ 125</b>	<b>\$ 1,302</b>	<b>\$ 975</b>	<b>\$ 233,297</b>



**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2015**  
**(Expressed in Thousands)**

	<u>Common School</u>	<u>Child's Own</u>	<u>Corrections</u>	<u>Other</u>	<u>Total</u>
<b>Additions</b>					
<b>Contributions:</b>					
From Clients and Inmates	\$	\$	\$ 7,415	\$ 1,608	\$ 9,023
Other	7,103				7,103
<b>Total Contributions</b>	<b>7,103</b>	<b>0</b>	<b>7,415</b>	<b>1,608</b>	<b>16,126</b>
<b>Investment Income:</b>					
<i>From Investing Activities</i>					
Net Increase (Decrease) in Fair Value of Investments	4,166				4,166
Pooled Interest and Dividends	4,100	1			4,101
Real Estate	488				488
<b>Net Investment Income (Loss)</b>	<b>8,754</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>8,755</b>
<i>From Security Lending Activities</i>					
Securities Lending Income	12				12
Escheated Property				1	1
Miscellaneous Income		616		19	635
<b>Total Additions</b>	<b>15,869</b>	<b>617</b>	<b>7,415</b>	<b>1,628</b>	<b>25,529</b>
<b>Deductions</b>					
Distribution to School Districts	9,969				9,969
Payments Made for Trust Purposes		570	8,099	1,546	10,215
Administrative Expenses				4	4
<b>Total Deductions</b>	<b>9,969</b>	<b>570</b>	<b>8,099</b>	<b>1,550</b>	<b>20,188</b>
<b>Change in Net Position</b>	<b>5,900</b>	<b>47</b>	<b>(684)</b>	<b>78</b>	<b>5,341</b>
Net Position at Beginning of Year	224,995	78	1,986	897	227,956
<b>Net Position at End of Year</b>	<b>\$ 230,895</b>	<b>\$ 125</b>	<b>\$ 1,302</b>	<b>\$ 975</b>	<b>\$ 233,297</b>



**STATE OF SOUTH DAKOTA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2015**  
**(Expressed in Thousands)**

	<b>Department of Revenue Tax Collections</b>	<b>Social Services Child Support</b>	<b>State Auditor Payroll Withholding</b>	<b>State Clerk of Courts</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 20,129	\$ 2,118	\$ 7,595	\$ 6,866	\$ 1,673	\$ 38,381
<b>Receivables:</b>						
Taxes Receivable, net	42,507					42,507
Due From Other Governments	12					12
Interest and Dividends Receivable	5				1	6
Other	534				40	574
<b>Total Receivables</b>	<b>43,058</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>43,099</b>
<b>Total Assets</b>	<b>\$ 63,187</b>	<b>\$ 2,118</b>	<b>\$ 7,595</b>	<b>\$ 6,866</b>	<b>\$ 1,714</b>	<b>\$ 81,480</b>
<b>Liabilities</b>						
Payables:						
Accounts Payable and Other Liabilities	\$ 1,335	\$ 2,118	\$ 33	\$ 6,866	\$ 798	\$ 11,150
Due To Other Governments	61,852		7,562		916	70,330
<b>Total Liabilities</b>	<b>\$ 63,187</b>	<b>\$ 2,118</b>	<b>\$ 7,595</b>	<b>\$ 6,866</b>	<b>\$ 1,714</b>	<b>\$ 81,480</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>Department of Revenue - Tax Collections</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 17,320	\$ 374,705	\$ 371,896	\$ 20,129
Accounts Receivable	811	534	811	534
Taxes Receivable, net	40,169	42,507	40,169	42,507
Interest and Dividends Receivable	30	5	30	5
Due From Other Governments	799	11	798	12
<b>Total Assets</b>	<b><u>\$ 59,129</u></b>	<b><u>\$ 417,762</u></b>	<b><u>\$ 413,704</u></b>	<b><u>\$ 63,187</u></b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 1,443	\$ 236	\$ 344	\$ 1,335
Refunds - Contractors Excise Tax	78		78	0
Due To Other Governments	57,608	417,526	413,282	61,852
<b>Total Liabilities</b>	<b><u>\$ 59,129</u></b>	<b><u>\$ 417,762</u></b>	<b><u>\$ 413,704</u></b>	<b><u>\$ 63,187</u></b>
<b>Social Services - Child Support</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,477	\$ 114,518	\$ 113,877	\$ 2,118
<b>Total Assets</b>	<b><u>\$ 1,477</u></b>	<b><u>\$ 114,518</u></b>	<b><u>\$ 113,877</u></b>	<b><u>\$ 2,118</u></b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 1,477	\$ 114,518	\$ 113,877	\$ 2,118
<b>Total Liabilities</b>	<b><u>\$ 1,477</u></b>	<b><u>\$ 114,518</u></b>	<b><u>\$ 113,877</u></b>	<b><u>\$ 2,118</u></b>
<b>State Auditor - Payroll Withholding</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 7,278	\$ 229,687	\$ 229,370	\$ 7,595
<b>Total Assets</b>	<b><u>\$ 7,278</u></b>	<b><u>\$ 229,687</u></b>	<b><u>\$ 229,370</u></b>	<b><u>\$ 7,595</u></b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 29	\$ 2,329	\$ 2,325	\$ 33
Due To Other Governments	7,249	227,358	227,045	7,562
<b>Total Liabilities</b>	<b><u>\$ 7,278</u></b>	<b><u>\$ 229,687</u></b>	<b><u>\$ 229,370</u></b>	<b><u>\$ 7,595</u></b>
<b>State Clerk of Courts</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 7,273	\$ 15,665	\$ 16,072	\$ 6,866
<b>Total Assets</b>	<b><u>\$ 7,273</u></b>	<b><u>\$ 15,665</u></b>	<b><u>\$ 16,072</u></b>	<b><u>\$ 6,866</u></b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 7,273	\$ 15,665	\$ 16,072	\$ 6,866
<b>Total Liabilities</b>	<b><u>\$ 7,273</u></b>	<b><u>\$ 15,665</u></b>	<b><u>\$ 16,072</u></b>	<b><u>\$ 6,866</u></b>

Continued on next page

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS (continued)  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Other Agency Funds</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,794	\$ 57,545	\$ 57,666	\$ 1,673
Accounts Receivable	34	40	34	40
Interest and Dividends Receivable	1	1	1	1
<b>Total Assets</b>	<b>\$ 1,829</b>	<b>\$ 57,586</b>	<b>\$ 57,701</b>	<b>\$ 1,714</b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 1,047	\$ 56,054	\$ 56,303	\$ 798
Due To Other Governments	782	1,532	1,398	916
<b>Total Liabilities</b>	<b>\$ 1,829</b>	<b>\$ 57,586</b>	<b>\$ 57,701</b>	<b>\$ 1,714</b>
<b>Total All Agency Funds</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 35,142	\$ 792,120	\$ 788,881	\$ 38,381
Accounts Receivable	845	574	845	574
Taxes Receivable, net	40,169	42,507	40,169	42,507
Interest and Dividends Receivable	31	6	31	6
Due From Other Governments	799	11	798	12
<b>Total Assets</b>	<b>\$ 76,986</b>	<b>\$ 835,218</b>	<b>\$ 830,724</b>	<b>\$ 81,480</b>
<b>Liabilities:</b>				
Accounts Payable and Other Liabilities	\$ 11,269	\$ 188,802	\$ 188,921	\$ 11,150
Refunds - Contractors Excise Tax	78		78	0
Due To Other Governments	65,639	646,416	641,725	70,330
<b>Total Liabilities</b>	<b>\$ 76,986</b>	<b>\$ 835,218</b>	<b>\$ 830,724</b>	<b>\$ 81,480</b>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
June 30, 2015  
(Expressed in Thousands)

Assets	Business-type Activities				
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	Total
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 144,638	\$ 21,320	\$ 207,961	\$ 6,248	\$ 380,167
Receivables:					
Interest and Dividends	6,119	67	1,311	83	7,580
Primary Government	2,500	300	1,615		4,415
Other Governments			14,724		14,724
Loans and Notes, net	42,945		5,944	1,147	50,036
Other, net	442	3,128	24,011	312	27,893
Investments	33,938		35,484	720	70,142
Restricted Assets:					
Investments				2,320	2,320
Inventory	3,185	2,986	9,253		15,424
Other Assets	43	383	3,281	10	3,717
<b>Total Current Assets</b>	<b>233,810</b>	<b>28,184</b>	<b>303,584</b>	<b>10,840</b>	<b>576,418</b>
Investments	567,176		406,681	1,062	974,919
Due From Primary Government	2,500				2,500
Assets Held for Resale				4,978	4,978
Restricted Assets:					
Cash and Cash Equivalents			85,284	1	85,285
Investments			75,548	3,521	79,069
Net Pension Asset	1,108	3,810	111,795		116,713
Other			13,189		13,189
<b>Capital Assets:</b>					
Land and Other Non-depreciable Assets	220	18,900	37,941	568	57,629
Property, Plant, and Equipment	9,951	54,011	1,451,069	23,797	1,538,828
Accumulated Depreciation	(4,227)	(9,595)	(584,749)	(773)	(599,344)
Construction in Progress		24,337	86,629		110,966
<b>Total Capital Assets</b>	<b>5,944</b>	<b>87,653</b>	<b>990,890</b>	<b>23,592</b>	<b>1,108,079</b>
Other Noncurrent Assets, net	794,237		72,520	15,844	882,601
<b>Total Assets</b>	<b>1,604,775</b>	<b>119,647</b>	<b>2,059,491</b>	<b>59,838</b>	<b>3,843,751</b>
<b>Deferred Outflows of Resources</b>					
Deferred Outflow Related to Pensions	995	3,367	99,194		103,556
Deferred Swap Outflow	11,984				11,984
Deferred Outflow on Debt Refunding	725		5,240		5,965
<b>Total Deferred Outflows of Resources</b>	<b>13,704</b>	<b>3,367</b>	<b>104,434</b>	<b>0</b>	<b>121,505</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Liabilities	783	3,542	56,173	308	60,806
Payable to Primary Government	71		1,019	8	1,098
Escrow Payable	10,633				10,633
Bonds, Notes, and Leases Payable	33,520		26,360	767	60,647
Claims, Judgments, and Compensated Absences	149	520	12,765		13,434
Accrued Interest Payable	5,477		4,087	354	9,918
Unearned Revenue			8,149	2,390	10,539
Advances from Primary Government				903	903
Other Current Liabilities			23,061		23,061
<b>Total Current Liabilities</b>	<b>50,633</b>	<b>4,062</b>	<b>131,614</b>	<b>4,730</b>	<b>191,039</b>
<b>Noncurrent Liabilities:</b>					
Bonds, Notes, and Leases Payable	1,051,562		492,164	17,984	1,561,710
Claims, Judgments, and Compensated Absences	538	687	26,688		27,913
Federal Capital Contribution Refundable Advance			38,606		38,606
Advances from Primary Government				22,786	22,786
Other Noncurrent Liabilities	12,935		15,444	845	29,224
<b>Total Noncurrent Liabilities</b>	<b>1,065,035</b>	<b>687</b>	<b>572,902</b>	<b>41,615</b>	<b>1,680,239</b>
<b>Total Liabilities</b>	<b>1,115,668</b>	<b>4,749</b>	<b>704,516</b>	<b>46,345</b>	<b>1,871,278</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflow Related to Pensions	1,283	4,412	129,478		135,173
Deferred Inflow on Gain on Debt Refinancing			18		18
Deferred Forward Contract Inflow	43				43
<b>Total Deferred Inflows of Resources</b>	<b>1,326</b>	<b>4,412</b>	<b>129,496</b>	<b>0</b>	<b>135,234</b>
<b>Net Position</b>					
Net Investment in Capital Assets	(441)	87,131	541,189	1,084	628,963
Restricted for:					
Debt Service	416,629		4,829	5,000	426,458
HOME and NSP Program	70,431				70,431
Higher Education - Expendable			214,422		214,422
Higher Education - Nonexpendable			371,854		371,854
Interim Lab		4,397			4,397
Mine Closure		1,379			1,379
Sanford Center for Science Education		3,830			3,830
Indemnification		10,000			10,000
Pensions	819	2,764	81,512		85,095
Other	14,047				14,047
Unrestricted		4,352	116,107	7,409	127,868
<b>Total Net Position</b>	<b>\$ 501,485</b>	<b>\$ 113,853</b>	<b>\$ 1,329,913</b>	<b>\$ 13,493</b>	<b>\$ 1,958,744</b>

STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
<b>Operating Revenue:</b>					
Tuition and Fees (net of discounts and allowances for scholarships of Higher Education of \$38,410)	\$	\$	\$ 241,237	\$	\$ 241,237
Use of Money and Property	60,007			1,131	61,138
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$11,254)		207	113,871	2,291	116,369
Administering Programs	27,906	19,374	128,611	500	176,391
Other Revenue	5,251	256	74,520	40	80,067
<b>Total Operating Revenue</b>	<b>93,164</b>	<b>19,837</b>	<b>558,239</b>	<b>3,962</b>	<b>675,202</b>
<b>Operating Expenses:</b>					
Personal Services and Benefits	3,408	8,716	391,566		403,690
Travel	363	165	18,333	13	18,874
Contractual Services	8,712	8,972	111,760	1,172	130,616
Supplies and Materials	1,991	1,289	58,537	172	61,989
Grants and Subsidies	24,798		36,684	2,858	64,340
Other			5,091	6	5,097
Interest	36,522		38	1,091	37,651
Provisions for Loan Loss (Recovery)	755			(150)	605
Depreciation/Amortization	440	1,857	46,260	770	49,327
<b>Total Operating Expenses</b>	<b>76,989</b>	<b>20,999</b>	<b>668,269</b>	<b>5,932</b>	<b>772,189</b>
<b>Operating Income (Loss)</b>	<b>16,175</b>	<b>(1,162)</b>	<b>(110,030)</b>	<b>(1,970)</b>	<b>(96,987)</b>
<b>Nonoperating Revenue (Expenses):</b>					
Gain on Disposal of Assets				7	7
Loss on Disposal of Assets			(712)		(712)
Interest Income		216	12,538	60	12,814
Interest Expense			(21,988)	(718)	(22,706)
Other Expense		(46)	(20,179)	(8)	(20,233)
State Aid from Primary Government			192,950		192,950
Federal Appropriation			5,971		5,971
Grant and Other Income			4,985	82	5,067
<b>Total Nonoperating Revenue (Expenses)</b>	<b>0</b>	<b>170</b>	<b>173,565</b>	<b>(577)</b>	<b>173,158</b>
<b>Income (Loss) Before Capital Grants and Additions to Endowments</b>	<b>16,175</b>	<b>(992)</b>	<b>63,535</b>	<b>(2,547)</b>	<b>76,171</b>
Capital Grants		7,194	5,812	1,333	14,339
Additions to Endowments			15,680		15,680
<b>Change in Net Position</b>	<b>16,175</b>	<b>6,202</b>	<b>85,027</b>	<b>(1,214)</b>	<b>106,190</b>
Net Position at Beginning of Year, as restated	485,310	107,651	1,244,886	14,707	1,852,554
<b>Net Position at End of Year</b>	<b>\$ 501,485</b>	<b>\$ 113,853</b>	<b>\$ 1,329,913</b>	<b>\$ 13,493</b>	<b>\$ 1,958,744</b>

**STATE OF SOUTH DAKOTA  
STATEMENT OF CASH FLOWS  
HIGHER EDUCATION  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<b>Higher Education</b>
<b>Cash Flows from Operating Activities:</b>	
Tuition and Fees	\$ 240,626
Auxiliaries	65,194
Sales & Services - General	48,162
Federal Contracts & Grants	98,192
State Contracts & Grants	7,160
Private Contracts & Grants	20,251
Other Revenue and Additions	80
Loans Issued to Students	(7,056)
Loans Collected from Students	5,895
Student Loan Interest	605
Payments for Personal Services Expenditures	(398,510)
Payments for Travel Expenditures	(16,857)
Payments for Contractual Expenditures	(101,099)
Payments for Supply Expenditures and Non-Capitalized Equipment	(56,742)
Payments for Grant and Subsidy Expenditures	(36,406)
Payments for Other Expenditures	(210)
Foundation Activity	(11,214)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(141,929)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
General Fund Appropriations	193,004
School & Public Lands	1,743
Federal Fund Appropriations	10,034
Endo/Ecto Tax	779
Federal Loan Disbursements	(170,531)
Federal Loan Receipts	170,531
Private Loan Disbursements	(5,319)
Private Loan Receipts	5,319
Federal Capital Contribution - Student Loan	414
Other Revenues & Additions	22,299
Payments for Other Expenditures	(317)
Foundation Activity	49,241
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>277,197</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital Grants & Contracts	5,180
South Dakota Building Authority Funding	13,728
Proceeds from Capital Debt (Leases)	89,498
Revenue Bond Discounts and Related Costs	(6,129)
Principal Paid on Capital Debt and Leases	(89,347)
Interest Paid on Capital Debt and Leases	(22,123)
Purchase of Capital Assets	(127,456)
Foundation Activity	7,944
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(128,705)</b>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	2,320
Sale of Investment	1
Foundation Activity	(4,003)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,682)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year</b>	<b>4,881</b>
Cash and Cash Equivalents at Beginning of Year	288,364
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 293,245</b>

Continued on next page



**STATE OF SOUTH DAKOTA  
STATEMENT OF CASH FLOWS  
HIGHER EDUCATION  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	<u>Higher Education</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
<b>by Operating Activities</b>	
Operating Income (Loss)	\$ (110,030)
Adjustments to Reconcile Operating Income (Loss):	
Depreciation Expense	46,259
Bad Debt Expense	359
Loan Cancellation Expense	697
Donated Amounts	44
Pension Adjustment	(21,480)
Foundation Activity	(63,294)
Decrease/(Increase) in Assets:	
Accounts Receivable Students	(852)
Accounts Receivable - Dept	(317)
Interest Receivable	(47)
Notes Receivable	(1,399)
Due From Federal Sources	(1,830)
Due From Primary Govt	624
Due from Component Unit	8,471
Prepaid Expense and Deferred Charges	196
Inventory	(518)
Other Assets	45
Increase/(Decrease) in Liabilities:	
Accounts Payable	(993)
Accrued Wages & Benefits	1,707
Due to Federal Sources	(59)
Due to Primary Government	(189)
Due To Component Unit	(41)
Student Deposits	(94)
Compensated Absences	1,263
Deferred Revenue	(600)
Agency Funds Held for Others	25
Other Non-Current Liabilities	124
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (141,929)</b>
<b>Noncash Investing, Capital and Financing Activities:</b>	
Transfers In (Out) of Fixed Assets	<b>\$ 594</b>

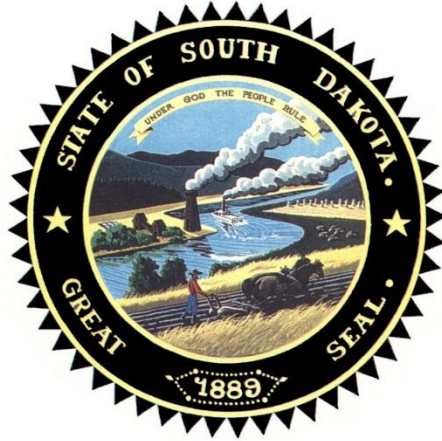
STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS  
June 30, 2015  
(Expressed in Thousands)

	Business-type Activities			Total
	Finance Authority	Value Added Finance Authority	S.D. Ellsworth Development Authority	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 1,938	\$ 1,519	\$ 2,791	\$ 6,248
Receivables:				
Interest and Dividends	83			83
Loans and Notes, net	1,071	76		1,147
Other, net	2		310	312
Investments	720			720
Restricted:				
Investments	2,320			2,320
Other Assets			10	10
<b>Total Current Assets</b>	<b>6,134</b>	<b>1,595</b>	<b>3,111</b>	<b>10,840</b>
Investments	1,062			1,062
Assets Held for Resale			4,978	4,978
Restricted Assets:				
Cash and Cash Equivalents	1			1
Investments	3,521			3,521
<b>Capital Assets:</b>				
Land and Other Non-depreciable Assets			568	568
Property, Plant, and Equipment			23,797	23,797
Accumulated Depreciation			(773)	(773)
<b>Total Capital Assets</b>	<b>0</b>	<b>0</b>	<b>23,592</b>	<b>23,592</b>
Other Noncurrent Assets, net	14,939	570	335	15,844
<b>Total Assets</b>	<b>25,657</b>	<b>2,165</b>	<b>32,016</b>	<b>59,838</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Liabilities	45		263	308
Payable to Primary Government		8		8
Bonds, Notes, and Leases Payable	685	82		767
Accrued Interest Payable	202	8	144	354
Unearned Revenue			2,390	2,390
Advances from Primary Government			903	903
<b>Total Current Liabilities</b>	<b>932</b>	<b>98</b>	<b>3,700</b>	<b>4,730</b>
<b>Noncurrent Liabilities:</b>				
Bonds, Notes, and Leases Payable	14,966	1,397	1,621	17,984
Advances from Primary Government			22,786	22,786
Other Noncurrent Liabilities	845			845
<b>Total Noncurrent Liabilities</b>	<b>15,811</b>	<b>1,397</b>	<b>24,407</b>	<b>41,615</b>
<b>Total Liabilities</b>	<b>16,743</b>	<b>1,495</b>	<b>28,107</b>	<b>46,345</b>
<b>Net Position</b>				
Net Investment in Capital Assets			1,084	1,084
Restricted for:				
Debt Service	5,000			5,000
Unrestricted	3,914	670	2,825	7,409
<b>Total Net Position</b>	<b>\$ 8,914</b>	<b>\$ 670</b>	<b>\$ 3,909</b>	<b>\$ 13,493</b>

**STATE OF SOUTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)**

	Business-type Activities			Total
	Finance Authority	Value Added Finance Authority	S.D. Ellsworth Development Authority	
<b>Operating Revenue:</b>				
Use of Money and Property	\$ 1,114	\$ 17	\$	\$ 1,131
Sales and Services			2,291	2,291
Administering Programs			500	500
Other Revenue		5	35	40
<b>Total Operating Revenue</b>	<b>1,114</b>	<b>22</b>	<b>2,826</b>	<b>3,962</b>
<b>Operating Expenses:</b>				
Travel			13	13
Contractual Services	75		1,097	1,172
Supplies and Materials			172	172
Grant and Subsidies			2,858	2,858
Other	6			6
Interest	1,091			1,091
Provisions for Loan Loss (Recovery)	(150)			(150)
Depreciation/Amortization			770	770
<b>Total Operating Expenses</b>	<b>1,022</b>	<b>0</b>	<b>4,910</b>	<b>5,932</b>
<b>Operating Income (Loss)</b>	<b>92</b>	<b>22</b>	<b>(2,084)</b>	<b>(1,970)</b>
<b>Nonoperating Revenue (Expenses):</b>				
Gain on Disposal of Assets			7	7
Interest Income	58	2		60
Interest Expense		(14)	(704)	(718)
Other Expense		(8)		(8)
Grant and Other Income		82		82
<b>Total Nonoperating Revenue (Expenses)</b>	<b>58</b>	<b>62</b>	<b>(697)</b>	<b>(577)</b>
<b>Income (Loss) Before Capital Grants</b>	<b>150</b>	<b>84</b>	<b>(2,781)</b>	<b>(2,547)</b>
Capital Grants			1,333	1,333
<b>Change in Net Position</b>	<b>150</b>	<b>84</b>	<b>(1,448)</b>	<b>(1,214)</b>
Net Position at Beginning of Year	8,764	586	5,357	14,707
<b>Net Position at End of Year</b>	<b>\$ 8,914</b>	<b>\$ 670</b>	<b>\$ 3,909</b>	<b>\$ 13,493</b>

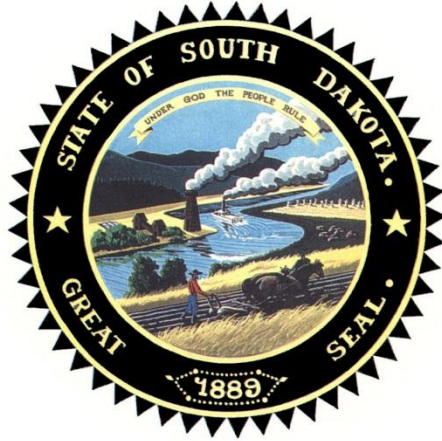




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***STATISTICAL SECTION***

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***STATISTICAL SECTION***

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**State of South Dakota**  
**Net Position by Component**  
**Last Ten Fiscal Years**

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 3,713,057	\$ 3,673,267	\$ 3,548,433	\$ 3,480,152	\$ 3,300,829
Restricted	1,537,781	1,383,140	1,241,520	1,114,366	1,144,456
Unrestricted	264,916	246,555	202,835	158,316	95,317
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,515,754</b>	<b>\$ 5,302,962</b>	<b>\$ 4,992,788</b>	<b>\$ 4,752,834</b>	<b>\$ 4,540,602</b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 2,810	\$ 3,650	\$ 4,379	\$ 3,893	\$ 4,360
Restricted	6,155	912	916	891	1,931
Unrestricted	624,416	588,495	545,751	520,208	498,567
<b>Total Business-type Activities Net Position</b>	<b>\$ 633,381</b>	<b>\$ 593,057</b>	<b>\$ 551,046</b>	<b>\$ 524,992</b>	<b>\$ 504,858</b>
<b>Primary Government:</b>					
Net Investment in Capital Assets	\$ 3,715,867	\$ 3,676,917	\$ 3,552,812	\$ 3,305,189	\$ 3,305,189
Restricted	1,543,936	1,384,052	1,242,436	1,146,387	1,146,387
Unrestricted	889,332	835,050	748,586	593,884	593,884
<b>Total Primary Government Net Position</b>	<b>\$ 6,149,135</b>	<b>\$ 5,896,019</b>	<b>\$ 5,543,834</b>	<b>\$ 5,045,460</b>	<b>\$ 5,045,460</b>

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 3,211,673	\$ 3,101,101	\$ 3,053,427	\$ 2,947,980	\$ 2,829,173
Restricted	1,004,704	897,491	1,032,035	1,091,917	1,012,357
Unrestricted	79,854	67,523	67,587	70,308	85,670
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,296,231</b>	<b>\$ 4,066,115</b>	<b>\$ 4,153,049</b>	<b>\$ 4,110,205</b>	<b>\$ 3,927,200</b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 4,863	\$ 2,299	\$ 2,565	\$ 2,829	\$ 3,184
Restricted	2,138	302,713	284,272	284,322	262,293
Unrestricted	445,444	102,607	122,595	94,300	89,879
<b>Total Business-type Activities Net Position</b>	<b>\$ 452,445</b>	<b>\$ 407,619</b>	<b>\$ 409,432</b>	<b>\$ 381,451</b>	<b>\$ 355,356</b>
<b>Primary Government:</b>					
Net Investment in Capital Assets	\$ 3,216,536	\$ 3,103,400	\$ 3,055,992	\$ 2,950,809	\$ 2,832,357
Restricted	1,006,842	1,200,204	1,316,307	1,376,239	1,274,650
Unrestricted	525,298	170,130	190,182	164,608	175,549
<b>Total Primary Government Net Position</b>	<b>\$ 4,748,676</b>	<b>\$ 4,473,734</b>	<b>\$ 4,562,481</b>	<b>\$ 4,491,656</b>	<b>\$ 4,282,556</b>

**Source:** South Dakota Comprehensive Annual Financial Reports (FY 2006-2015). Previous years' amounts are not restated.

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

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 185,273	\$ 180,221	\$ 169,843	\$ 164,005	\$ 157,405	\$ 146,193	\$ 170,900	\$ 175,272	\$ 194,266	\$ 175,826
Education - Elementary, Secondary, and Vocational Schools	210,271	206,939	201,177	211,413	218,959	212,919	195,534	200,226	186,599	191,460
Education - State Support to Higher Education	192,950	219,341	176,294	171,701	185,757	182,681	196,007	170,348	160,725	149,040
Health, Human, and Social Services	1,406,586	1,380,648	1,367,355	1,354,764	1,354,829	1,337,922	1,200,436	1,127,618	1,043,771	1,012,533
Law, Justice, Public Protection, and Regulation	279,097	321,186	277,223	286,127	286,824	241,217	243,805	233,676	232,526	212,600
Agriculture and Natural Resources	140,921	152,666	144,245	130,279	151,116	130,943	118,686	114,783	123,135	109,904
Economic Resources	74,004	40,121	43,300	40,865	51,157	52,966	45,006	47,226	39,371	58,235
Transportation	507,300	473,323	537,497	482,400	508,548	457,081	408,482	316,113	362,680	316,125
Intergovernmental - Payments to School Districts	404,909	393,606	394,857	375,008	412,310	405,947	400,162	376,843	346,582	338,008
Intergovernmental - Revenue										
Sharing	169,514	161,564	141,514	122,320	100,493	103,425	99,064	103,633	101,669	99,171
Unallocated Interest Expense	6,712	9,198	14,537	17,393	18,711	19,820	21,514	22,805	23,191	23,998
Unallocated Depreciation	53	53	53	53	58	58	58	58	58	58
<b>Total Governmental Activities Expenses</b>	<b>3,577,590</b>	<b>3,538,866</b>	<b>3,467,895</b>	<b>3,356,328</b>	<b>3,446,167</b>	<b>3,291,172</b>	<b>3,099,654</b>	<b>2,888,601</b>	<b>2,814,573</b>	<b>2,686,958</b>
<b>Business-type Activities:</b>										
Lottery	41,053	42,806	44,114	39,877	36,775	35,411	32,767	33,419	31,404	32,409
Clean Water State Revolving	9,673	9,879	10,898	16,406	11,109	4,455	4,777	4,486	3,996	3,286
Drinking Water State Revolving	8,651	9,352	10,337	10,936	11,964	5,066	3,253	2,855	2,720	2,574
Other	56,081	66,042	81,648	92,096	100,406	125,993	89,451	54,688	56,247	60,613
<b>Total business-type Activities Expenses</b>	<b>115,458</b>	<b>128,079</b>	<b>146,997</b>	<b>159,315</b>	<b>160,254</b>	<b>170,925</b>	<b>130,248</b>	<b>95,448</b>	<b>94,367</b>	<b>98,882</b>
<b>Total Primary Government Expenses</b>	<b>\$ 3,693,048</b>	<b>\$ 3,666,945</b>	<b>\$ 3,614,892</b>	<b>\$ 3,515,643</b>	<b>\$ 3,606,421</b>	<b>\$ 3,462,097</b>	<b>\$ 3,229,902</b>	<b>\$ 2,984,049</b>	<b>\$ 2,908,940</b>	<b>\$ 2,785,840</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 244,728	\$ 227,851	\$ 212,529	\$ 194,439	\$ 170,598	\$ 166,457	\$ 158,248	\$ 147,597	\$ 142,225	\$ 137,188
Education - Elementary, Secondary, and Vocational Schools	8,489	7,687	7,888	6,147	5,843	6,204	2,489	3,451	4,137	4,055
Health, Human, and Social Services	39,058	36,597	38,098	33,030	36,256	36,758	25,865	25,858	25,506	30,665
Law, Justice, Public Protection, and Regulation	85,252	76,048	80,750	66,235	60,555	57,213	50,888	50,335	49,435	44,624
Agriculture and Natural Resources	76,994	77,514	72,972	69,331	67,815	64,940	61,572	65,783	54,403	52,962
Economic Resources	1,611	3,789	3,064	3,268	1,332	1,796	2,379	2,011	1,788	2,183
Transportation	9,007	6,979	6,682	7,514	7,776	6,301	6,052	6,815	6,007	13,718
Operating Grants and Contributions	1,493,542	1,582,641	1,588,413	1,670,046	1,838,312	1,768,957	1,447,753	1,246,925	1,258,548	1,205,317
Capital Grants and Contributions	21,946	1,516	1,046	1,608	3,945	2,275	2,519	25,395	1,000	6,570
<b>Total Governmental Activities Program Revenues</b>	<b>1,980,627</b>	<b>2,020,622</b>	<b>2,011,442</b>	<b>2,051,618</b>	<b>2,192,432</b>	<b>2,110,901</b>	<b>1,757,765</b>	<b>1,574,170</b>	<b>1,543,049</b>	<b>1,497,282</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Lottery	152,362	148,323	151,414	143,078	144,460	154,669	152,590	156,241	152,697	151,647
Clean Water State Revolving	6,856	6,019	5,277	5,677	6,014	5,781	4,954	4,826	4,479	3,659
Drinking Water State Revolving	4,197	4,327	4,321	4,922	4,807	3,997	3,696	3,582	3,460	2,773
Other	71,243	81,681	85,946	94,455	112,210	119,048	60,925	59,152	54,166	57,684
Operating Grants and Contributions	30,005	33,994	30,519	30,910	52,926	50,927	26,272	21,879	26,262	30,098
Capital Grants and Contributions	2,810									
<b>Total Business-type Activities Program Revenues</b>	<b>267,473</b>	<b>274,344</b>	<b>277,477</b>	<b>279,042</b>	<b>320,417</b>	<b>334,422</b>	<b>248,437</b>	<b>245,680</b>	<b>241,064</b>	<b>245,861</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 2,248,100</b>	<b>\$ 2,294,966</b>	<b>\$ 2,288,919</b>	<b>\$ 2,330,660</b>	<b>\$ 2,512,849</b>	<b>\$ 2,445,323</b>	<b>\$ 2,006,202</b>	<b>\$ 1,819,850</b>	<b>\$ 1,784,113</b>	<b>\$ 1,743,143</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (1,596,963)	\$ (1,518,244)	\$ (1,456,453)	\$ (1,304,710)	\$ (1,253,735)	\$ (1,180,271)	\$ (1,341,889)	\$ (1,314,431)	\$ (1,271,524)	\$ (1,189,676)
Business-type Activities	152,015	146,265	130,480	119,727	160,163	163,497	118,189	150,232	146,697	146,979
<b>Total Primary Government Net (Expense)/Revenue</b>	<b>\$ (1,444,948)</b>	<b>\$ (1,371,979)</b>	<b>\$ (1,325,973)</b>	<b>\$ (1,184,983)</b>	<b>\$ (1,093,572)</b>	<b>\$ (1,016,774)</b>	<b>\$ (1,223,700)</b>	<b>\$ (1,164,199)</b>	<b>\$ (1,124,827)</b>	<b>\$ (1,042,697)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes:										
Sales Taxes	\$ 871,402	\$ 858,001	\$ 802,700	\$ 779,002	\$ 741,455	\$ 663,146	\$ 675,652	\$ 668,123	\$ 625,133	\$ 597,230
Motor Fuel Taxes	151,901	136,395	139,048	130,864	130,542	127,807	124,442	125,005	146,851	145,415
Contractors Excise Taxes	101,678	93,746	94,967	90,636	66,518	85,973	71,533	79,137	81,069	76,979
Bank Card and Franchise Taxes	20,669	23,943	49,493	32,941	16,954	16,674	55,260	62,036	76,497	65,187
Other Taxes	331,649	311,397	299,726	297,750	266,415	273,535	261,176	264,944	211,452	183,236
Investment Earnings	47,130	142,003	130,881	29,925	143,106	101,246	(91,586)	(18,946)	137,568	60,956
Gain on Sale of Capital Assets	1,198	2,726	2,127	3,915	819	526	919	1,135	1,305	42,344
Miscellaneous	81,275	133,988	76,047	51,652	41,519	36,625	52,288	41,805	39,667	35,493
Special Items										
Transfers	113,558	102,937	104,426	100,257	107,750	118,671	120,002	122,251	120,065	117,703
<b>Total Governmental Activities</b>	<b>1,720,460</b>	<b>1,822,755</b>	<b>1,699,415</b>	<b>1,516,942</b>	<b>1,515,078</b>	<b>1,424,203</b>	<b>1,269,686</b>	<b>1,345,490</b>	<b>1,439,607</b>	<b>1,324,543</b>
<b>Business-type Activities:</b>										
Transfers	(113,558)	(102,937)	(104,426)	(100,257)	(107,750)	(118,671)	(120,002)	(122,251)	(120,065)	(117,703)
<b>Total Business-type Activities</b>	<b>(113,558)</b>	<b>(102,937)</b>	<b>(104,426)</b>	<b>(100,257)</b>	<b>(107,750)</b>	<b>(118,671)</b>	<b>(120,002)</b>	<b>(122,251)</b>	<b>(120,065)</b>	<b>(117,703)</b>
<b>Total Primary Government</b>	<b>\$ 1,606,902</b>	<b>\$ 1,719,818</b>	<b>\$ 1,594,989</b>	<b>\$ 1,416,685</b>	<b>\$ 1,407,328</b>	<b>\$ 1,305,532</b>	<b>\$ 1,149,684</b>	<b>\$ 1,223,239</b>	<b>\$ 1,319,542</b>	<b>\$ 1,206,840</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 123,497	\$ 304,511	\$ 242,962	\$ 212,232	\$ 261,343	\$ 243,932	\$ (72,203)	\$ 31,059	\$ 168,083	\$ 134,867
Business-type Activities	38,457	43,328	26,054	19,470	52,413	44,826	(1,813)	27,981	26,632	29,276
<b>Total Primary Government</b>	<b>\$ 161,954</b>	<b>\$ 347,839</b>	<b>\$ 269,016</b>	<b>\$ 231,702</b>	<b>\$ 313,756</b>	<b>\$ 288,758</b>	<b>\$ (74,016)</b>	<b>\$ 59,040</b>	<b>\$ 194,715</b>	<b>\$ 164,143</b>

Source: South Dakota Comprehensive Annual Financial Reports (FY 2006-2015). Previous years' amounts are not restated.



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

(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Fund (Per GASB 54):</b>										
Non-Spendable	\$ 3,911	\$ 3,629	\$ 3,419	\$ 2,916	\$ 3,148					
Restricted	10,479	8,264	1,018							
Committed										
Assigned	120,180	149,021	126,872	140,706	148,137					
Unassigned	183,570	159,403	186,444	147,445	136,018					
<b>Total General Fund</b>	<b>\$ 318,140</b>	<b>\$ 320,317</b>	<b>\$ 317,753</b>	<b>\$ 291,067</b>	<b>\$ 287,303</b>					
<b>Other Governmental Funds (Per GASB 54):</b>										
Non-Spendable	\$ 501,093	\$ 493,227	\$ 717,108	\$ 706,054	\$ 683,786					
Restricted	949,713	918,910	551,014	460,450	493,638					
Committed	51,119	46,766	43,993	38,930	36,844					
Assigned	27,633	34,339	49,758	43,815	34,684					
Unassigned	(3,624)	(5,040)	(1,462)	(2,931)	(18,859)					
<b>Total Other Governmental Funds</b>	<b>\$ 1,525,934</b>	<b>\$ 1,488,202</b>	<b>\$ 1,360,411</b>	<b>\$ 1,246,318</b>	<b>\$ 1,230,093</b>					
<b>General Fund (Prior to GASB 54):</b>										
Reserved						\$ 21,104	\$ 21,215	\$ 31,139	\$ 32,581	\$ 22,993
Unreserved						133,962	131,363	138,883	142,809	142,505
<b>Total General Fund</b>						<b>\$ 155,066</b>	<b>\$ 152,578</b>	<b>\$ 170,022</b>	<b>\$ 175,390</b>	<b>\$ 165,498</b>
<b>Other Governmental Funds (Prior to GASB 54):</b>										
Reserved						\$ 873,931	\$ 872,653	\$ 886,761	\$ 848,892	\$ 836,770
Unreserved, Reported in:										
Special Revenue Funds						332,270	232,200	342,384	446,152	394,636
Capital Projects Funds						148	2,484	2,460	7,084	10,068
<b>Total Other Governmental Funds</b>						<b>\$ 1,206,349</b>	<b>\$ 1,107,337</b>	<b>\$ 1,231,605</b>	<b>\$ 1,302,128</b>	<b>\$ 1,241,474</b>

**Note:** The State of South Dakota implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications. Fiscal Year 2015 fund balance classifications are not comparable to classifications to years prior to 2011.

**Source:** South Dakota Comprehensive Annual Financial Reports (FY 2006-2015).

**State of South Dakota**  
**Changes in Fund Balances, All Governmental Funds**  
**Last Ten Fiscal Years**  
(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes										
Sales & Use	\$ 876,138	\$ 857,559	\$ 802,700	\$ 779,002	\$ 741,455	\$ 663,146	\$ 675,652	\$ 668,123	\$ 625,133	\$ 597,230
Insurance Company	80,133	73,876	70,740	66,679	61,799	62,499	61,669	60,930	55,900	55,810
Liquor	16,356	15,988	15,835	14,519	14,953	14,247	14,782	13,044	13,138	12,602
Cigarette	52,776	51,616	51,940	50,704	46,700	62,918	56,607	57,160	43,998	26,689
Bank Franchise	20,669	23,943	49,493	32,941	16,954	16,674	55,260	62,036	76,497	65,187
Contractor's Excise	102,246	93,746	94,967	90,636	66,518	85,973	71,533	79,137	81,069	76,980
Severance	7,508	9,286	9,141	15,153	9,748	9,229	7,972	6,847	5,160	4,422
Other Tobacco	7,995	8,131	6,562	6,495	6,075	4,912	6,273	5,368	2,230	1,460
Motor Fuel & Vehicle	240,382	215,203	212,521	206,259	192,198	184,953	179,125	187,654	176,788	171,095
Other	78,434	73,688	72,018	68,807	65,482	62,584	59,190	59,005	61,088	56,573
Licenses, Permits & Fees	281,742	267,628	252,420	225,803	202,449	197,006	180,337	175,989	166,133	159,597
Fines, Forfeits & Penalties	14,516	10,781	16,189	13,490	12,142	11,306	11,327	11,141	8,637	7,397
Use of Money & Property	59,865	157,633	153,479	42,881	162,577	123,020	(77,407)	(2,123)	160,057	86,306
Sales & Services	42,531	39,712	37,679	34,290	32,499	32,659	35,114	33,885	31,764	27,204
Admin. Programs	1,503,362	1,567,027	1,573,326	1,657,602	1,820,205	1,745,559	1,434,664	1,222,191	1,232,755	1,195,842
Tobacco Settlement	23,421	26,561	24,128	24,135	23,673	25,175	29,986	27,616	21,369	20,415
Other Revenue	77,614	129,147	65,272	42,676	40,008	33,437	27,858	26,215	27,864	32,442
<b>Total Revenues</b>	<b>3,485,688</b>	<b>3,621,525</b>	<b>3,508,410</b>	<b>3,372,072</b>	<b>3,515,435</b>	<b>3,335,297</b>	<b>2,829,942</b>	<b>2,694,218</b>	<b>2,789,580</b>	<b>2,597,251</b>
<b>Expenditures</b>										
General Government	87,785	87,409	74,394	73,714	70,493	71,532	76,533	76,431	79,349	76,734
Education	804,348	835,894	782,276	778,707	832,936	816,454	787,670	743,024	690,874	675,100
Health, Human & Social Services	1,435,850	1,387,821	1,364,933	1,351,100	1,350,402	1,364,846	1,222,021	1,124,311	1,038,035	1,010,287
Law, Justice, Public Protection & Regulation	281,688	320,080	280,691	303,237	311,583	263,499	240,601	231,559	224,404	232,803
Agriculture & Natural Resources	143,466	148,596	139,861	138,598	155,064	132,683	125,640	123,257	123,367	109,781
Economic Resources	74,182	40,062	43,108	40,553	50,986	52,872	44,940	46,893	39,124	57,981
Transportation	554,536	582,939	604,048	625,661	576,777	495,796	448,159	400,200	492,073	477,845
State Shared Revenue	169,514	161,564	141,514	122,320	100,493	103,425	99,064	103,633	101,669	99,171
Capital Outlay	2,038	2,541	387	4,773	4,381	2,336	2,172	4,622	8,982	
Debt Service:										
Principal	17,272	20,973	30,059	25,622	22,225	22,958	26,951	24,582	21,419	15,704
Interest	9,261	10,206	13,896	16,219	17,504	18,550	20,174	21,542	21,832	22,980
Bond Issuance Costs	346	83	1,817							
Payment to Refunded Bond Escrow Agent		16,924	8,016							
<b>Total Expenditures</b>	<b>3,580,286</b>	<b>3,615,092</b>	<b>3,485,000</b>	<b>3,480,504</b>	<b>3,492,844</b>	<b>3,344,951</b>	<b>3,093,925</b>	<b>2,900,054</b>	<b>2,841,128</b>	<b>2,778,386</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(94,598)</b>	<b>6,433</b>	<b>23,410</b>	<b>(108,432)</b>	<b>22,591</b>	<b>(9,654)</b>	<b>(263,983)</b>	<b>(205,836)</b>	<b>(51,548)</b>	<b>(181,135)</b>
<b>Other Financing Sources (Uses):</b>										
Capital Leases	1,125	20,350	12,605	23,770	19,465					
Insurance Proceeds		24		222		809				
Bonds Issued	13,410	4,500			9,505		2,175		5,950	10,000
Premiums on Bond Issuance	314				154		44		15	280
Proceeds of Refunding Bonds	10,408		169,645		801				25,855	2,864
Premiums on Refunding Bonds	1,657		9,026		24				1,165	149
Proceeds from Sale of Capital Assets	2,099	4,459	5,154	6,096	1,588	4,963	3,296	2,757	2,707	10,799
Payments on Advance Refundings	(11,379)		(176,854)		(741)				(26,715)	(2,932)
Transfers In	271,301	262,172	254,094	270,315	237,968	413,897	383,285	436,670	370,854	415,783
Transfers Out	(158,782)	(167,866)	(150,699)	(171,982)	(135,374)	(294,699)	(265,348)	(311,538)	(257,737)	(298,868)
<b>Net Other Financing Sources (Uses)</b>	<b>130,153</b>	<b>123,639</b>	<b>122,971</b>	<b>128,421</b>	<b>133,390</b>	<b>124,970</b>	<b>123,452</b>	<b>127,889</b>	<b>122,094</b>	<b>138,075</b>
Special Item										
Sale of Railroad Infrastructure										34,337
<b>Total Special Items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,337</b>
<b>Net Change in Fund Balances</b>	<b>\$ 35,555</b>	<b>\$ 130,072</b>	<b>\$ 146,381</b>	<b>\$ 19,989</b>	<b>\$ 155,981</b>	<b>\$ 115,316</b>	<b>\$ (140,531)</b>	<b>\$ (77,947)</b>	<b>\$ 70,546</b>	<b>\$ (8,723)</b>
Debt Service as a Percentage of Noncapital Expenditures	0.79%	1.42%	1.63%	1.31%	1.21%	1.32%	1.60%	1.69%	1.64%	1.53%

Source: South Dakota Comprehensive Annual Financial Reports (FY 2006-2015). Previous years' amounts are not restated.

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

Taxable Sales by Industry	Fiscal Year				
	2015	2014	2013	2012	2011
Agriculture, Forestry, and Fishing	\$ 297,936	\$ 287,680	\$ 253,605	\$ 241,819	\$ 224,548
Mining	105,773	118,587	102,408	112,925	95,566
Construction	27,123	31,241	25,832	23,842	19,479
Manufacturing	873,909	902,791	778,735	788,163	944,070
Transportation and Public Utilities	2,765,194	2,769,521	2,556,524	2,422,870	2,920,135
Wholesale Trade	1,617,613	1,514,416	1,403,736	1,460,278	1,300,644
Retail Trade	10,864,164	10,571,228	10,162,245	9,764,051	8,930,620
Finance, Insurance, and Real Estate	394,780	384,474	367,556	308,237	291,692
Services	3,650,026	3,396,424	3,231,543	3,090,080	2,980,187
Public Administration	2,390	2,029	4,082	1,799	2,082
Nonclassifiable Establishments					
<b>Totals</b>	<b>\$ 20,598,908</b>	<b>\$ 19,978,391</b>	<b>\$ 18,886,266</b>	<b>\$ 18,214,064</b>	<b>\$ 17,709,023</b>
Direct Sales Tax Rate	4.00%	4.00%	4.00%	4.00%	4.00%

Taxable Sales by Industry	Fiscal Year				
	2010	2009	2008	2007	2006
Agriculture, Forestry, and Fishing	\$ 206,139	\$ 206,927	\$ 199,715	\$ 178,366	\$ 170,983
Mining	62,308	106,421	87,996	79,841	73,130
Construction	20,345	38,652	34,042	18,338	20,626
Manufacturing	592,309	642,782	658,846	675,156	611,195
Transportation and Public Utilities	2,536,794	2,464,786	2,324,638	2,010,946	1,853,628
Wholesale Trade	1,131,812	1,262,986	1,253,201	1,151,922	1,115,834
Retail Trade	8,588,168	8,654,677	8,572,397	8,080,893	7,870,890
Finance, Insurance, and Real Estate	307,204	301,474	320,208	318,811	317,054
Services	2,773,413	2,784,114	2,721,315	2,561,395	2,346,888
Public Administration	1,584	1,629	1,456	1,337	1,307
Nonclassifiable Establishments	6	8	36	8	9
<b>Totals</b>	<b>\$ 16,220,082</b>	<b>\$ 16,464,456</b>	<b>\$ 16,173,850</b>	<b>\$ 15,077,013</b>	<b>\$ 14,381,544</b>
Direct Sales Tax Rate	4.00%	4.00%	4.00%	4.00%	3.98%

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

**Notes:**

- Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- Taxable sales: This is the amount of sales and use taxable sales on tangible personal property, services and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- Whenever there are less than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.
- The taxable figures could include amended returns that were due in prior periods.

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

Fiscal Year 2015				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	3,162	3.76%	\$ 297,936	1.45%
Mining	231	0.28%	105,773	0.51%
Construction	527	0.63%	27,123	0.13%
Manufacturing	3,939	4.69%	873,909	4.24%
Transportation and Public Utilities	2,697	3.21%	2,765,194	13.42%
Wholesale Trade	6,940	8.26%	1,617,613	7.85%
Retail Trade	31,642	37.65%	10,864,164	52.74%
Finance, Insurance, and Real Estate	2,136	2.54%	394,780	1.92%
Services	32,706	38.92%	3,650,026	17.72%
Public Administration	56	0.07%	2,390	0.01%
Nonclassifiable Establishments		0.00%		0.00%
<b>Total</b>	<b>84,036</b>	<b>100.00%</b>	<b>\$ 20,598,908</b>	<b>100.00%</b>

Fiscal Year 2012				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	3,274	4.05%	\$ 241,819	1.33%
Mining	218	0.27%	112,925	0.62%
Construction	469	0.58%	23,842	0.13%
Manufacturing	3,399	4.20%	788,163	4.33%
Transportation and Public Utilities	3,034	3.75%	2,422,870	13.30%
Wholesale Trade	7,186	8.88%	1,460,278	8.02%
Retail Trade	29,963	37.02%	9,764,051	53.61%
Finance, Insurance, and Real Estate	2,116	2.62%	308,237	1.69%
Services	31,216	38.57%	3,090,080	16.97%
Public Administration	56	0.07%	1,799	0.01%
Nonclassifiable Establishments		0.00%		0.00%
<b>Total</b>	<b>80,931</b>	<b>100.00%</b>	<b>\$ 18,214,064</b>	<b>100.00%</b>

Fiscal Year 2009				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	2,933	3.54%	\$ 206,927	1.26%
Mining	218	0.26%	106,421	0.65%
Construction	547	0.66%	38,652	0.24%
Manufacturing	3,397	4.10%	642,782	3.90%
Transportation and Public Utilities	3,817	4.61%	2,464,786	14.97%
Wholesale Trade	7,318	8.83%	1,262,986	7.67%
Retail Trade	32,538	39.26%	8,654,677	52.57%
Finance, Insurance, and Real Estate	2,196	2.65%	301,474	1.83%
Services	29,880	36.05%	2,784,114	16.91%
Public Administration	38	0.05%	1,629	0.01%
Nonclassifiable Establishments	3	0.00%	8	0.00%
<b>Total</b>	<b>82,885</b>	<b>100.00%</b>	<b>\$ 16,464,456</b>	<b>100.00%</b>

Fiscal Year 2006				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	2,711	4.21%	\$ 170,983	1.190%
Mining	153	0.24%	73,130	0.510%
Construction	502	0.78%	20,626	0.140%
Manufacturing	2,120	3.29%	611,195	4.25%
Transportation and Public Utilities	2,722	4.23%	1,853,628	12.890%
Wholesale Trade	3,932	6.11%	1,115,834	7.760%
Retail Trade	23,505	36.50%	7,870,890	54.730%
Finance, Insurance, and Real Estate	1,678	2.61%	317,054	2.210%
Services	27,037	41.98%	2,346,888	16.32%
Public Administration	34	0.05%	1,307	0.010%
Nonclassifiable Establishments	1	0.00%	9	0.000%
<b>Total</b>	<b>64,395</b>	<b>100.00%</b>	<b>\$ 14,381,544</b>	<b>100.00%</b>

Fiscal Year 2014			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,411	4.04%	\$ 287,680	1.44%
237	0.28%	118,587	0.59%
525	0.62%	31,241	0.16%
3,820	4.53%	902,791	4.52%
2,728	3.23%	2,769,521	13.86%
6,908	8.19%	1,514,416	7.58%
31,494	37.33%	10,571,228	52.91%
2,172	2.58%	384,474	1.92%
33,007	39.13%	3,396,424	17.00%
56	0.07%	2,029	0.01%
	0.00%		0.00%
<b>84,358</b>	<b>100.00%</b>	<b>\$ 19,978,391</b>	<b>100.00%</b>

Fiscal Year 2013			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,424	4.13%	\$ 253,605	1.34%
233	0.28%	102,408	0.54%
463	0.56%	25,832	0.14%
3,608	4.35%	778,735	4.12%
2,941	3.55%	2,556,524	13.54%
7,226	8.72%	1,403,736	7.43%
30,452	36.74%	10,162,245	53.81%
2,133	2.57%	367,556	1.95%
32,354	39.03%	3,231,543	17.11%
60	0.07%	4,082	0.02%
	0.00%		0.00%
<b>82,894</b>	<b>100.00%</b>	<b>\$ 18,886,266</b>	<b>100.00%</b>

Fiscal Year 2011			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,165	3.99%	\$ 224,548	1.27%
223	0.28%	95,566	0.54%
447	0.56%	19,479	0.11%
3,306	4.17%	944,070	5.33%
3,297	4.16%	2,920,135	16.49%
6,741	8.50%	1,300,644	7.35%
29,017	36.59%	8,930,620	50.43%
2,121	2.67%	291,692	1.65%
30,934	39.01%	2,980,187	16.83%
55	0.07%	2,082	0.01%
-	0.00%	-	0.00%
<b>79,306</b>	<b>100.00%</b>	<b>\$ 17,709,023</b>	<b>100.00%</b>

Fiscal Year 2010			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,975	3.97%	\$ 206,139	1.27%
218	0.29%	62,308	0.38%
462	0.62%	20,345	0.13%
3,084	4.11%	592,309	3.65%
3,093	4.13%	2,536,794	15.64%
6,237	8.32%	1,131,812	6.98%
28,214	37.63%	8,588,168	52.95%
2,058	2.75%	307,204	1.89%
28,589	38.13%	2,773,413	17.10%
44	0.06%	1,584	0.01%
1	0.00%	6	0.00%
<b>74,975</b>	<b>100.00%</b>	<b>\$ 16,220,082</b>	<b>100.00%</b>

Fiscal Year 2008			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,856	3.84%	\$ 199,715	1.24%
185	0.25%	87,996	0.54%
514	0.69%	34,042	0.21%
2,882	3.87%	658,846	4.07%
3,137	4.22%	2,324,638	14.37%
5,780	7.77%	1,253,201	7.75%
28,216	37.92%	8,572,397	53.00%
1,994	2.68%	320,208	1.98%
28,817	38.72%	2,721,315	16.83%
33	0.04%	1,456	0.01%
4	0.01%	36	0.00%
<b>74,418</b>	<b>100.00%</b>	<b>\$ 16,173,850</b>	<b>100.00%</b>

Fiscal Year 2007			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,665	3.87%	\$ 178,366	1.18%
170	0.25%	79,841	0.53%
461	0.67%	18,338	0.12%
2,778	4.04%	675,156	4.48%
3,077	4.47%	2,010,946	13.34%
5,444	7.91%	1,151,922	7.64%
25,655	37.27%	8,080,893	53.60%
1,846	2.68%	318,811	2.12%
26,711	38.80%	2,561,395	16.99%
35	0.05%	1,337	0.01%
1	0.00%	8	0.00%
<b>68,843</b>	<b>100.00%</b>	<b>\$ 15,077,013</b>	<b>100.00%</b>

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

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are less than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.
- (e) The taxable figures could include amended returns that were due in prior periods.

**State of South Dakota**  
**Ratios of Outstanding Long-Term Debt**  
**Last Ten Fiscal Years**

(Dollars Expressed in Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental Activities:					
Revenue Bonds	\$ 174,764	\$ 177,303	\$ 191,295	\$ 227,586	\$ 250,376
Trust Certificates	570	880	13,595	16,490	19,250
Capital Leases	116,352	100,727	78,682	64,279	40,187
<b>Total Governmental Activities</b>	<b>291,686</b>	<b>278,910</b>	<b>283,572</b>	<b>308,355</b>	<b>309,813</b>
Business-type Activities:					
Revenue Bonds	263,818	207,448	212,523	222,705	174,218
Capital Leases					
<b>Total Business-type Activities</b>	<b>263,818</b>	<b>207,448</b>	<b>212,523</b>	<b>222,705</b>	<b>174,218</b>
<b>Total Primary Government</b>	<b>\$ 555,504</b>	<b>\$ 486,358</b>	<b>\$ 496,095</b>	<b>\$ 531,060</b>	<b>\$ 484,031</b>
South Dakota Total Personal Income (r)	\$ 38,631,202	\$ 37,855,216	\$ 37,378,789	\$ 36,461,838	\$ 32,813,985
Debt as a Percentage of Personal Income	1.4%	1.3%	1.3%	1.5%	1.5%
South Dakota Population (in thousands)	853	853	846	835	824
Long-Term Debt per Capita	\$ 651.24	\$ 570.17	\$ 586.40	\$ 636.00	\$ 587.42

	Fiscal Year				
	2010	2009	2008	2007	2006
Governmental Activities:					
Revenue Bonds	\$ 260,168	\$ 280,501	\$ 302,663	\$ 324,250	\$ 336,976
Trust Certificates	21,895	24,435	26,870	29,730	32,465
Capital Leases	25,480	29,632	30,971	30,992	30,925
<b>Total Governmental Activities</b>	<b>307,543</b>	<b>334,568</b>	<b>360,504</b>	<b>384,972</b>	<b>400,366</b>
Business-type Activities:					
Revenue Bonds	126,510	131,097	135,525	99,798	102,322
Capital Leases				4	13
<b>Total Business-type Activities</b>	<b>126,510</b>	<b>131,097</b>	<b>135,525</b>	<b>99,802</b>	<b>102,335</b>
<b>Total Primary Government</b>	<b>\$ 434,053</b>	<b>\$ 465,665</b>	<b>\$ 496,029</b>	<b>\$ 484,774</b>	<b>\$ 502,701</b>
South Dakota Total Personal Income (r)	\$ 31,202,233	\$ 32,040,940	\$ 29,493,814	\$ 26,543,123	\$ 25,935,099
Debt as a Percentage of Personal Income	1.4%	1.5%	1.7%	1.8%	1.9%
South Dakota Population (in thousands)	816	812	805	797	789
Long-Term Debt per Capita	\$ 531.93	\$ 573.48	\$ 616.19	\$ 608.25	\$ 637.14

**Source:** Debt information obtained from the South Dakota Comprehensive Annual Financial Reports (FY 2006-2015)  
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2015 is preliminary.
  - (b) Detail about the State's debt can be found in Note 14 of the financial statements.
  - (c) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000.
  - (d) The State has no specific limitation of the debt that can be issued by the Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, however Legislative approval is required.
  - (r) Data for Total Personal Income for 2006 - 2014 has been revised.

**State of South Dakota**  
**Ratios of Outstanding Long-Term Debt,**  
**Last Ten Fiscal Years**  
(Dollars Expressed in Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenue Bonds and Trust</b>										
<b>Certificates - Building Authority</b>										
Revenue: Lease Payments	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646	\$ 15,052	\$ 15,276	\$ 15,940	\$ 17,003	\$ 16,778	\$ 16,989
Less: Operating Expenses										
<b>Net Available Revenue</b>	<b>\$ 8,898</b>	<b>\$ 12,654</b>	<b>\$ 13,569</b>	<b>\$ 14,646</b>	<b>\$ 15,052</b>	<b>\$ 15,276</b>	<b>\$ 15,940</b>	<b>\$ 17,003</b>	<b>\$ 16,778</b>	<b>\$ 16,989</b>
Debt Service:										
Principal	\$ 4,047	\$ 6,978	\$ 10,713	\$ 11,243	\$ 11,240	\$ 11,218	\$ 11,196	\$ 11,791	\$ 11,479	\$ 11,196
Interest	4,377	5,478	2,559	3,355	3,731	3,989	4,558	5,071	4,003	5,844
<b>Total Debt Service</b>	<b>\$ 8,424</b>	<b>\$ 12,456</b>	<b>\$ 13,272</b>	<b>\$ 14,598</b>	<b>\$ 14,971</b>	<b>\$ 15,207</b>	<b>\$ 15,754</b>	<b>\$ 16,862</b>	<b>\$ 15,482</b>	<b>\$ 17,040</b>
Coverage	1.06	1.02	1.02	1.00	1.01	1.00	1.01	1.01	1.08	1.00
<b>Revenue Bonds - Educational Enhancement Funding Corp.</b>										
Revenue:										
Tobacco Settlement	\$ 23,306	\$ 26,326	\$ 23,914	\$ 24,359	\$ 22,908	\$ 22,751	\$ 31,161	\$ 27,679	\$ 25,071	\$ 19,471
Investment Earnings	13	7	1,079	1,202	1,098	1,126	1,204	1,437	1,401	1,509
Less: Operating Expenses			165	152	152	149	161	149	158	148
<b>Net Available Revenue</b>	<b>\$ 23,319</b>	<b>\$ 26,333</b>	<b>\$ 24,828</b>	<b>\$ 25,409</b>	<b>\$ 23,854</b>	<b>\$ 23,728</b>	<b>\$ 32,204</b>	<b>\$ 28,967</b>	<b>\$ 26,314</b>	<b>\$ 20,832</b>
Debt Service:										
Principal	13,225	13,995	18,800							
Interest	4,376	4,498	10,828	12,975	13,799	14,583	15,615	16,480	16,841	17,134
<b>Total Debt Service</b>	<b>\$ 17,601</b>	<b>\$ 18,493</b>	<b>\$ 29,628</b>	<b>\$ 12,975</b>	<b>\$ 13,799</b>	<b>\$ 14,583</b>	<b>\$ 15,615</b>	<b>\$ 16,480</b>	<b>\$ 16,841</b>	<b>\$ 17,134</b>
Coverage	1.32	1.42	0.84	1.96	1.73	1.63	2.06	1.76	1.56	1.22
<b>Revenue Bonds - Clean Water State Revolving Fund</b>										
Revenue:										
Loan Repayments	\$ 26,637	\$ 25,502	\$ 24,394	\$ 29,078	\$ 43,202	\$ 16,789	\$ 16,089	\$ 14,689	\$ 10,780	\$ 9,702
Investment Income	3,900	3,988	3,402	3,494	3,259	2,722	2,600	2,258	3,104	4,046
Other Income	1,442	1,332	1,238	1,243	1,320	1,301	1,242	1,212	1,122	866
Less: Operating Expenses	1,294	1,080	2,476	1,304	982	948	779	1,710	1,448	1,219
<b>Net Available Revenue</b>	<b>\$ 30,685</b>	<b>\$ 29,742</b>	<b>\$ 26,558</b>	<b>\$ 32,511</b>	<b>\$ 46,799</b>	<b>\$ 19,864</b>	<b>\$ 19,152</b>	<b>\$ 16,449</b>	<b>\$ 13,558</b>	<b>\$ 13,395</b>
Debt Service:										
Principal	\$ 7,580	\$ 7,415	\$ 6,110	\$ 4,320	\$ 3,665	\$ 2,820	\$ 2,730	\$ 2,635	\$ 1,210	\$ 1,165
Interest	6,663	5,361	5,578	4,063	3,188	2,872	2,562	2,477	2,376	1,709
<b>Total Debt Service</b>	<b>\$ 14,243</b>	<b>\$ 12,776</b>	<b>\$ 11,688</b>	<b>\$ 8,383</b>	<b>\$ 6,853</b>	<b>\$ 5,692</b>	<b>\$ 5,292</b>	<b>\$ 5,112</b>	<b>\$ 3,586</b>	<b>\$ 2,874</b>
Coverage	2.15	2.33	2.27	3.88	6.83	3.49	3.62	3.22	3.78	4.66
<b>Revenue Bonds - Drinking Water State Revolving Fund</b>										
Revenue:										
Loan Repayments	\$ 25,234	\$ 19,597	\$ 19,956	\$ 34,599	\$ 31,338	\$ 13,987	\$ 12,824	\$ 10,599	\$ 9,230	\$ 5,322
Investment Income	2,639	3,148	2,558	2,351	1,987	1,681	1,780	1,641	1,828	2,055
Other Income	885	909	929	1,064	1,034	886	897	868	835	678
Less: Operating Expenses	123	142	146	137	164	213	57	70	50	
<b>Net Available Revenue</b>	<b>\$ 28,635</b>	<b>\$ 23,512</b>	<b>\$ 23,297</b>	<b>\$ 37,877</b>	<b>\$ 34,195</b>	<b>\$ 16,341</b>	<b>\$ 15,444</b>	<b>\$ 13,038</b>	<b>\$ 11,843</b>	<b>\$ 8,055</b>
Debt Service:										
Principal	\$ 4,475	\$ 4,380	\$ 4,050	\$ 2,845	\$ 2,495	\$ 1,815	\$ 1,745	\$ 1,685	\$ 1,360	\$ 440
Interest	2,276	2,155	2,284	2,676	2,517	2,281	2,223	2,142	2,074	2,147
<b>Total Debt Service</b>	<b>\$ 6,751</b>	<b>\$ 6,535</b>	<b>\$ 6,334</b>	<b>\$ 5,521</b>	<b>\$ 5,012</b>	<b>\$ 4,096</b>	<b>\$ 3,968</b>	<b>\$ 3,827</b>	<b>\$ 3,434</b>	<b>\$ 2,587</b>
Coverage	4.24	3.60	3.68	6.86	6.82	3.99	3.89	3.41	3.45	3.11

**Source:** Clean Water State Revolving Fund Financial Statements, Drinking Water State Revolving Fund Financial Statements, Education Enhancement Funding Corporation Annual Report, and Building Authority Lease Rental Schedules and Debt Service Schedules.

**Note:** (a) The Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and Drinking water State Revolving Fund are considered to be blended component units of the State. The Revenue Bonds and Trust Certificates issued by these entities may not be or become a lien, charge, or liability against the State.

(b) For the Educational Enhancement Funding Corporation, all turbo redemptions are excluded from this calculation.

(c) All funds are presented on an accrual basis except for the Building Authority Fund which is presented on a cash basis.

## *POPULATION (THOUSANDS)*

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>WEST N. CENTRAL*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2014	318,857	0.7%	21,006	0.5%	853	0.8%
2013	316,498	0.8%	20,893	0.6%	846	1.3%
2012	314,112	0.8%	20,759	0.6%	835	1.3%
2011	311,722	0.8%	20,645	0.5%	824	1.0%
2010	309,347	0.8%	20,536	0.7%	816	0.5%
2009	306,772	0.9%	20,392	0.7%	812	0.9%
2008	304,094	1.0%	20,249	0.7%	805	1.0%
2007	301,231	1.0%	20,106	0.7%	797	1.0%
2006	298,380	1.0%	19,957	0.8%	789	1.2%
2005	295,517	0.9%	19,803	0.6%	780	0.8%

**Note:** Midyear (July 1) population estimates. Revised estimates for 2010, 2011, 2012 and 2013. With each new release of July 1 population estimates, the Census Bureau Revises estimates for years back to the last census.

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

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

## *TOTAL PERSONAL INCOME (MILLIONS)*

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2014	\$ 14,683,147	4.4%	\$ 959,235	3.4%	\$ 38,631	2.0%
2013r	14,064,468	1.2%	927,867	1.3%	37,855	1.3%
2012r	13,904,485	5.1%	915,588	5.1%	37,379	2.5%
2011r	13,233,436	6.2%	871,048	7.4%	36,462	11.1%
2010r	12,459,613	3.1%	810,935	3.0%	32,814	5.2%
2009r	12,079,444	-3.3%	787,592	-3.3%	31,202	-2.6%
2008r	12,492,705	4.1%	814,322	6.3%	32,041	8.6%
2007r	11,995,419	5.4%	765,707	6.4%	29,494	11.1%
2006r	11,381,350	7.3%	719,895	6.0%	26,543	2.3%
2005r	10,610,320	5.6%	679,088	3.6%	25,935	3.4%

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

r = Revised Estimates

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

**Source:** U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2015



## *UNEMPLOYMENT RATE* (Seasonally Adjusted)

<b>YEAR</b>	<b>SOUTH DAKOTA</b>	<b>UNITED STATES</b>
2014r	3.4%	6.2%
2013r	3.8%	7.4%
2012r	4.3%	8.1%
2011r	4.7%	8.9%
2010r	5.0%	9.6%
2009r	4.9%	9.3%
2008r	3.1%	5.8%
2007r	2.8%	4.6%
2006	3.1%	4.6%
2005	3.7%	5.1%

r = Revised Estimates

Estimates for 2007 through 2014 have been recently updated.

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

## *PER CAPITA PERSONAL INCOME*

<b>YEAR</b>	<b>UNITED STATES</b>	<b>PERCENT CHANGE</b>	<b>PLAINS*</b>	<b>PERCENT CHANGE</b>	<b>SOUTH DAKOTA</b>	<b>PERCENT CHANGE</b>
2014	\$ 46,049	3.6%	\$ 45,665	2.8%	\$ 45,279	1.1%
2013r	44,438	0.4%	44,409	0.7%	44,772	0.0%
2012r	44,266	4.3%	44,105	4.5%	44,792	1.2%
2011r	42,453	5.4%	42,192	6.8%	44,241	10.0%
2010r	40,277	2.3%	39,488	2.2%	40,204	4.0%
2009r	39,376	-4.2%	38,621	-4.0%	38,661	-3.6%
2008r	41,082	3.2%	40,216	5.6%	40,095	7.6%
2007r	39,821	4.4%	38,084	5.6%	37,257	9.9%
2006r	38,144	6.2%	36,072	5.2%	33,898	1.4%
2005r	35,904	4.6%	34,293	3.0%	33,443	2.7%

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

r = revised estimates for 1976-2014

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

**Source:** U.S. Department of Commerce, September 2015

**State of South Dakota  
Top Ten Employers  
2015 as Compared to 2006**

<b>2015 Rank</b>	<b>Employer</b>	<b>South Dakota Employees</b>	<b>Percentage of Total South Dakota Employment</b>
1	Avera Medical (System-Wide)	16,357	4.0%
2	South Dakota State Government*	14,778	3.6%
3	Federal Government	11,078	2.7%
4	Sanford Medical (System-Wide)	10,175	2.5%
5	Sioux Falls MSA Local Government**	9,032	2.2%
6	Rapid City MSA Local Government**	6,233	1.5%
7	Walmart Associates (Oct. 14, 2014)	5,235	1.3%
8	Hy Vee Food Store	5,114	1.2%
9	Rapid City Regional Hospital Inc. (System-Wide)	4,823	1.2%
10	Wells Fargo Bank	3,520	0.9%
<b>Total Top Ten Employers</b>		<b>86,345</b>	<b>20.9%</b>
<b>Total SD Employment 2014-2015***</b>		<b>412,300</b>	

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

\*\* Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha, and Turner.

\*\* Rapid City MSA includes the following counties: Pennington and Meade.

\*\*\* SD Employment last 3 quarters 2014 and first quarter 2015

**Sources:** Compiled by the Governor's Office of Economic Development December 2015  
List of Companies: SD Dept. of Labor, Labor Market Information Center (LMIC)  
Employment Numbers: Private Companies (HR Departments & Corporate websites),  
LMIC for government employers

<b>2006 Rank</b>	<b>Employer</b>	<b>South Dakota Employees</b>	<b>Percentage of Total South Dakota Employment</b>
1	South Dakota State Government*	13,953	3.6%
2	Federal Government	11,124	2.9%
3	Sioux Falls MSA Local Government**	7,880	2.1%
4	Rapid City MSA Local Government**	5,618	1.5%
5	Sanford Health (Sioux Valley Hospital) (Sioux Falls)	5,380	1.4%
6	Walmart (Statewide)	4,200	1.1%
7	Avera McKennan Hospital (Sioux Falls)	3,450	0.9%
8	John Morrell & Company (Sioux Falls)	3,300	0.9%
9	Citibank South Dakota NA (Sioux Falls)	3,200	0.8%
10	Rapid City Regional Hospital (Rapid City)	3,000	0.8%
<b>Total Top Ten Employers</b>		<b>61,105</b>	<b>15.9%</b>
<b>Total SD Employment 2006</b>		<b>383,869</b>	

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

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

**Sources:** Development Corporations and Individual companies. Governmental information from Labor Market Information Center (LMIC).  
Compiled by SD State Data Center, USD Business Research Bureau

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

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

	2015p	2014r	2013r	2012	2011	2010	2009	2008	2007r	2006
Natural Resources/Mining/Construction*	23.4	22.2	21.4	21.1	21.1	21.0	21.8	23.3	23.2	22.8
Manufacturing	44.1	42.4	41.5	41.2	39.2	36.9	37.7	42.7	42.1	41.6
Trade/Transportation/Utilities	86.5	85.6	83.7	83.0	81.7	80.6	80.7	82.2	81.2	80.1
Wholesale Trade	21.0	20.8	19.9	19.5	19.0	18.6	18.3	18.7	18.4	18.2
Retail Trade	52.7	51.8	51.2	51.0	50.2	49.5	49.6	50.2	50.0	49.2
Trans/Warehousing/Util	13.0	13.0	12.6	12.5	12.5	12.5	12.8	13.2	12.9	12.7
Information	6.0	6.1	6.0	6.2	6.4	6.5	6.7	6.9	7.1	6.9
Financial Activities	29.9	29.6	29.7	28.6	28.1	28.9	30.4	31.0	30.9	29.5
Professional/Business Svcs.	30.4	30.1	29.5	29.2	28.7	27.5	26.9	28.0	27.6	25.7
Educational/Health Services	69.8	68.4	68.0	67.1	65.3	64.5	63.2	62.0	60.0	58.5
Leisure and Hospitality	46.4	45.3	44.7	44.3	43.4	43.0	42.9	43.2	43.1	42.5
Other Services (Except Public Administration)	16.0	15.8	15.9	15.8	15.6	15.6	15.7	15.9	15.8	15.6
Government	78.1	77.9	77.3	77.5	78.0	78.7	77.8	76.2	75.5	75.3
<b>TOTAL</b>	<b>430.8</b>	<b>423.4</b>	<b>417.7</b>	<b>414.0</b>	<b>407.5</b>	<b>403.2</b>	<b>403.7</b>	<b>411.4</b>	<b>406.5</b>	<b>398.6</b>
% Change in Nonfarm Employment	1.7%	1.4%	0.9%	1.6%	1.1%	-0.1%	-1.9%	1.2%	2.0%	2.2%

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

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

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

p = Preliminary Data

r = Revised Data

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

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

	EXPANSIONS		NEW		TOTAL	
	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT
2014	352	\$459.4	8	\$16.3	360	\$475.7
2013	283	\$278.6	8	\$204.7	291	\$483.3
2012	406	\$403.3	3	\$0.0	409	\$403.3
2011	367	\$276.5	4	\$0.9	371	\$277.4
2010	323	\$111.2	12	\$0.3	335	\$111.5
2009	398	\$215.5	9	\$0.0	408	\$217.0
2008	522	\$342.3	13	\$59.5	535	\$401.8
2007	528	\$733.4	8	\$2.7	536	\$736.1
2006	461	\$263.6	13	\$143.9	474	\$407.5
2005	344	\$221.0	16	\$54.1	360	\$275.1

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

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

**State of South Dakota  
Capital Asset Statistics by Function  
as of June 30, 2015**

	<b>Fiscal Year</b>			
	2015	2014	2013	2012
<b>General Government</b>				
Vehicles	2,904	2,929	2,862	2,852
Land (Acres)	760,806	760,806	760,804	760,828
<b>Equipment</b>	<b>1,406</b>	<b>1,367</b>	<b>1,388</b>	<b>1,406</b>
Buildings	22	19	15	17
Infrastructure	0	0	0	0
<b>Health, Human, and Social Services</b>				
Vehicles	7	7	8	8
Land (Acres)	799	799	777	710
<b>Equipment</b>	<b>651</b>	<b>604</b>	<b>610</b>	<b>590</b>
Buildings	92	93	48	47
Infrastructure	0	0	0	0
<b>Law, Justice, Public Protection, and Regulation</b>				
Vehicles	317	320	339	324
Land (Acres)	1,510	1,510	1,484	1,387
<b>Equipment</b>	<b>1,047</b>	<b>940</b>	<b>932</b>	<b>826</b>
Buildings	159	156	71	74
Infrastructure	0	0	0	0
<b>Agriculture and Natural Resources</b>				
Vehicles	392	373	373	377
Land (Acres)	360,938	360,323	360,137	360,039
<b>Equipment</b>	<b>1,576</b>	<b>1,509</b>	<b>1,490</b>	<b>1,457</b>
Buildings	73	65	55	52
Infrastructure	0	0	0	0
<b>Transportation</b>				
Vehicles	1,279	1,250	1,183	1,206
Land (Acres)	3,217	3,206	3,294	3,498
Land, ROW Roads	\$ 93,472,606	\$ 92,796,015	\$ 92,689,993	\$ 89,954,671
<b>Land Improvements, Roads</b>	<b>\$ 520,147,538</b>	<b>\$ 514,620,856</b>	<b>\$ 512,129,195</b>	<b>\$ 512,129,195</b>
Equipment	3,661	3,415	3,211	3,081
Buildings	183	175	115	109
Infrastructure				
-Roads: Lane Miles	8,862	8,850	8,850	8,858
-Bridges: Number of	1,799	1,796	1,798	1,799
-Railroads: Track Miles	530	530	530	513
<b>Education</b>				
Vehicles	0	0	0	0
Land (Acres)	184	77	77	77
<b>Equipment</b>	<b>25</b>	<b>24</b>	<b>17</b>	<b>11</b>
Buildings	27	27	26	22
Infrastructure	0	0	0	0
<b>Economic Resources</b>				
Vehicles	0	0	1	2
Land (Acres)	0	0	0	0
<b>Equipment</b>	<b>47</b>	<b>49</b>	<b>45</b>	<b>42</b>
Buildings	1	1	0	0
Infrastructure	0	0	0	0

**Source:** Survey conducted by BFM of the department's finance personnel and the Fixed Asset System.

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

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

	Fiscal Year		
	2015	2014	2013
<b>General Government</b>			
Executive Management			
Bureau of Finance and Management			
Complete Governors Budget Book	Annual	Annual	Annual
Finalize State Operating Budget	Annual	Annual	Annual
Bureau of Information and Telecommunications			
Data Storage (GB)	N/A	N/A	N/A
SDPB Local Production (Hours)	3,760	3,735	3,656
Radio Calls through Digital Network	27,888,987	26,319,746	26,968,003
Bureau of Human Resources			
Health: Employees, COBRA, Retirees/Dependents	13,328 / 13,360	13,413 / 13,426	13,296 / 13,305
Bureau of Administration			
Pieces of Mail Handled/Year	7,720,306	7,719,049	8,047,767
Total Miles Driven	38,848,323	38,241,658	38,739,712
Revenue			
Total Active Business Licenses	80,779	80,236	81,047
Vehicles Registered	1,425,379	1,258,147	1,402,128
Misc. Special Tax Licenses	5,228	5,372	5,430
Lottery			
Licensed Lottery Retailers--Instant Only	12	12	12
Licensed Lottery Retailers--On-line	608	600	597
Legislature			
Auditor General			
Audits Performed	46	56	49
Audits Reviewed (IPA reports)	326	322	338
School and Public Lands			
Apportion Common School Interest Fund and Income to School Districts (in Thousands)	\$ 9,969	\$ 8,774	\$ 7,422
Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (in Thousands)	\$ 2,104	\$ 1,500	\$ 1,991
Secretary of State			
Business and Secured Transaction Filings	120,807	151,658	100,492
State Treasurer			
Cash Receipts (Thousands)	\$ 4,917,575	\$ 4,883,829	\$ 4,621,725
Unclaimed Property - Claims Paid	4,500	10,024	3,973
State Auditor			
Vouchers Audited	290,861	297,649	289,083
Warrants Written	298,293	306,344	318,863
<b>Health, Human, and Social Services</b>			
Social Services			
Medicaid Enrolled/Month	117,346	115,328	116,128
Long Term Care Services - Clients Served	3,977	4,051	4,053
Health			
Public Health Investigations	13,750	13,875	12,618
Labor			
State Labor Force	450,900	450,660	446,990
Unemployment Rate	3.50%	3.70%	4.30%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.040%	0.040%
Budget Compared to Benefits	0.870%	0.890%	0.870%
Veterans Benefits and Services			
South Dakota Veteran Population	75,000	75,000	75,000
State Veterans' Home			
Average Daily Census	121	113	118
Human Services			
People with Developmental Disabilities Served	3,104	3,078	3,032
People with Mental Illness Served	16,653	16,142	16,110
People with Substance Abuse Issues Served	11,525	11,579	12,305
People Receiving Vocational Rehabilitation Services	5,299	5,798	6,166

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual
N/A	N/A	N/A	N/A	N/A	10,347	6,273
2,056	2,456	1,528	1,480	736	740	719
26,052,239	24,122,503	22,188,596	21,468,474	21,885,767	22,584,630	18,719,091
13,234 / 13,008	13,372 / 12,488	13,427 / 11,876	13,316 / 11,568	13,171 / 11,696	13,133 / 11,846	13,105 / 11,713
8,631,113	8,991,825	9,274,640	9,687,084	9,909,143	11,638,363	9,977,094
38,755,956	37,663,512	37,506,764	37,136,509	38,788,928	38,180,716	39,406,852
80,130	78,399	78,919	76,367	73,456	72,315	70,685
1,081,516	1,156,109	1,137,621	1,113,254	1,168,616	1,129,972	1,135,960
5,333	5,332	5,346	5,298	5,580	5,672	8,030
12	13	14	129	620	615	609
591	584	579	480	476	447	407
73	59	58	59	56	81	69
327	356	349	286	285	322	293
\$ 7,433	\$ 8,274	\$ 8,672	\$ 10,997	\$ 8,771	\$ 8,453	\$ 8,265
\$ 1,957	\$ 1,629	\$ 1,905	\$ 1,990	\$ 1,967	\$ 2,026	\$ 1,753
92,608	90,291	91,288	97,572	100,959	101,215	95,518
\$ 4,667,076	\$ 4,435,684	\$ 4,196,085	\$ 3,812,475	\$ 3,843,830	\$ 3,705,226	\$ 3,625,844
2,992	4,619	7,390	6,113	6,505	5,084	6,138
291,219	293,522	288,997	283,596	287,358	287,076	309,479
400,307	433,121	451,581	473,409	507,447	595,412	634,882
115,731	114,405	111,005	104,520	102,310	100,393	100,274
4,138	4,276	4,346	4,347	4,359	4,419	4,452
10,386	10,379	15,292	12,365	13,014	12,922	15,416
444,805	444,980	442,940	447,275	443,765	440,030	432,442
4.50%	4.90%	5.00%	4.10%	2.80%	3.00%	3.50%
0.042%	0.053%	0.057%	0.063%	0.045%	0.044%	0.044%
0.900%	1.120%	1.140%	1.180%	1.110%	1.220%	1.260%
72,000	72,000	72,400	73,500	74,273	73,325	74,224
130	129	132	129	124	119	119
2,970	2,899	2,837	2,814	2,776	2,762	2,727
15,572	14,915	13,998	13,261	12,901	12,246	11,591
14,307	14,893	15,131	15,338	15,146	15,069	14,180
6,477	6,224	5,710	5,606	5,714	6,508	6,819

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

	Fiscal Year		
	2015	2014	2013
<b>Law, Justice, Public Protection, and Regulation</b>			
Corrections			
Adult System ADP (Average Daily Population)	3,610	3,645	3,637
Avg. Daily Population on Supervision	2,315	2,297	2,473
Juvenile Institutional and Placement ADP	650	649	688
Unified Judicial System			
Felony Offenses Filings/Pending	10,392 / N/A	9413 / N/A	6856 / N/A
Class One Misdemeanor Filings/Pending	20,979 / N/A	20,518 / N/A	22,720 / N/A
Class Two Misdemeanor Filings/Pending	112,323 / N/A	105,213 / N/A	111,461 / N/A
Attorney General			
New Cases Opened/Closed/Pending (Thousands)	1.9 / 2.0 / 1.9	2.2 / 2.9 / 1.5	1.2 / 2.2 / 1.6
Investigations Conducted by DCI	1,062	1,077	1,013
Public Safety			
Patrol of Public Highways (Percentage)	54%	60%	45%
Patrol of Public Highways (Hours)	N/A	N/A	N/A
Driver Licenses Issued	198,279	156,731	198,733
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,165	3,204	3,220
Assigned Strength of the Air Guard	1,050	1,044	1,030
Appraiser Program			
New / Renewed Licenses	11 / 380	10 / 368	20 / 399
Revenue Financial Services			
Banking Institutions Examined	N/A	542	534
Dealer, Broker & Investment Advisor Agents Licensed	91,545	86,131	81,567
Renewed & Issued Insurance Appointments/Licenses	282,241	269,568	286,078
Revenue Boards and Commissions			
New & Renewed Licenses Issued	6,708	7,102	7,137
Public Utilities Commission			
Dockets Opened	193	240	265
<b>Agriculture and Natural Resources</b>			
Agriculture			
Wildfires Suppressed: (Fires/Acres)	642 / 53,145	451 / 11,421	1,253 / 148,604
Dairy Inspections	500	520	713
Marketing Consultations	N/A	N/A	390
Insect & Disease Individual Assists	279	288	491
Game, Fish and Parks			
Total Park Visitations	7,605,595	8,115,000	8,091,937
Acres of Walk-In Areas	1,389,734	1,270,000	1,277,000
Environment and Natural Resources			
Dollars Awarded/Number of Grants and Loans (Added Water Quality Grants in FY05 & FY06)	118.3 M / 113	78.9M / 95	88.8M / 108
Total Number of Regulated Facilities	28,359	28,740	27,820
Petroleum Release Compensation			
Petroleum Release Cases Initiated	60	45	120
Abandoned Tank Site Cases Initiated	62	100	81
<b>Transportation</b>			
Transportation			
Percent of Non-interstate State Highway System Main Lane Pavement Mileage Rated Good or Better on Condition Index	90	89	88
Percent of Interstate Pavement in Excellent Condition Based on Condition Index	53	46	45
<b>Education</b>			
Student K-12 Public School Fall Enrollment	129,772	128,924	127,169
<b>Economic Resources</b>			
Tourism and State Development			
Capital Investment Reported (Millions)	\$ 475.0	\$ 300.0	\$ 400.0
New Jobs Created (Calendar Year)	3,300	4,000	3,000
Tourism's Impact on South Dakota Economy (Billions)	\$ 1.99	\$ 1.98	\$ 1.95

Source: State's Budget System and/or survey of department finance personnel.

N/A= Not Applicable



		Fiscal Year						
2012	2011	2010	2009	2008	2007	2006		
3,565	3,479	3,490	3,428	3,373	3,412	3,466		
2,418	2,452	2,385	2,311	2,379	2,312	2,011		
526	459	446	497	461	489	510		
7225 / N/A	6,456 / N/A	6,126 / N/A	5,745 / 7,249	5,797 / 7,104	5,660 / 7,388	6,970 / 7,462		
21,690 / N/A	19,929 / N/A	20,141 / N/A	21,896 / 23,039	22,611 / 22,924	23,464 / 22,296	24,064 / 22,570		
117,594 / N/A	112,853 / N/A	124,965 / N/A	134,617 / 44,143	139,262 / 46,389	139,933 / 43,043	141,405 / 43,614		
.85 / 2.1 / 1.5	1.0 / 1.3 / 2.5	.8 / 1.3 / 2.3	.8 / 1.1 / 2.1	1.1 / .9 / 2.0	1.1 / 1.0 / 1.9	1.2 / 1.2 / 1.9		
1,012	902	867	772	759	534	599		
46%	45%	N/A	N/A	N/A	N/A	N/A		
N/A	131,508	130,700	130,503	124,763	139,828	136,428		
201,766	198,871	176,153	150,056	195,900	205,260	198,755		
3,266	3,420	3,441	3,391	3,368	3,360	3,425		
1,038	1,057	1,103	1,108	1,012	1,008	1,015		
15 / 383	11 / 381	18 / 354	17 / 372	22 / 354	17 / 360	33 / 361		
563	562	538	538	553	376	609		
79,886	77,038	62,262	61,995	63,004	60,015	54,396		
243,465	270,412	269,361	254,327	223,240	210,739	211,904		
7,517	6,853	8,191	7,425	8,387	7,351	7,759		
238	143	178	199	227	306	258		
1,267 / 123,484	468 / 7,100	398 / 10,335	337 / 5,803	595 / 55,731	904 / 288,616	762 / 47,860		
831	956	1,078	1,444	1,300	1,350	1,549		
375	375	385	360	396	300	220		
354	307	333	400	500	792	390		
7,682,751	7,469,331	7,785,508	7,638,828	7,371,201	7,326,503	7,202,975		
1,271,743	1,300,000	1,250,000	1,201,430	1,152,653	1,000,000	1,080,000		
96.4M / 129	119.1M / 155	80.6M / 109	100M / 129	99.3M / 113	34.8M / 102	91.4M / 135		
27,331	26,679	26,365	26,328	25,677	24,445	23,123		
95	62	64	70	45	22	29		
45	36	45	53	33	45	38		
93	88	85	84	83	83	78		
53	33	31	45	40	41	35		
125,152	123,629	122,055	121,015	121,089	120,278	120,682		
\$ 282.0	\$ 118.0	\$ 217.0	\$ 401.8	\$ 736.1	\$ 407.5	\$ 275.1		
4,248	4,462	3,298	3,952	4,083	3,044	3,202		
\$ 1.86	\$ 1.76	\$ 2.42	\$ 2.74	\$ 2.42	\$ 2.35	\$ 2.16		

**State of South Dakota**  
**Full-Time Equivalent State Employees by Function of Government**  
**Last Ten Fiscal Years**  
(excluding Higher Education)

Function of State Government:	Fiscal Year				
	2015	2014	2013	2012	2011
General Government	998	983	970	967	1,003
Health, Human, and Social Services	3,007	2,999	3,009	3,004	3,040
Law, Justice, Public Protection, and Regulation	2,215	2,223	2,186	2,142	2,160
Agriculture and Natural Resources	943	929	941	925	938
Transportation	977	980	978	965	987
Education	178	128	130	132	133
Economic Resources	158	198	197	170	264
<b>State Total</b>	<b>8,476</b>	<b>8,440</b>	<b>8,411</b>	<b>8,305</b>	<b>8,525</b>

Function of State Government:	Fiscal Year				
	2010	2009	2008	2007	2006
General Government	1,020	1,019	1,000	993	990
Health, Human, and Social Services	3,121	3,064	3,051	3,054	3,113
Law, Justice, Public Protection, and Regulation	2,130	2,119	2,131	2,110	2,081
Agriculture and Natural Resources	942	918	908	899	907
Transportation	1,004	1,000	1,015	1,012	1,024
Education	135	130	134	139	136
Economic Resources	257	199	180	168	170
<b>State Total</b>	<b>8,609</b>	<b>8,449</b>	<b>8,419</b>	<b>8,375</b>	<b>8,421</b>

**Source:** State's Budget System RB16

**Note:**

(a) A full-time equivalent employee, or FTE, represents one full-time position, or a number of part-time or seasonal positions.

