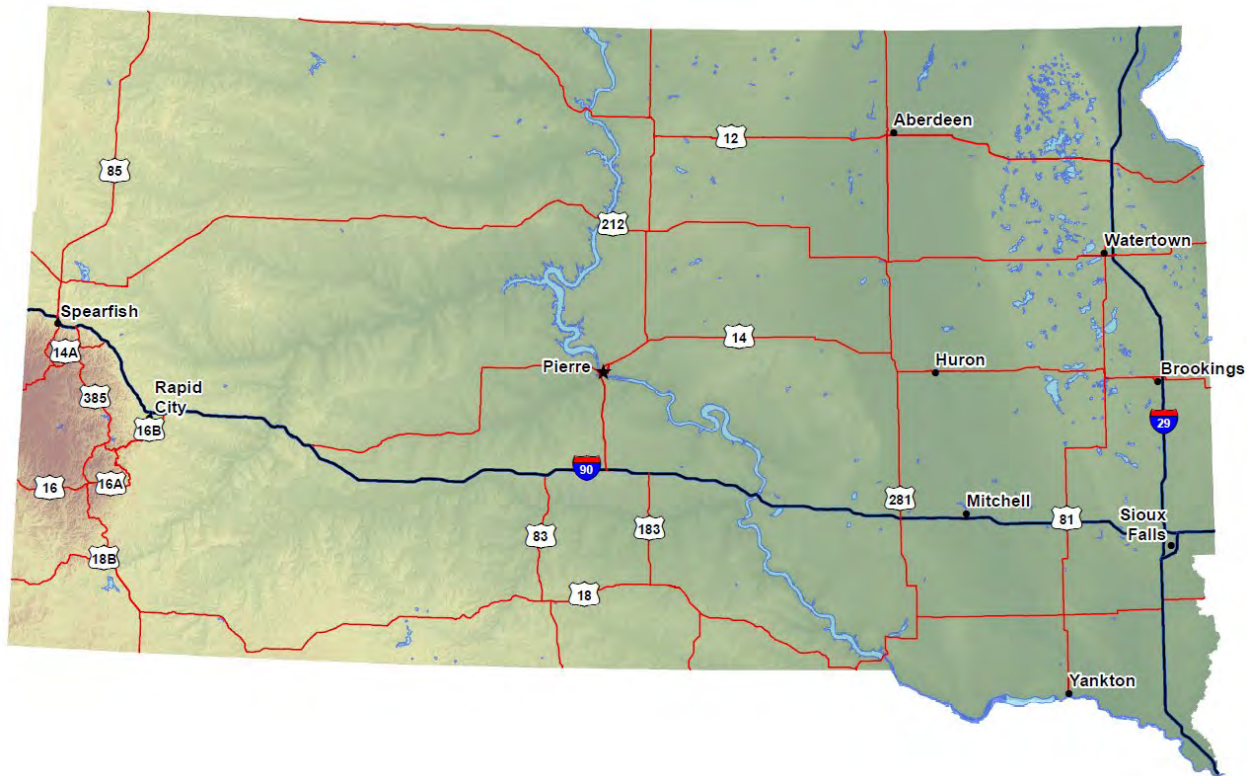




South Dakota

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020*



KRISTI NOEM, GOVERNOR

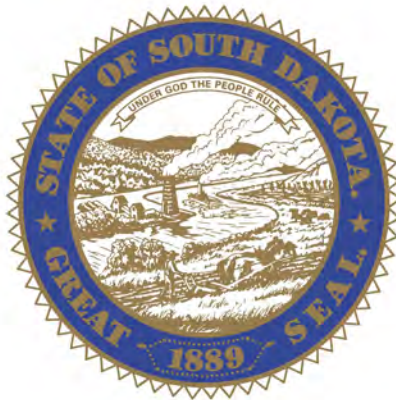
LARRY RHODEN, LT. GOVERNOR

*LIZA CLARK, CHIEF FINANCIAL OFFICER
BUREAU OF FINANCE AND MANAGEMENT*

ACKNOWLEDGEMENTS

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

Liza Clark, Chief Financial Officer
Keith Senger, Director of Accounting and Financial Reporting
Amanda Werre, Deputy Director
Amy Macy, Chief Accounting Analyst
Lori K. Sears, Principal Accounting Analyst
Mark Edwardson, Senior Accounting Analyst
Dominique Ruppelt, Accounting Analyst
Brian Englund, Accounting Analyst
Jacob Harris, Accounting Analyst
Randi Olson, Accounting Analyst
Tiffany Ripperda, Accounting Analyst
Torin Peterson, Accounting Analyst
Adam Hansen, Accounting Operations Manager
Robert J. Norwick, Accounting Operations
Colin Keeler, Director of Financial Systems and Operations
Steven Kohler, Director of Executive Management Finance Office
Derek Johnson, Chief Budget Analyst
Mark Quasney, State Economist
Allysen Kerr, Statewide Internal Control Officer



SPECIAL THANKS TO:

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

Cover photograph and design provided by John Richter

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

125 Copies printed by the Bureau of Finance and Management at **\$15.50** each at Central Duplicating Services.



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

December 31, 2020

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

As Governor of South Dakota, I am proud to present the State's 34th *Comprehensive Annual Financial Report* covering operations for the fiscal year ending June 30, 2020. This report is prepared in accordance with generally accepted accounting principles and includes all agencies of state government and reporting entities for which the state has oversight responsibilities. The purpose of the report is to explain the financial condition of South Dakota.

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

Throughout the COVID-19 pandemic, South Dakota's economy has proven more resilient than much of the rest of the country. The state has not issued lockdowns or mandates. We have not shut down businesses or closed churches. In fact, our state has never even defined what an "essential business" is. That, quite simply, is not the government's role. After peaking at 10.9% in April, our unemployment rate as of October was 3.6%, the third lowest in the country. This far outpaced the national rate of 6.9%. While most states were cutting budgets or relying on accounting gimmicks to close out their fiscal year, South Dakota ended the year with a \$19.1 million surplus.

In addition to the \$19.1 million surplus, the U.S. Department of the Treasury guidance has enabled the state to use the Coronavirus Relief Fund to offset an additional \$22.5 million in FY2020 general fund expenditures. In total, state reserves increased by \$41.6 million in FY2020 to a total of \$215.9 million or 13% of FY2020 actual general fund expenditures.

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

Sincerely,

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

Kristi Noem
Governor of South Dakota

South Dakota



GREAT FACES. GREAT PLACES. ©

TABLE OF CONTENTS

Title Page

Acknowledgements

Governor's Letter

INTRODUCTORY SECTION:

Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	8
Principal State Officials	9
Functions of State Government.....	10
State Organizational Chart	11

FINANCIAL SECTION:

Independent Auditor's Report.....	13
Management's Discussion and Analysis.....	17

Basic Financial Statements 33

Statement of Net Position.....	34
Statement of Activities.....	36
Balance Sheet – Governmental Funds	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	40
Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities.....	41
Statement of Net Position – Proprietary Funds.....	42
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Fiduciary Net Position – Fiduciary Funds	46
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	47

Notes to the Financial Statements 49

Required Supplementary Information 117

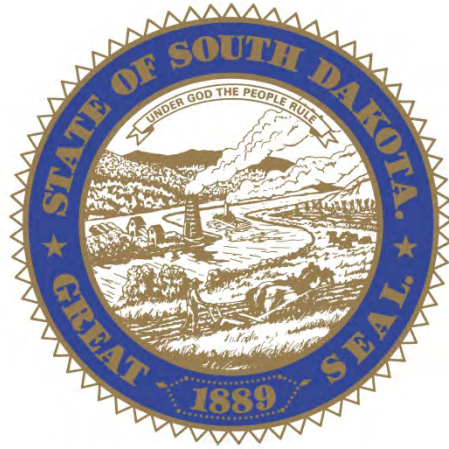
Budgetary Comparison Schedule – General Fund	118
Budgetary Comparison Schedule – Transportation Fund	130
Budgetary Comparison Schedule – Social Services Federal Fund	131
Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation	132
Notes to Required Supplementary Information – Budgetary Reporting.....	133
Schedule of Proportionate Share of Net Pension Liability (Asset)	134
Schedule of Contributions	134
Notes to Required Supplementary Information – Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions.....	135

Combining Financial Statements 137

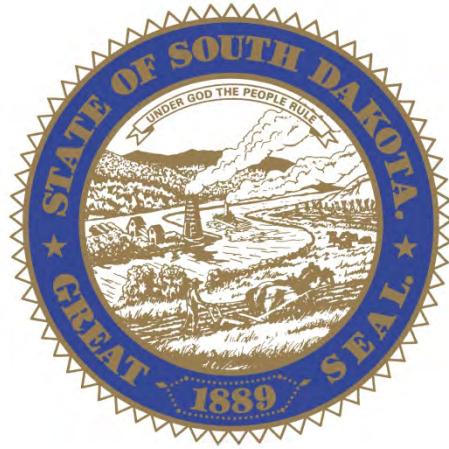
Combining Balance Sheet – Nonmajor Governmental Funds – By Type.....	138
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – By Type	139
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	140
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	144
Combining Balance Sheet – Nonmajor Debt Service Funds.....	148
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds.....	149
Combining Statement of Net Position – Nonmajor Enterprise Funds	150

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	152
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	154
Combining Statement of Net Position – Internal Service Funds	156
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	158
Combining Statement of Cash Flows – Internal Service Funds.....	160
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds	162
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	163
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	165
Combining Statement of Changes in Assets and Liabilities – Agency Funds	166
Combining Statement of Net Position – Component Units	168
Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units	169
Statement of Cash Flows – Higher Education	170
Combining Statement of Net Position – Nonmajor Component Units.....	172
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Component Units.....	173
Statement of Cash Flows – Value Added Finance Authority	174

Index to the Statistical Section	175
Net Position by Component.....	176
Changes in Net Position	177
Fund Balances, Governmental Funds.....	178
Changes in Fund Balances, All Governmental Funds	179
Sales Tax Revenue Payers by Industry	180
Taxable Sales by Industry	182
Ratios of Outstanding Long-Term Debt.....	183
Pledged Revenue Coverage	184
Population.....	185
Total Personal Income	185
Unemployment Rate	186
Per Capita Personal Income	186
Nonfarm Wage and Salary Employment by Industry	187
Expanded and New Industries	187
Employment by Industry Type.....	188
Full-Time Equivalent State Employees by Function of Government	189
Capital Asset Statistics by Function	190
Operating Indicators by Function	192



INTRODUCTORY SECTION



INTRODUCTORY SECTION



DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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

December 31, 2020

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

It is a privilege to present the 34th *Comprehensive Annual Financial Report* (CAFR) for the State of South Dakota (the State) for the fiscal year ended June 30, 2020.

Report. This report is prepared by the Bureau of Finance and Management as required by South Dakota Codified Law 4-4-6. The financial statements 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.

Independent Auditors. The CAFR has been audited by the South Dakota Department of Legislative Audit (DLA), a division of the legislative branch of State government. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by DLA) includes expressions of opinions on the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State as of June 30, 2020, 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, DLA also performs audits of major federal and state programs and issues an opinion on the State's compliance with the requirements of major federal programs. The results of the audit of federal and state programs are presented in the *Single Audit Report* for the State.

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

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

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

PROFILE OF THE GOVERNMENT

Structure. The State entered the Union on November 2, 1889, as the 39th or 40th state (with its twin, North Dakota). South Dakota has 75,885 square miles of land and a population estimated to be 0.9 million. As established in Article II of the *Constitution of The State of South Dakota*, State government is comprised of three distinct and separate branches of government: legislative, executive, and judicial. The State Legislature is composed of a 35-member Senate and a 70-member House of Representatives. Legislators are elected for two-year terms and limited to four consecutive terms for the same seat. The State has a strong executive branch with a bicameral legislative form of government. The Governor may be elected for two consecutive four-year terms. The Governor appoints all heads of state departments who serve at the pleasure of the Governor. The judicial branch is governed by the Unified Judicial System consisting of the Supreme Court, circuit courts, and courts of limited jurisdiction. The State's principal state officials, functions of state government, and organizational chart for the fiscal year 2020 can be found immediately following this letter.

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

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

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

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

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

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

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

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

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

- **Balanced Budget.** South Dakota can proudly say that fiscal year 2020 was the 130th consecutive year the State had a balanced budget. The State has made structurally balanced budgets the norm by using one-time dollars prudently for one-time uses and not to fund ongoing obligations.

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

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

Budget Reserves
(Expressed in Millions)

As of June 30	Budget Reserve	General Revenue Replacement Fund	Property Tax Reduction Fund	Total Reserves	General Fund Expenditures	Total Reserves As Percentage of General Fund Expenditures
2011	\$ 43.4		\$ 67.8	\$ 111.2	\$ 1,126.5	9.87%
2012	71.1		67.9	139.0	1,225.2	11.35%
2013	95.3		67.8	163.1	1,278.8	12.75%
2014	105.2		48.2	153.4	1,413.9	10.85%
2015	126.7		44.6	171.3	1,440.0	11.90%
2016	113.4	44.0		157.4	1,514.0	10.40%
2017	121.3	44.0		165.3	1,598.2	10.34%
2018	132.4	44.0		176.4	1,644.4	10.73%
2019	145.1	44.0		189.1	1,678.8	11.26%
2020	169.6	46.3		215.9	1,655.9	13.04%

The combined accrual basis balance of these two reserve accounts for fiscal year 2020 was \$215.9 million. The Budget Reserve increased from \$145.1 million to \$169.6 million, while the General Revenue Replacement Fund increased from \$44.0 million to \$46.3 million. The \$26.8 million increase from the prior year was a result of spending \$34.7 million less than General Fund appropriations, offset by \$7.9 million lower than expected General Fund revenues. Approximately \$26.7 million of the General Fund savings are attributed to Coronavirus Relief Fund federal aid reported in the COVID-19 Federal fund. The combined reserve balance of \$215.9 million is approximately 13.0% of the fiscal year 2020 General Fund total expenditures. More information on the State's reserve accounts and the COVID-19 Federal Fund can be found in the MD&A.

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

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

- **Comprehensive Annual Financial Report.** In 1987, the State issued its first CAFR. That report contained an unmodified opinion from the Department of Legislative Audit (the independent auditors). The Independent Auditor's Report included in this report represents the 34th consecutive year South Dakota has received an unmodified opinion on its CAFR.
- **Internal Controls.** The State has robust internal controls designed to provide reasonable assurance the State is meeting its operational, reporting, and compliance objectives. This fact has been proven time and again that South Dakota is a leader in operational efficiencies, while maintaining sound safeguards of its assets and resources. The State Board of Internal Control was created in 2016. The Board's primary responsibility is to establish and maintain guidelines for an effective system of internal control to be implemented by state agencies. To accomplish this, the Board oversaw work of a consulting firm to draft a Statewide Internal Control Framework based on the COSO Internal Control Framework. The State is now working to implement the framework in all state agencies providing even more assurance to state leaders and citizens that they are achieving their objectives.

As of June 30	SDRS	Projected Average of Other State Retirement Systems **
2010	96.3%	68%
2011	96.4%	74%
2012	92.6%	72%
2013	100.0%	72%
2014	107.3%	77%
2015	104.1%	73%
2016	96.9%	67%
2017	100.1%	70%
2018	100.0%	72%
2019	100.1%	71%
2020	100.0%	70% (est.)

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

Lottery. The South Dakota Lottery Fund was created during the 1987 legislative session to market instant scratch games. Video lottery was authorized during the 1989 legislative session and approval for multi-state lotto games was given during the 1990 legislative session. The purpose of the Lottery is to provide the State additional revenues to fund vital public programs and projects. During fiscal year 2020, the Lottery generated \$127.4 million of income (before transfers) and provided \$128.4 million in transfers to other funds that improve the quality of life in South Dakota. Since its inception in 1987, the Lottery has distributed \$3.1 billion to those funds.

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

SDRS funding is determined based on actuarial assumptions that are more conservative than most public pension plans, including an annual investment return assumption of 6.50% and assumed inflation of 2.25%. The actuarial value of assets is equal to the fair value of assets.

Certain SDRS benefit features, including the Cost of Living Adjustment (COLA) and the Variable Retirement Account for Generational members (those hired after June 30, 2017) vary automatically based on investment returns and system assets available to pay future benefits. SDRS COLA increases are tied to inflation and limited to the percentage that if paid in future years, results in a SDRS fair value funded ratio of at least 100%. If the automatic COLA adjustments are not able to result in a fair value funded ratio of at least 100%, corrective action recommendations are immediately required. Unfunded actuarial accrued liabilities are expected only in significant economic downturns and are expected to be temporary.

In fiscal year 2020, SDRS experienced a 1.6% (time-weighted) market return, or 4.9% less than the assumed rate of return of 6.5%. Plan investments at fair value in fiscal year 2020 were \$12.3 billion compared to \$7.9 billion in fiscal year 2011.

As previously stated, as of June 30, 2020, SDRS is fully funded with an actuarial value funded ratio and a fair value funded ratio of 100.04%. SDRS currently has no unfunded actuarial accrued liability (UAAL). The fixed statutory employer and employee contributions support benefits that vary automatically from year-to-year based on investment returns and the assets available to pay future benefits. If after recognizing the automatic benefit adjustments the funded ratio of the system is below 100% or the fixed contributions are not sufficient to support the current benefits as

defined in statute, the SDRS Board of Trustees is required by statute to recommend corrective actions to the Legislature.

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

South Dakota Retirement System

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

* Unaudited

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

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

Additional information on the State's health and other insurance benefits can be found in *Note 12. Self-Insurance* in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

For most of fiscal year 2020, economic activity in South Dakota remained strong. Weather and trade disputes created headwinds for the agriculture sector, but the other sectors of the State's economy remained healthy. COVID-19 upended the global economy and South Dakota was no exception. The Governor declared a state of emergency on March 13th. The governor issued an executive order encouraging the closure of schools for a short period, social distancing, remote work, and the limiting of gatherings in enclosed spaces to 10 people. However, South Dakota did not issue any state-wide lockdowns, did not close any businesses, nor mandate the wearing of masks.

While the state's economy was shocked, it was not impacted nearly as much as the rest of the nation. South Dakota's unemployment peaked at 10.9% in April compared to the national rate of 14.9%. Unemployment dropped quickly in South Dakota to 3.6% in October 2020 compared to a 6.9% nationally.

Tracking employment growth gives us a view of what is happening in terms of the number of jobs in the state. Looking at both headline unemployment and changes in overall employment are both important for understanding the underlying economic conditions in the state. Nonfarm employment, which gives us a better look into the business climate, was up 1% from February of 2019 to February 2020. When unemployment peaked in April, so did year over year losses in nonfarm employment which were down 8.2% from April of 2019. Comparatively, nonfarm employment had increased by 1.6% in February for the nation but had fallen by 13.4% in April. Nonfarm employment in the state ended fiscal year 2020 down 5.3% in June from a year prior, while dropping 8.6% nationally during the same time period. Employment continues to fare better in South Dakota with October of 2020 coming in down 3.2% from a year ago, compared to down 6.1% for the rest of the country.

Income growth is another important indicator of the State's economic health. Income growth was anemic coming out of the great recession but had increased markedly in South Dakota before the pandemic. For the 10 quarters before the

onset of the pandemic, quarterly personal income had increased by an average of 4.2% year over year. Thanks to the unprecedented steps taken by Congress to inject stimulus into the economy, and the unique approach taken in South Dakota in response to the pandemic, real personal income increased by 9.8% on a year over year basis in the second quarter of 2020. Much uncertainty remains about the potential future stimulus bills. The state expects that once these stimulus programs close, there will be a correction in personal income in the state.

Looking ahead to the next two years, South Dakota remains positioned for continued economic growth. The state's key industries, Agriculture and Tourism are well positioned with rebounding commodity prices and strong demand for domestic travel forecast. Accommodative interest rate policy from the Federal Reserve has already positively impacted the home building sector in the state which is expected to continue for the foreseeable future. This interest rate policy should also support inflation, which is a key component in sales tax growth.

MAJOR INITIATIVES

With the support of the Legislature, Governor Noem has developed comprehensive funding packages to help kickstart the South Dakota economy, grow South Dakota's workforce, and revitalize our rural areas. Listed below are some of the major initiatives Governor Noem has implemented in her second year of office.

Investing in Our Future. Governor Noem has been committed to ensuring that South Dakota's infrastructure is prepared for the economy of tomorrow. Many of the children in elementary school today will work in jobs that do not yet exist. These jobs will no doubt require access to technology and the internet. Half of the South Dakota counties have rural areas where one in four people do not have adequate internet access. In order to help prepare the next generation for the jobs tomorrow and ensure South Dakotans have the opportunity to work and hire locally, while selling globally, the broadband gap must be closed. To address broadband access in high cost areas for the second year in a row, House Bill 1189 of the 2020 Legislative Session invested \$5.0 million in one-time funding. This funding will be used to partner with the broadband industry and will leverage additional funding in project costs. By partnering with industry leaders on emerging technologies and investing in new technology, this funding is critical in equipping the next generation for the jobs of the future. In addition, Senate Bill 40 of the Legislative Session authorized and funded the construction of the University of South Dakota Health Sciences Building to educate and train the growing healthcare workforce.

Investing in Our Workforce. The Governor strives to attract and retain the best and brightest to work for state government. With her support, during the 2020 legislative session, the legislature adopted a 2% market adjustment for state employee salaries. The Governor also proposed, and the legislature adopted funding to keep the state employee health plan structurally balanced.

Investing in Our Families. The Governor believes that strong families are the key to a stronger future. The adopted budget provides additional funding to support required training needs for individuals interested in becoming foster or adoptive parents. Funding was also added to provide comprehensive services for child maltreatment victims across South Dakota and to prepare female offenders in the women's prison as they are released to their families and communities.

In April 2020, South Dakota received \$1.25 billion in Coronavirus Relief Fund (CRF) as part of the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. This grant to South Dakota is being used to help off-set the costs of the COVID-19 pandemic. These funds have positioned the State to provide grants to counties, cities, businesses, and individuals as well as off-setting COVID-19 costs of the State. Current CRF grant programs include:

Small Business and Healthcare Provider Relief Program grants. For the initial program, the State set aside up to \$580 million in CRF to assist small businesses, community-based healthcare providers, and non-profits negatively impacted by the COVID-19 pandemic.

There are five components of this program:

- The Small Business COVID Interruption program will provide up to \$400 million to help eligible South Dakota small businesses that have experienced a reduction in business as a result of the pandemic.
- The Small Business Startup program will provide up to \$10 million in direct grants to recently started eligible South Dakota businesses whose growth has been impacted as a result of the pandemic.
- The Acute Care in Hospitals program will provide up to \$15 million to eligible hospitals that are licensed by the state to provide acute inpatient care.
- The Small Nonprofit COVID Interruption program will provide up to \$40 million to eligible South Dakota small non-profits who have experienced negative impacts as a result of the pandemic.
- The Community Based Healthcare Providers program will provide up to \$115 million for eligible community providers who have experienced a reduction in business as a result of the pandemic.

Re-employment Assistance. South Dakota utilized \$45.6 million of the CRF dollars to replenish the South Dakota Unemployment Insurance Compensation Trust Fund. The CARES Act allows for states to utilize CRF dollars to replenish depleted unemployment trust funds which will allow the state to avoid a tax increase on South Dakota employers. The State will make another payment to the Fund prior to the end of the calendar year.

Public and Private K-12 School grants. South Dakota is using up to \$75 million of its CRF allocation as grants to public and private schools in South Dakota. Each will receive \$500 per student to help combat additional expenses relating to the COVID-19 pandemic. These grants are in addition to the \$41 Million the schools also received from the U.S. Department of Education's Elementary & Secondary Schools Emergency Relief Funds.

Housing Assistance grants. The State awarded \$10 million in CRF to the South Dakota Housing Development Authority (SDHDA) to assist South Dakotans who have been financially impacted by COVID-19 and need help with rent, mortgage, or utility expenses.

K-12 Connect grants. South Dakota launched K-12 Connect, a program to provide internet service at no cost to eligible households of K-12 students for the remainder of the 2020-21 school year. This program aims to minimize the potential learning gap by ensuring all students have access to distance learning instruction and schoolwork.

Local Government COVID Assistance grants. The State created the Local Government COVID Recovery Fund allocating \$200 million to city and county governments from the State of South Dakota's overall federal allocation. Consistent with U.S. Treasury guidance, the \$200 million allocation was divided on a statewide basis into two categories: (1) cities (based on the percentage of South Dakota's population living in cities and towns) and (2) counties (based on the percentage of South Dakota's remaining population). Cities and counties then received an allocation from their respective category in proportion to their share of the state's overall population. The State is disbursing these funds to cities and counties through reimbursement of allowable expenditures.

Higher Education grants. The state has set aside more than \$20 million dollars for the State's universities and technical colleges and \$6 million for in-state private universities. These grants will help defray COVID costs of postsecondary institutions and student expenses relating to disruptions to their education due to COVID-19.

AWARDS AND ACKNOWLEDGMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Dakota for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully Submitted,



Liza Clark, Chief Financial Officer
Bureau of Finance and Management



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of South Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

SOUTH DAKOTA
FY2020 PRINCIPAL STATE OFFICIALS

EXECUTIVE BRANCH

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

CONSTITUTIONAL OFFICERS

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

PUBLIC UTILITIES COMMISSION

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

LEGISLATIVE BRANCH

The Honorable Brock Greenfield
Senate President Pro Tempore

The Honorable Steve Haugaard
Speaker of the House

The Honorable Kris Langer
Senate Majority Leader

The Honorable Troy Heinert
Senate Minority Leader

The Honorable Lee Qualm
House Majority Leader

The Honorable Jamie Smith
House Minority Leader

JUDICIAL BRANCH

The Honorable David E. Gilbertson
Chief Justice

The Honorable Janine M. Kern
Associate Justice

The Honorable Steven R. Jensen
Associate Justice

The Honorable Mark E. Salter
Associate Justice

The Honorable Patricia J. DeVaney
Associate Justice

*SOUTH DAKOTA
FY2020 FUNCTIONS OF STATE GOVERNMENT*

GENERAL GOVERNMENT

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

*HEALTH, HUMAN, AND
SOCIAL SERVICES*

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

*LAW, JUSTICE, PUBLIC
PROTECTION,
AND REGULATION*

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

*AGRICULTURE AND
NATURAL RESOURCES*

Agriculture
Game, Fish and Parks
Environment and Natural Resources

TRANSPORTATION

Transportation

EDUCATION

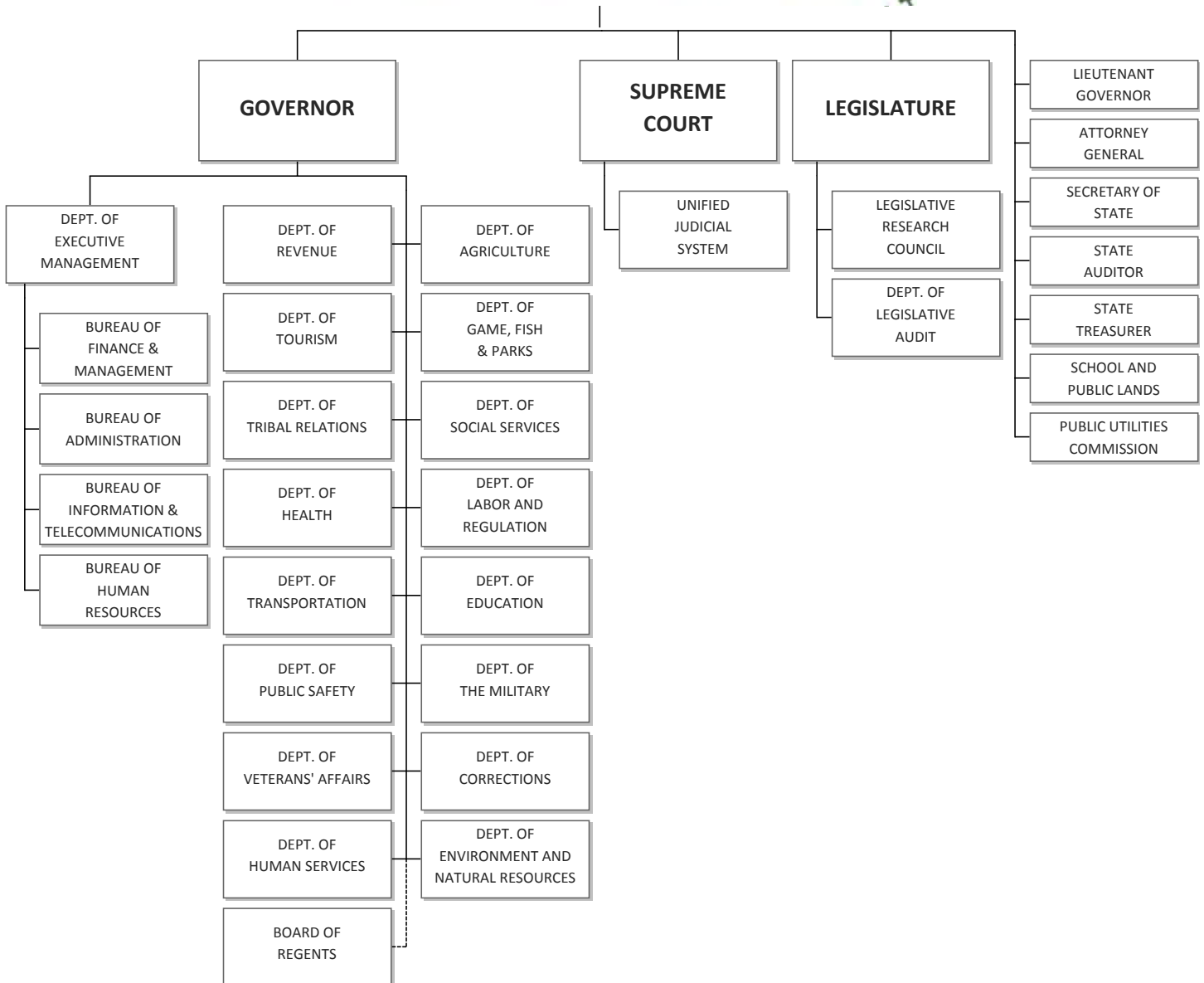
Education
Elementary, Secondary, and Vocational
Schools
Higher Education
State Aid to Universities

ECONOMIC RESOURCES

Tourism
Economic Development
Tribal Relations

PANDEMIC RESPONSE

COVID-19 Federal







FINANCIAL SECTION



FINANCIAL SECTION



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

RUSSELL A. OLSON
 AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Kristi Noem
 Governor of South Dakota

and

Members of the Legislature
 State of South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota (State), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

	<u>Percent of Total Assets*</u>	<u>Percent of Total Revenues/Additions</u>
Government-wide financial statements:		
Business-type activities:		
Unemployment Insurance Fund	13.7%	49.2%
Fund financial statements:		
Aggregate discretely presented component units:		
South Dakota Housing Development Authority	41.6%	13.3%
South Dakota Ellsworth Development Authority	.6%	.3%
Foundations of Higher Education	16.5%	8.3%

Major enterprise fund:		
Unemployment Insurance Fund	100.0%	100.0%
Aggregate remaining fund information:		
South Dakota Retirement System	89.3%	22.3%

* including deferred outflows of resources

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2020, 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 discussed in Note 2 to the financial statements, certain errors resulting in an understatement of employer taxes receivable as of June 30, 2019 in the Unemployment Insurance Fund, a major fund of the State, were discovered by management during the year. Accordingly, the amounts reported for beginning net position have been restated in the financial statements to correct for this error. The opinion of other auditors 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 32, the budgetary comparison schedules on pages 118 through 133, and the Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions on pages 134 through 135 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information, such as the combining and individual fund financial statements on pages 138 through 174 and the other information, such as the introductory and statistical sections on pages 1 through 11 and 175 through 195, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

December 31, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of South Dakota's (hereinafter referred to as the State) financial performance and position, providing an overview of the State's financial activities for the fiscal year ended June 30, 2020. This document begins with a one-page summary of financial highlights, followed by a more detailed overview of the financial statements and financial analysis. Please read it in conjunction with the transmittal letter found on page 1 in the *Introductory Section* of this report and with the State's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- Total assets and deferred outflows of resources of the State exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$7.4 billion (reported as net position). Of this amount, \$6.0 billion is restricted for specific uses or invested in capital assets. The remaining \$1.4 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 \$371.9 million, or 5.3% from the prior fiscal year. Net position of Governmental Activities increased by \$328.2 million, or 5.3%, while net position of Business-type Activities increased by \$43.6 million, or 5.7% over the prior fiscal year.
- Discretely presented component units reported total net position of \$2.6 billion, an increase of \$140.6 million, or 5.8% from the prior fiscal year.

Fund Financial Statements

- The State's governmental funds reported combined ending fund balances of \$2.3 billion, an increase of \$179.0 million, or 8.5% from the prior fiscal year. Of the \$2.3 billion in combined ending fund balance, \$587.4 million is non-spendable and \$1.1 billion is restricted by outside sources or enabling legislation. Another \$51.2 million is committed by state law and \$162.0 million has been assigned for various specific purposes. The remaining \$373.0 million is unassigned. Please refer to *Note 10. Fund Balance and Net Position* in the Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the \$373.0 million of the unassigned fund balance have internally imposed limitations that are discussed throughout the *Financial Analysis of the State's Funds* section of this document.
- At the end of the fiscal year, the General Fund had a fund balance of \$526.4 million. This includes total budget reserves of \$215.9 million, comprised of the Budget Reserve and the General Revenue Replacement Fund of \$169.6 million and \$46.3 million, respectively.
- The State's three trust funds (Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust all reported as special revenue funds) and the State's Permanent Fund all increased in value during the fiscal year because investment earnings and transfers into these funds exceeded statutory disbursements. After transferring a combined amount of \$41.7 million to the General Fund, these funds closed the fiscal year with a combined ending fund balance of \$1.1 billion, an increase of \$11.8 million.
- Proprietary funds reported net position at fiscal year-end of \$852.3 million, an increase of \$68.5 million, or 8.7% from the prior fiscal year.

Long-Term Debt

- The primary government's total long-term debt (revenue bonds and capital leases) as of June 30, 2020, totaled \$631.4 million, a decrease of \$41.6 million from the last fiscal year-end. The decrease represents the net difference between new issuances, payments, and the refunding and defeasance of outstanding debt.
- The South Dakota Building Authority issued \$7.1 million of revenue bonds for the primary government and \$65.8 million of revenue bonds for Higher Education, a discretely presented component unit of the State. These bonds were used for refunding of prior issued bonds.
- The South Dakota Housing Development Authority, a discretely presented component unit of the State, issued \$198.0 million in bonds. A portion of these bonds were used for refunding of prior issued bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

- *The Statement of Net Position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them being reported as net position. Over an extended period of time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.
- *The Statement of Activities* presents information depicting how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying 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.* Most of the State's services provided to the citizens of the State are reported with the Governmental Activities. The Governmental Activities of the State include the following:
 - General government
 - Education – elementary, secondary, and vocational schools
 - Education – state support to higher education
 - Health, human, and social services
 - Law, justice, public protection, and regulation
 - Agriculture and natural resources
 - Economic resources
 - Transportation
 - Pandemic Response (new for fiscal year 2020)
 - Intergovernmental – payments to school districts
 - Intergovernmental – revenue sharing
 - Unallocated interest expense
 - Unallocated depreciation

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

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

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

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 *Note 1. Summary of Significant Accounting Policies* in the Notes to the Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other 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 remaining at year-end that are available for future spending. The Governmental Fund Financial Statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine the financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, special revenue, capital projects, debt service, and permanent funds.

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

The State maintains many individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Transportation Fund, Social Services Federal Fund, COVID-19 Federal Fund, Dakota Cement Trust Fund, and Education Enhancement Trust Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for some nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

- *Proprietary Funds.* Proprietary funds include: (1) enterprise funds and (2) internal service funds. These funds account for the State's activities that operate much like private sector businesses. Like the Government-wide Financial Statements, proprietary fund statements are presented using the accrual basis of accounting.

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

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

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

The State's fiduciary funds include pension trust funds, private purpose trust funds, and 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; two pension-related schedules; and related notes.

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

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

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

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As presented in the following table, total assets and deferred outflows of resources of the State on June 30, 2020 were \$9.8 billion, while total liabilities and deferred inflows of resources were \$2.5 billion, resulting in combined net position (Governmental and Business-type Activities) of \$7.4 billion, a 5.3% increase from the previous year. As discussed later in this document, a significant portion of this increase is directly attributed to increases in capital assets and strong returns on investment in the State's three trust funds and the Permanent Fund.

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

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019	
Current and Other Assets, as restated	\$ 4,065,121	\$ 2,609,791	\$ 1,176,990	\$ 1,138,357	\$ 5,242,111	\$ 3,748,148	39.9%
Capital Assets	4,467,766	4,324,690	6,555	6,651	4,474,321	4,331,341	3.3%
Total Assets, as restated	8,532,887	6,934,481	1,183,545	1,145,008	9,716,432	8,079,489	20.3%
Deferred Outflows of Resources	116,960	173,633	10,010	12,293	126,970	185,926	(31.7)%
Current and Other Liabilities	1,602,868	403,569	34,391	18,018	1,637,259	421,587	288.4%
Noncurrent Liabilities	429,717	422,859	354,389	378,296	784,106	801,155	(2.1)%
Total Liabilities	2,032,585	826,428	388,780	396,314	2,421,365	1,222,742	98.0%
Deferred Inflows of Resources	43,715	36,381	1,041	877	44,756	37,258	20.1%
Net Position:							
Net Investment in Capital Assets	4,259,851	4,126,405	6,552	6,650	4,266,403	4,133,055	3.2%
Restricted	1,726,738	1,755,692	14,758	5,821	1,741,496	1,761,513	(1.1)%
Unrestricted, as restated	586,958	363,208	782,424	747,639	1,369,382	1,110,847	23.3%
Total Net Position, as restated	\$ 6,573,547	\$ 6,245,305	\$ 803,734	\$ 760,110	\$ 7,377,281	\$ 7,005,415	5.3%
Percent of Total Primary Government							
Net Position	89.1%	89.1%	10.9%	10.9%	100.0%	100.0%	

In fiscal year 2020, Governmental Activities accounted for 89.1% of the State's total net position, and Business-type activities accounted for 10.9%, unchanged from the prior fiscal year.

Net Investment in Capital Assets

The largest component of the State's net position, \$4.3 billion or 57.8%, reflects investments in capital assets (land, land improvements, buildings, equipment, vehicles, infrastructure, intangible assets, and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. This represents a \$133.3 million, or 3.2% increase in the State's investment in capital assets from the prior fiscal year. This increase is primarily attributed to continued construction of infrastructure (highways and bridges) without the issuance of related debt. For more information please refer to the *Capital Assets and Debt Administration* section of this document and *Note 6. Capital Assets* in the Notes to the Financial Statements. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

Total restricted net position at year-end was \$1.7 billion, or 23.6% of total net position, a decrease of \$157.8 million, or 8.3% from the prior fiscal year. The net position is subject to restrictions either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws/regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation on how they can be used.

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

permanent investments, either as nonexpendable (\$558.3 million) or expendable (\$256.1 million), and the third trust fund (Dakota Cement Trust) is restricted for education (\$333.8 million).

The combined fund balance of these four funds totals \$1.1 billion. Aside from the constitutionally authorized annual distributions, these funds can only be accessed through a constitutional amendment (Dakota Cement Trust and Permanent Fund) or by a three-fourths vote of the Legislature (Health Care Trust Fund and Education Enhancement Trust).

The remaining \$593.2 million of restricted net position is restricted for highways (\$222.8 million), agriculture and natural resources (\$86.9 million), pensions (\$71.5 million), economic development (\$55.6 million), railroads (\$24.4 million), and debt service (\$23.5 million), with the remaining amount for other purposes.

Unrestricted Net Position

The remaining net position balance, \$1.4 billion, or 18.6% is defined by accounting standards as “unrestricted” net position. However, some of the unrestricted net position balances cannot be used to meet the State’s general ongoing obligations to citizens and creditors as resources because of limitations imposed by federal regulations, bond covenants, constitutional provision, or state law. Limitations on unrestricted net position imposed by federal regulations and bond covenants include \$260.1 million within the Clean Water State Revolving Fund and \$210.2 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$147.1 million for Unemployment Insurance Fund, \$119.7 million within the Revolving Economic Development and Initiative Fund, and \$8.3 million for revolving loan programs.

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

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

The balance in the Budget Reserve at June 30, 2020 was \$169.6 million, an increase of \$24.5 million from the prior fiscal year. This transfer into the Budget Reserve, as required by law, was the result of spending \$34.7 million less than General Fund appropriations, offset by \$7.9 million lower than expected General Fund revenues. Approximately \$26.7 million of the General Fund savings are attributed to Coronavirus Relief Fund federal aid reported in the COVID-19 Federal fund.

- *General Revenue Replacement Fund (\$46.3 million)*. House Bill 1050, passed during the 2015 Legislative Session, created the “General Revenue Replacement Fund” (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year.

During fiscal year 2020, the GRRF increased by \$2.3 million. Similar to the transfer into the Budget Reserve, the increase to the GRRF is the result of the transfer, as required by law, of unspent General Fund appropriations, offset by lower than expected General Fund revenues, and Coronavirus Relief Fund federal aid reported in the COVID-19 Federal fund.

The unrestricted net position increased by \$396.3 million, or 40.7% during the fiscal year. A significant portion of this increase is attributed to (1) \$26.8 million combined transfers into the Budget Reserve and GRRF (as discussed above), (2) \$62.2 million and \$87.1 million increases in assigned and unassigned fund balance in the General Fund, (3) \$11.7 million increase in the Clean Water State Revolving Fund, (4) \$10.9 million increase in the Drinking Water State Revolving fund, and (5) \$9.3 million increase in the Unemployment Insurance Fund. For analysis on these four funds, please see the *Financial Analysis of the State’s Funds* section in this document. Most of the remainder is attributed to small changes in unassigned fund balance in various funds.

Changes in Net Position

The following table summarizes financial information derived from the Government-wide Statement of Activities and reflects how the State's net position changed during fiscal year 2020:

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

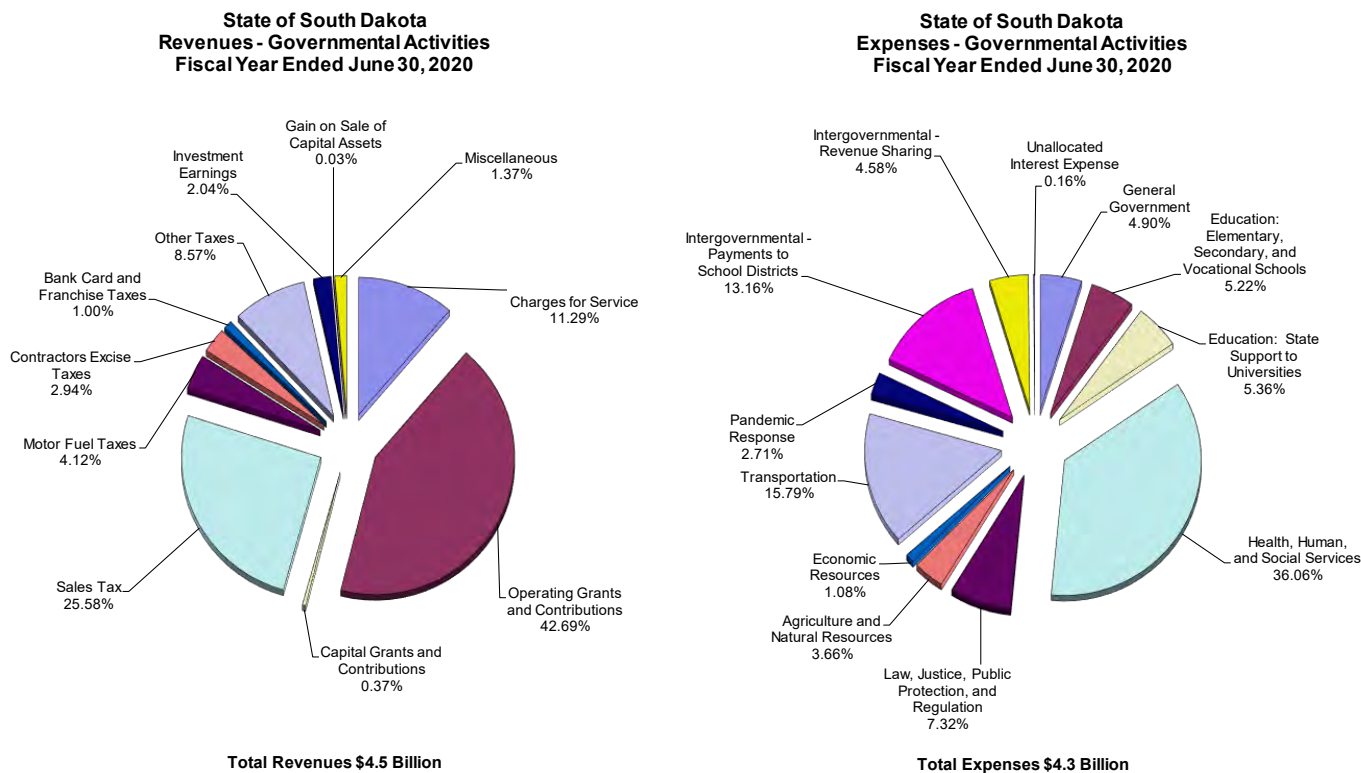
	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019	
Revenues:							
Program Revenues:							
Charges for Service, as restated	\$ 507,286	\$ 496,098	\$ 249,124	\$ 263,594	\$ 756,410	\$ 759,692	(0.4)%
Operating Grants and Contributions	1,918,543	1,589,862	261,674	26,910	2,180,217	1,616,772	34.8%
Capital Grants and Contributions	16,761	3,378	19	200	16,780	3,578	369.0%
General Revenues:							
Sales Taxes	1,149,732	1,089,336			1,149,732	1,089,336	5.5%
Motor Fuel Taxes	184,949	184,027			184,949	184,027	0.5%
Contractors Excise Taxes	132,043	118,873			132,043	118,873	11.1%
Bank Card and Franchise Taxes	44,727	35,411			44,727	35,411	26.3%
Other Taxes	385,180	376,813			385,180	376,813	2.2%
Investment Earnings	91,816	96,270			91,816	96,270	(4.6)%
Gain on Sale of Capital Assets	1,515	1,978			1,515	1,978	(23.4)%
Miscellaneous	61,664	79,632			61,664	79,632	(22.6)%
Total Revenues, as restated	4,494,216	4,071,678	510,817	290,704	5,005,033	4,362,382	14.7%
Program Expenses:							
General Government	209,723	215,879			209,723	215,879	(2.9)%
Education – Elementary, Secondary, and Vocational Schools	223,524	228,729			223,524	228,729	(2.3)%
Education – State Support to Higher Education	229,545	213,843			229,545	213,843	7.3%
Health, Human, and Social Services	1,544,824	1,552,490			1,544,824	1,552,490	(0.5)%
Law, Justice, Public Protection, and Regulation	313,534	301,008			313,534	301,008	4.2%
Agriculture and Natural Resources	157,010	155,789			157,010	155,789	0.8%
Economic Resources	45,920	71,819			45,920	71,819	(36.1)%
Transportation	676,547	533,336			676,547	533,336	26.9%
Pandemic Response	116,299				116,299		
Intergovernmental – Payments to School Districts	563,878	559,484			563,878	559,484	0.8%
Intergovernmental – Revenue Sharing	196,425	194,537			196,425	194,537	1.0%
Unallocated Interest Expense	6,861	7,524			6,861	7,524	(8.8)%
Unallocated Depreciation	53	53			53	53	0.0%
Lottery			50,484	51,016	50,484	51,016	(1.0)%
Clean Water State Revolving			13,516	11,662	13,516	11,662	15.9%
Drinking Water State Revolving			9,349	8,222	9,349	8,222	13.7%
Unemployment Insurance			241,343	26,403	241,343	26,403	814.1%
Other			30,696	28,928	30,696	28,928	6.1%
Total Expenses	4,284,143	4,034,491	345,388	126,231	4,629,531	4,160,722	11.3%
Excess (Deficiency) Before Transfers, as restated	210,073	37,187	165,429	164,473	375,502	201,660	
Special Items - Impairment of Capital Asset	(3,636)	(4,702)			(3,636)	(4,702)	
Transfers	121,805	125,977	(121,805)	(125,977)			
Change in Net Position, as restated	328,242	158,462	43,624	38,496	371,866	196,958	
Net Position – Beginning, as restated	6,245,305	6,086,843	760,110	721,614	7,005,415	6,808,457	
Net Position – Ending, as restated	\$ 6,573,547	\$ 6,245,305	\$ 803,734	\$ 760,110	\$ 7,377,281	\$ 7,005,415	
Percent Change in Total Net Position from prior year	5.3%		5.7%		5.3%		

Governmental Activities:

The State's net position for Governmental Activities at the end of fiscal year 2020 was \$6.6 billion. This represents an increase of 5.3% or \$328.2 million from the prior fiscal year.

The \$328.2 million increase in the State's net position for Governmental Activities was the result of the net effect of the following: (1) \$4.5 billion revenues (an increase from the prior fiscal year of \$422.5 million); less (2) \$4.3 billion expenses (an increase from the prior fiscal year of \$249.7 million); (3) less \$3.6 million for special items; plus (4) net transfers of \$121.8 million (primarily from the South Dakota Lottery Fund).

The following two charts illustrate the above program revenues and expenses for Governmental Activities for fiscal year ending June 30, 2020:



This fiscal year, the State received 42.2% of its revenues from taxes (sales, motor fuel, contractors excise, bank card, bank franchise, and other taxes), and 42.7% from federal grants and contributions. Charges for service accounted for 11.3%.

In fiscal year 2020, health, human, and social services (taking care of people) accounted for 36.1% of the State's expenses, followed by 23.8% to education (K-12 and post-secondary), 15.8% to transportation (constructing and maintaining roads and bridges), and 7.3% for law, justice, public protection, and regulation (protecting people).

Significant changes in revenues include a \$73.6 million increase in sales, use, and contractors excise tax. This increase is due to a steadily growing South Dakota economy and increasing construction activity. South Dakota, like the rest of the nation, experienced economic slowdown due to the pandemic. However, South Dakota did not mandate any state-wide lockdowns or business closures, allowing the South Dakota economy to grow during the year. Additionally, federal pandemic stimulus injected into the South Dakota economy encouraged spending. Another significant increase in revenue includes a \$328.7 million increase in federal grants and contributions attributed to increases in the transportation and COVID-19 funding. All of these increases are further discussed in General Fund, Transportation, and COVID-19 Federal fund analysis of the *Financial Analysis of the State's Funds* section in this document.

Most of the increase in expenses is attributed to an increase of \$143.2 million in Transportation and \$116.3 million increase in Pandemic Response functions of government. These increases are further explained in the Transportation and COVID-19 Federal fund analysis of the *Financial Analysis of the State's Funds* section in this document.

Business-type Activities:

Net position of the Business-type Activities at the end of fiscal year 2020 was \$803.7 million, an increase of \$43.6 million due to total revenues exceeding total expenses and transfers out. Although net position for Business-type Activities only accounts for roughly 10.9% of the total net position, Business-type Activities provided \$121.8 million in net transfers to Governmental Activities to help fund current operations, most of which came from the South Dakota Lottery Fund.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

Governmental Funds

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

As shown in the table below, at the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.3 billion, an increase of \$179.0 million during the fiscal year. Of this amount, approximately 25.8%, or \$587.4 million of the combined ending fund balance is non-spendable; either due to its form or legal constraints. The non-spendable portion is predominately made up of the Education Enhancement Trust, the Health Care Trust, and the Permanent funds to be held as permanent investments. Approximately 48.4%, or \$1.1 billion of the combined ending fund balance is restricted by outside sources or enabling legislation. Another 2.3%, or \$51.2 million of the combined balance is committed by state law and 7.1%, or \$162.0 million, has been assigned internally for specific purposes. The remaining \$373.0 million, or 16.4% is reported as unassigned in accordance with GASB Statement 54. Certain resources within the \$373.0 million of the unassigned fund balance have other internally imposed limitations as discussed below. For additional explanation and breakdown of these balances, see *Note 10. Fund Balance and Net Position* in the Notes to the Financial Statements.

State of South Dakota
Governmental Fund Balance as of June 30, 2020
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total	% of Total Fund Balance
Nonspendable	\$ 5,300	\$ 17,632	\$ 1,232	\$ 1,233	\$	\$ 410,924	\$ 151,075	\$ 587,396	25.8%
Restricted	3,382	217,161		1	333,809	197,273	350,620	1,102,246	48.4%
Committed							51,243	51,243	2.3%
Assigned	136,363		1,623				23,970	161,956	7.1%
Unassigned	381,326						(8,359)	372,967	16.4%
Total Fund Balances	\$ 526,371	\$ 234,793	\$ 2,855	\$ 1,234	\$ 333,809	\$ 608,197	\$ 568,549	\$ 2,275,808	
% Change from prior year	39.6%	3.9%	7.6%		0.5%	1.4%	1.7%	8.5%	

The following governmental funds are major funds and had significant impact on the State's financial position during fiscal year 2020:

General Fund (\$526.4 million). The General Fund is the chief operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

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

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

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

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

Revenues and Transfers In				Expenditures and Transfers Out			
	General Fund		% of		General Fund		% of
	FY2020	FY2019			Change	FY2020	
Revenue:				Expenditures:			
Taxes:				Current:			
Sales and Use Tax	\$ 1,110,422	\$ 1,044,574	6.3%	General Government	\$ 59,980	\$ 62,172	(3.5)%
Contractor's Excise Tax	126,920	112,682	12.6%	Education (all)	824,380	803,868	2.6%
Insurance Company Tax	83,703	78,553	6.6%	Health, Human, and Social Services	520,353	551,478	(5.6)%
Cigarette Excise Tax	40,885	40,501	1.0%	Law, Justice, Public Protection, and Regulation	159,126	167,051	(4.7)%
Bank Tax	44,693	34,706	28.8%	Agriculture and Natural Resources	18,026	17,122	5.3%
Tourism Tax	24,985	25,141	(0.6)%	Economic Resources	23,466	29,170	(19.6)%
Alcohol Beverage Tax	19,231	19,919	(3.5)%	State Shared Revenue Paid			
Mineral Tax	8,640	4,777	80.9%	to Other Governments	50,607	47,967	5.5%
Other	13,044	11,987	8.8%	Total Expenditures	\$ 1,655,938	\$ 1,678,828	(1.4)%
Licenses, Permits, and Fees	11,947	12,247	(2.5)%				
Fines, Forfeits, and Penalties	303	551	(45.0)%				
Use of Money and Property	42,616	29,458	44.7%				
Sales and Services	21,049	22,183	(5.1)%				
Administering Programs	1	8	(87.5)%				
Unclaimed Property Remittance	31,301	53,285	(41.3)%				
Other Revenue	14,861	14,742	0.8%				
Total Revenue	\$ 1,594,601	\$ 1,505,314	5.9%				
Transfers In:				Transfers Out:			
South Dakota Lottery Fund	\$ 123,735	\$ 123,016	0.6%	Public Safety - Emergency Management Fund	\$ 9,918	\$ 1,051	843.7%
Securities and Insurance Fund	56,435	56,798	(0.6)%	Transportation Fund	4,076	54	7448.2%
Education Enhancement Trust Fund	22,516	21,335	5.5%	Building Authority	3,195	3,345	(4.5)%
Dakota Cement Trust Fund	13,005	12,683	2.5%	Vocational Education Facilities Fund	2,318	2,327	(0.4)%
South Dakota Gaming Commission Fund	5,420	5,660	(4.2)%	Labor Fund	1,758	1,849	(4.9)%
Health Care Trust Fund	5,677	5,520	2.8%	Education Enhancement Trust Fund	1,125		
All Other Transfers In	9,364	9,454	(1.0)%	All Other Transfers Out	3,316	13,346	(75.2)%
Total Transfers In	\$ 236,152	\$ 234,466	0.7%	Total Transfers Out	\$ 25,706	\$ 21,972	17.0%

The General Fund experienced an increase in revenues of \$89.3 million or 5.9% from the prior fiscal year. A majority of this increase is attributed to a \$80.1 million increase in sales, use, and contractors excise tax (6.9% increase). This increase is due to a steady growing South Dakota economy and increasing construction activity. As previously indicated, South Dakota, like the rest of the nation, experienced economic slowdown due to the pandemic. However, South Dakota did not mandate any state-wide lockdowns or business closures, allowing the South Dakota economy to grow during the year. Additionally, federal pandemic stimulus injected into the South Dakota economy encouraged spending.

The General Fund total expenditures decreased 1.4% from the prior fiscal year. This \$22.9 million decrease was attributed to \$31.1 million decrease in Health, Human and Social Services and \$7.9 million decrease in Law, Justice, Public Protection, and Regulation functions of government because CARES Act funding covering some of the March to June 2020 payroll expenditures in these areas. These decreases were offset by a 2.6% or \$20.5 million increase in continuing support to K-12 school districts and Higher Education.

At the end of the fiscal year, the total fund balance of the General Fund was \$526.4 million, an increase of \$149.2 million, or 39.6% from the prior fiscal year.

Significant changes in the General Fund balance include the following:

- Assigned ending fund balance of \$136.4 million increased by \$62.2 million, or 83.9% from the prior fiscal year. A significant portion of this increase is attributed to fund balance assigned to Higher Education; and Health and Public assistance. This increase is the result of increases in encumbrances and legislatively approve budget carryovers.
- Unassigned ending fund balance of \$381.3 million increased by \$87.1 million, or 29.6% from the prior fiscal year. Most of this increase is attributed to increases in the Budget Reserve and GRRF as previously discussed, \$26.0 million in sales tax receivable from a large business, and \$12.8 million in unclaimed escheat property.

It is important to note that some of this unassigned fund balance has other restricting factors that may limit or decrease its availability for general appropriations because it either has another purpose as intended by state law or has internally imposed limitations. Those limitations on the unassigned fund balance include: \$169.6 million in the Budget Reserve and \$46.3 million in the General Revenue Replacement Fund, which by state law is to be used only to address emergency situations without having to raise taxes or cut spending.

Additionally, \$148.1 million of the unassigned fund balance is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities. Of those receivables, \$146.0 million was tax revenue recognized as revenue in the General Fund in fiscal year 2020 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2021. This revenue was budgeted for and will be used in fiscal year 2021 cash basis operations.

More detailed information on the General Fund's fund balance can be found in *Note 10. Fund Balance Classifications – Governmental Funds* in the Notes to the Financial Statements.

As a measure of the General Fund's liquidity, it may be useful to compare both the assigned and unassigned fund balances to total fund expenditures. The assigned fund balance represents 8.2% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve and GRRF) represents 23.0% of that same amount or 31.2% in total.

Transportation (\$234.8 million). The Transportation Fund is a major special revenue fund that accounts for the construction and maintenance of the State's highways and bridges, and funds public transportation. Its revenue is comprised of federal grants, state motor fuel taxes, and state motor vehicle excise taxes. All revenues of the Transportation Fund are used and expended under the direction of the State's Department of Transportation. The total fund balance at the end of the current fiscal year for this fund was \$234.8 million, an increase of \$8.9 million, or 3.9% from the prior fiscal year.

Total revenues for the Transportation Fund increased by \$157.3 million or 24.4% from the prior fiscal year while total expenditures increased by \$173.3 million, or 27.7%. These increases are the result of an increase in federally supported highway construction projects as compared to the prior fiscal year. This variation in construction activity is a normal fluctuation in the four-year Statewide Transportation Improvement Plan.

Social Services Federal (\$2.9 million). The Social Services Federal fund is a major special revenue fund that consists of over sixty federal grants and entitlement programs administered to provide social, financial, and medical services to eligible South Dakotans with the goal of fostering independence and personal responsibility. This fund is administered by the State's Department of Social Services. Some of the major grants included in this fund are Medicaid, Low Income Heating and Energy Assistance Payments, Temporary Assistance to Needy Families, State Children's Health Insurance Program, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Child Care and Development Fund Mandatory, Child Care and Development Block Grant, Foster Care - Title IV-E, and Child Support Enforcement.

Revenue in the fund consists of federal grants from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the U.S. Department of Energy, the U.S. Department of Justice, and federal pass-through grants from various State entities. The majority of the funding is expended on entitlement programs, service contracts to providers, and the administration of these programs. A majority of the state match to these federal grants is accounted for and expended out of the General Fund. The total fund balance at the end of the current fiscal year for the Social Services Federal Fund was \$2.9 million, relatively unchanged from the prior fiscal year.

Total program revenue of \$629.7 million decreased by \$5.0 million, or 0.8% and expenditures of \$629.3 million decreased by \$4.7 million, or 0.7% from the prior fiscal year. These decreases are predominantly attributed to a decrease in the utilization of the Medicaid program due to COVID-19 pandemic.

COVID-19 Federal (\$1.2 million). The COVID-19 Federal fund is a major special revenue fund created in fiscal year 2020 to account for all federal grants received for the COVID-19 pandemic. A majority of the activity in this fund is South Dakota's allocation of the Coronavirus Relief Fund (CRF) as created by the CARES Act. Other COVID-19 related activity in this fund includes the 6.2% increased FMAP from the Families First Coronavirus Response Act and 29 other federal funding sources for pandemic related programs.

In April of 2020, the State received two cash payments totaling \$1.25 billion of CRF from the U.S. Department of Treasury in accordance with the CARES Act. At the time of cash receipt, limited federal guidance was available and CRF related expenditures to the fund were slow to materialize. As fiscal year 2020 closed, the U.S. Department of Treasury began to issue federal guidance for CRF. Taking a fiscally conservative approach, the State began to account for allowable CRF expenditures in the COVID-19 Federal fund that were originally paid for with cash from the General Fund, some internal service funds, and various other funds. These timing issues created \$24.5 million of interfund receivables and payables in the COVID-19 Federal fund. See *Note 5. Interfund Transactions* in the Notes to the Financial Statements for more information relating to interfund receivables and payables.

As of June 30, 2020, the COVID-19 Federal fund reported total expenditures of \$116.3 million. Of that, \$57.4 million, or 49.4% were for the CRF grant, mostly personal services and contractual services expenditures of the State. Additionally,

\$23.6 million of the CRF expenditures are reported with a corresponding due to other funds. Because the CRF grant was an upfront cash payment of \$1.25 billion, this fund reported unearned revenue of \$1.1 billion. A majority of the CRF expenditures (grants to cities, counties, schools, universities, small businesses, etc.) in this fund did not materialize until after the close of fiscal year 2020.

An additional \$28.4 million of expenditures, or 24.4% of the COVID-19 Federal fund total expenditures are for the 6.2% increased FMAP from the Families First Coronavirus Response Act. The remaining \$30.4 million, or 26.2% of total expenditures in this fund are for 29 additional funding sources relating to federal funding for pandemic programs.

At the close of the fiscal year, the COVID-19 Federal fund had a fund balance of \$1.2 million.

Dakota Cement Trust Fund (\$333.8 million). As created in Article XIII, Sections 20 and 21 of the Constitution of the State of South Dakota, this fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings. "Four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December thirty-first of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year" shall be transferred to the General Fund in support of education. The Dakota Cement Trust Fund transferred \$13.0 million to the General Fund in fiscal year 2020 and \$12.7 million in fiscal year 2019.

The fund balance in the Dakota Cement Trust Fund at June 30, 2020, was \$333.8 million and is restricted for education. This is an increase of \$1.7 million from the previous fiscal year. The increase resulted primarily from strong net investment income of \$15.8 million which exceeded the statutory required transfer to the General Fund of \$13.0 million.

Education Enhancement Trust Fund (\$608.2 million). This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and General Fund appropriations for scholarship purposes. The fund is authorized by state law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, Section 6 of the Constitution of the State of South Dakota also states that, "the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature." The Education Enhancement Trust Fund transferred \$22.5 million to the General Fund in fiscal year 2020 and \$21.3 million in fiscal year 2019.

The fund balance in the Education Enhancement Trust Fund at June 30, 2020 was \$608.2 million, an increase of \$8.3 million from the prior fiscal year. The increase resulted from strong net investment income of \$24.4 million and a \$8.4 million transfer in from the Tobacco Securitization Fund, which exceeded the statutory required transfer out to the General Fund of \$22.5 million.

Proprietary Funds

The State's proprietary funds are presented on the accrual basis of accounting and include the State's enterprise and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2020:

Lottery Fund (\$5.1 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 \$5.1 million, a decrease of \$1.0 million in comparison with the prior fiscal year. Pursuant to state law, the State Lottery Fund distributed approximately \$123.7 million to the General Fund, \$4.5 million to the State Capital Construction Fund, and \$0.2 million to the Department of Social Services. For financial reporting purposes the \$4.5 million transfer to the State Capital Construction Fund is reported as a \$2.8 million transfer to the Water and Environment Fund, a \$1.0 million transfer to the Transportation Fund, and \$0.7 million transfer to the Ethanol Fuel Fund.

The State Lottery produced income (before transfers) in the amount of \$127.4 million on total revenue of \$177.0 million, compared to the previous fiscal year's income (before transfers) of \$129.5 million on total revenue of \$179.6 million. The State Lottery realized an increase in state share of video lottery net machine income of \$2.3 million in fiscal year 2020. The growth is attributed to the continued introduction of line game terminals in video lottery establishments. The Lottery also experienced an increase in instant ticket sales of \$4.8 million resulting from continued research of instant ticket games that appeal to players. These increases were offset by a \$9.7 million decrease in on-line ticket sales because the absence of a major jackpot run.

Clean Water State Revolving Fund (\$260.1 million). The Clean Water State Revolving Fund program was federally authorized by the 1987 Clean Water Act amendments. The United States Environmental Protection Agency awards capitalization grants to the State. These grants along with 5:1 matching state funds provide low interest loans

to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net position of \$260.1 million, an increase of \$11.7 million, or 4.7% in comparison to the prior fiscal year. This increase resulted primarily from the 298.2% or \$8.7 million increase federal capitalization grants issued to the fund by the United States Environmental Protection Agency for providing low interest loans.

Drinking Water State Revolving Fund (\$210.2 million). The Drinking Water State Revolving Fund program was federally authorized by the Safe Drinking Water Act amendments of 1996. The United States Environmental Protection Agency awards capitalization grants to the State. These grants along with 5:1 matching state funds are used to provide low interest loans to finance drinking water projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net position of \$210.2 million, an increase of \$10.8 million, or 5.4% in comparison with the prior fiscal year. This increase resulted primarily from a 416.5% or \$9.1 million increase federal capitalization grants issued to the fund by the United States Environmental Protection Agency for providing low interest loans.

Unemployment Insurance Fund (\$147.1 million). The Unemployment Insurance Fund accounts for the reemployment assistance tax receipts from employers within the State of South Dakota and federal unemployment programs and benefits paid to unemployed persons. The Reemployment Assistance division provides temporary financial assistance for people who have lost their job through no fault of their own, until they find other employment. South Dakota's program is financed by employers through payroll taxes. During the fiscal year, the Unemployment Insurance Fund experienced significant increases in both revenues and expenses due to substantial increases in unemployment claims related to the COVID-19 pandemic. These increases resulted in the Unemployment Insurance Fund becoming a "major" proprietary fund in fiscal year 2020.

Unemployment benefit payments to individuals increased from \$26.4 million in the prior fiscal year to \$241.3 million, an 814.1% increase. Additionally, the receipts from employers and the Federal Government increased from \$39.4 million in fiscal year 2019 to \$247.6 million in the current fiscal year, a 527.8% increase. Most of this revenue increase came from federal programs passed in the CARES Act. This activity resulted in total net position of \$147.1 million, an increase of \$9.3 million, or 6.8% from the prior fiscal year.

Budgetary Highlights - General Fund

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

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

General Fund The difference between the original and the final budget was a \$23.9 million net increase in appropriations comprised of two separate appropriation types: emergency special appropriations and net general bill adjustment appropriations (both increases and decreases). The net increase was due to (1) actual sales and use tax, contractors excise tax, and lottery revenues exceeding previous estimates, (2) gains from the refinancing of bonds being transferred to the General Fund, and (3) legislatively approved transfer from the Budget Reserve to the General Fund.

Increases to the General Fund Budget

Emergency Specials. During the 2020 Legislative Session, the Legislature approved emergency special appropriations to the General Fund of \$30.4 million in fiscal year 2020. They consisted of the following:

- \$9.9 million was appropriated from the General Fund to the Department of Public Safety for the special emergency and disaster special revenue fund, for costs related to disasters in South Dakota.
- \$7.0 million was appropriated from the General Fund to Higher Education to contract for the construction of an Allied Health Facility and the demolition of Julian Hall and the Julian Hall Addition, rural veterinary medical

education program, the design and development of a new bioprocessing facility, and the development of the Cyber Incubator and Entrepreneurial Center.

- \$5.1 million was appropriated from the General Fund to the Bureau of Information and Telecommunications for upgrading the state radio infrastructure system.
- \$5.0 million was appropriated from the General Fund to the Governor's Office of Economic Development for expanding rural access to broadband services throughout South Dakota.
- \$1.6 million was appropriated from the General Fund to the Department of Health for the rural healthcare recruitment program and hemp testing.
- \$1.2 million was appropriated from the General Fund to the Bureau of Administration for the payment of legal expenses associated with litigation against the State. Due to the unpredictable nature of these items, the State does not budget estimated expenditures for defending the State against litigation. Instead the Legislature allows for payment of actual expenditures as costs are incurred and backfills the budget for the actual expenditure after the costs have been paid.
- \$0.6 million was appropriated from the General Fund to the Department of Revenue for tax refunds for the elderly and disabled and to the Department of the Military to construct a cold storage building.

General Bill Increases. The 2020 Legislature approved general bill adjustments that increased the General Fund original budget by \$17.0 million during fiscal year 2020. This increase consisted of the following:

- \$12.8 million increase in appropriations related to employee compensation and billing pools.
- \$2.8 million increase in appropriations to Higher Education for programs in Board of Regents Central Office, SD School of Mines and Technology, and Dakota State University.
- \$1.4 million total increases in appropriations to various state agencies for other increases.

Decreases to the General Fund Budget

General Bill Decreases. The 2020 Legislature approved general bill adjustments that decreased the General Fund original budget by \$23.5 million during fiscal year 2020. These decreases consisted of the following:

- \$17.3 million decrease in appropriations to the Department of Social Services for programs in administration, economic assistance, medical services, and behavioral health.
- \$2.9 million decrease in appropriations to the Department of Education for programs in state aid to general education, sparsity payments, national board-certified teachers and counselors, and education resources.
- \$2.4 million decrease in appropriations to the Department of Human Services for programs in South Dakota Developmental Center and long-term services and supports.
- \$0.9 million decrease in appropriations to the Department of Corrections for programs in inmate services.

The net effect of the emergency special appropriations and general bill adjustments resulted in a \$23.9 million increase in appropriations. Overall, there were no over-expenditures by any State departments in the General Fund. The difference between the final amended budget and actual spending was \$86.1 million below final budgeted estimates.

CAPITAL ASSETS

Investment in capital assets as of June 30, 2020 is \$4.5 billion (net of accumulated depreciation). This includes: land, land improvements, buildings, equipment, intangible assets, vehicles, infrastructure, and construction in progress.

State of South Dakota						
Capital Assets - Primary Government						
(Expressed in Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Land	\$ 123,053	\$ 122,832	\$ 295	\$ 295	\$ 123,348	\$ 123,127
Land Improvements	68,774	67,627	1,096	924	69,870	68,551
Land Improvements - Roads	637,242	636,272			637,242	636,272
Buildings	750,938	687,905	8,591	8,591	759,529	696,496
Equipment	258,441	251,679	4,190	3,993	262,631	255,672
Intangible Assets – Software	132,167	127,406	2,620	2,620	134,787	130,026
Vehicles	182,651	178,801			182,651	178,801
Infrastructure	4,386,511	4,239,596			4,386,511	4,239,596
Construction in Progress	345,063	331,002	267	235	345,330	331,237
Total Capital Assets	6,884,840	6,643,120	17,059	16,658	6,901,899	6,659,778
Accumulated Depreciation	(2,417,074)	(2,318,430)	(10,504)	(10,007)	(2,427,578)	(2,328,437)
Total Capital Assets, Net	\$ 4,467,766	\$ 4,324,690	\$ 6,555	\$ 6,651	\$ 4,474,321	\$ 4,331,341

The most significant capital asset the State reported in fiscal year 2020 is infrastructure. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure assets account for \$2.6 billion (net of accumulated depreciation), which is 58.4% of total net capital assets.

The State's investment in capital assets (net of accumulated depreciation) increased \$146.3 million or 3.4% during the fiscal year. This change was primarily due to an increase in infrastructure from continued highway construction projects funded by federal grants and state motor fuel taxes in the Transportation Fund.

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

Debt Administration

Issuer Credit Rating of the State. On May 4, 2015, Standard & Poor's upgraded the issuer credit rating (ICR) for the State to AAA with a stable outlook. Likewise, on June 17, 2016, and July 11, 2016, Fitch Rating Service and Moody's Investors Service also upgraded the ICR for the State to AAA and Aaa both with a stable outlook. As of June 30, 2020, all three rating agencies have reaffirmed South Dakota's AAA (Aaa) ratings with a stable outlook.

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

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

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

On June 30, 2020, the uninsured rating for SDBA from both Standard & Poor's and Fitch Rating was AA+ with a stable outlook and Moody's Investor Service was Aa1 with a stable outlook, all rating obligation lower than the State's ICR.

SDBA issued \$7.1 million of revenue bonds for the primary government in fiscal year 2020. Proceeds from these bonds were used to refund and defease previously issued bonds. SDBA also issued \$65.8 million of revenue bonds for Higher Education. The proceeds of these bonds were also used to refund and defease previously issued bonds. The completed refunding produced \$5.1 million cash savings to the General Fund.

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

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

EEFC did not issue any bonds in fiscal year 2020.

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

SDCD issues revenue bonds for the Clean Water State Revolving Fund (CWSRF) and for the Drinking Water State Revolving Fund (DWSRF). These funds provide low interest loans or other types of financial assistance for the construction of publicly owned wastewater treatment facilities; implementation of nonpoint source management programs; and construction and maintenance of drinking water facilities respectively. The bonds are paid solely from CWSRF and DWSRF loan repayments. The SDCD bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State. The revenue bonds and related financial transactions for the CWSRF and DWSRF are reported as part of the Business-type Activities in the State's Basic Financial Statements.

At June 30, 2020, the SDCD had maintained its long-term rating of AAA with a positive outlook by Standard & Poor's and Aaa by Moody's Investor Service.

In fiscal year 2020, SDCD did not issue any new bonds for CWSRF or DWSRF programs.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Revenue Bonds:						
South Dakota Building Authority	\$ 76,215	\$ 79,055	\$	\$	\$ 76,215	\$ 79,055
Educational Enhancement Funding Corporation	70,549	81,784			70,549	81,784
South Dakota Conservancy District			351,302	375,803	351,302	375,803
Capital Leases:	133,352	136,417			133,352	136,417
Total	\$ 280,116	\$ 297,256	\$ 351,302	\$ 375,803	\$ 631,418	\$ 673,059

Additional information on the State's long-term debt obligations can be found in *Note 14. Long-Term Liabilities* in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

Despite the pandemic, nonfarm employment in South Dakota was among the best in the nation during fiscal year 2020. Nonfarm employment decreased by 5.3% from the prior year compared to a decrease of 8.6% nationally. Similarly, the unemployment rate in South Dakota remained among the lowest in the nation in fiscal year 2020. South Dakota's unemployment rate was 7.2% in June 2020, while the U.S. unemployment rate was 11.1% the same month. In the second quarter of 2020, South Dakota's nonfarm personal income grew 9.8%, lower than the U.S. growth rate of 10.4%.

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, 2020
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,190,950	\$ 426,919	\$ 2,617,869
Receivables, net	619,176	566,805	1,185,981
Due From Component Units	1,048	52	1,100
Due From Primary Government			0
Internal Balances	6,617	(6,617)	0
Investments	1,183,600	167,865	1,351,465
Securities Held as Escheat Property	469		469
Inventory	24,696	2,303	26,999
Advances to Component Units	1,193	18,063	19,256
Other Assets	12,469	156	12,625
Assets Held for Resale		321	321
Restricted Assets:			
Cash and Cash Equivalents	3,384	26	3,410
Investments	19,373	372	19,745
Net Pension Asset	2,146	50	2,196
Other		675	675
Capital Assets:			
Land and Other Non-depreciable Assets	770,913	295	771,208
Infrastructure, net	2,614,837		2,614,837
Property, Plant, and Equipment, net	736,953	5,993	742,946
Construction in Progress	345,063	267	345,330
Total Assets	8,532,887	1,183,545	9,716,432
Deferred Outflows of Resources			
Deferred Outflow Related to Pensions	113,026	2,703	115,729
Deferred Swap Outflow			0
Deferred Forward Contract Outflow			0
Deferred Outflow on Debt Refunding	3,934	7,307	11,241
Total Deferred Outflows of Resources	116,960	10,010	126,970
Liabilities			
Accounts Payable and Other Liabilities	391,517	26,221	417,738
Due To Primary Government			0
Due To Component Units	1,144		1,144
Accrued Interest Payable	566	5,928	6,494
Unearned Revenue	1,209,641	2,242	1,211,883
Noncurrent Liabilities:			
Due Within One Year	87,964	24,374	112,338
Due In More Than One Year	341,753	330,015	671,768
Total Liabilities	2,032,585	388,780	2,421,365
Deferred Inflows of Resources			
Deferred Inflow Related to Pensions	43,715	1,041	44,756
Deferred Forward Contract Inflow			0
Deferred Inflow on Gain on Debt Refunding			0
Deferred Inflow on Swaps			0
Total Deferred Inflows of Resources	43,715	1,041	44,756
Net Position			
Net Investment in Capital Assets	4,259,851	6,552	4,266,403
Restricted for:			
Education	350,208		350,208
Highways	222,811		222,811
Railroads	24,387		24,387
Law, Justice, Public Protection, and Regulation	20,162		20,162
Agriculture and Natural Resources	86,913		86,913
Game and Fish	6,045		6,045
Parks and Recreation	3,475		3,475
Health and Public Assistance	22,356		22,356
Economic Development	55,642		55,642
Debt Service	23,531		23,531
Capital Projects	324		324
HOME and NSP Program			0
Energy Conservation Programs	12,566		12,566
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds Held as Permanent Investments:			
Expendable	256,117		256,117
Nonexpendable	558,300		558,300
Pensions	71,457	1,712	73,169
Disaster Relief Fund		10,500	10,500
Maintenance Support Facility			0
Experiments			0
Mine Closure			0
Sanford Center for Science Education			0
Other Purposes	12,444	2,546	14,990
Unrestricted	586,958	782,424	1,369,382
Net Position	\$ 6,573,547	\$ 803,734	\$ 7,377,281

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

Component Units				
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
\$ 254,250	\$ 20,424	\$ 280,869	\$ 19,039	
431,325	2,647	124,442	9,510	
		1,144		
1,246,414		455,518	1,887	
3,530	2,451	6,841		
416	9,577	18,991	120	
			3,855	
		31,238	2,602	
		160,735	3,240	
16	52	1,546		
		30,027		
220	19,821	46,086		
4,859	59,061	1,217,718	19,101	
	1,824	103,824		
1,941,030	115,857	2,478,979	59,354	
901	2,943	80,241		
9,401				
949				
2,879		11,846		
14,130	2,943	92,087	0	
4,710	1,988	46,238	960	
92		1,008		
6,294		3,747	112	
		26,200	3,260	
51,919	758	67,439	2,184	
1,278,552	6,758	586,372	28,438	
1,341,567	9,504	731,004	34,954	
345	1,267	31,494		
86				
2,758		216		
331				
3,520	1,267	31,710	0	
(951)	80,706	872,148	522	
516,496		3,416	5,000	
79,510				
		258,324		
		485,391		
572	1,728	50,293		
	4,676			
	729			
	1,521			
	83			
14,446	7,500			
	11,086	138,780	18,878	
\$ 610,073	\$ 108,029	\$ 1,808,352	\$ 24,400	

STATE OF SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 209,723	\$ 272,984	\$ 15,379	\$
Education - Elementary, Secondary, and Vocational Schools	223,524	8,750	181,574	
Education - State Support to Higher Education	229,545			
Health, Human, and Social Services	1,544,824	34,115	977,457	2,211
Law, Justice, Public Protection, and Regulation	313,534	89,945	84,540	
Agriculture and Natural Resources	157,010	84,795	45,941	8,979
Economic Resources	45,920	178	12,888	
Transportation	676,547	16,519	482,627	5,571
Pandemic Response	116,299		118,137	
Intergovernmental - Payments to School Districts	563,878			
Intergovernmental - Revenue Sharing	196,425			
Unallocated Interest Expense	6,861			
Unallocated Depreciation	53			
Total Governmental Activities	4,284,143	507,286	1,918,543	16,761
Business-type Activities:				
Lottery	50,484	177,306	583	
Clean Water State Revolving	13,516	7,401	17,838	
Drinking Water State Revolving	9,349	5,033	15,220	
Unemployment Insurance	241,343	30,105	221,315	
Revolving Economic Development and Initiative	1,877	911	5,064	
Second Injury	963	1	147	
State Fair	3,892	3,176	50	19
Federal Surplus Property	2,302	1,973	4	
Rural Rehabilitation	(152)	101	266	
Prison Industries	3,490	3,781	30	
S.D. Trust Company Captive Insurance Co.	30	(64)	108	
Professional and Licensing	9,231	8,553	629	
Banking and Insurance	5,565	5,963	376	
Other	3,498	4,884	44	
Total Business-type Activities	345,388	249,124	261,674	19
Total Primary Government	\$ 4,629,531	\$ 756,410	\$ 2,180,217	\$ 16,780
Component Units:				
Housing Authority	\$ 83,978	\$ 116,228	\$ 30,896	\$
Science and Technology Authority	33,393	405	29,814	2,926
Higher Education	846,233	433,767	164,344	6,967
Nonmajor	6,026	4,302	303	
Total Component Units	\$ 969,630	\$ 554,702	\$ 225,357	\$ 9,893

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

Special Items - Impairment of Capital Asset

Transfers

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

Changes in Net Position

Net Position at Beginning of Year, as restated

Net Position at End of Year

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

Net (Expenses) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 78,640	\$	\$ 78,640				
(33,200)		(33,200)				
(229,545)		(229,545)				
(531,041)		(531,041)				
(139,049)		(139,049)				
(17,295)		(17,295)				
(32,854)		(32,854)				
(171,830)		(171,830)				
1,838		1,838				
(563,878)		(563,878)				
(196,425)		(196,425)				
(6,861)		(6,861)				
(53)		(53)				
(1,841,553)	0	(1,841,553)				
	127,405	127,405				
	11,723	11,723				
	10,904	10,904				
	10,077	10,077				
	4,098	4,098				
	(815)	(815)				
	(647)	(647)				
	(325)	(325)				
	519	519				
	321	321				
	14	14				
	(49)	(49)				
	774	774				
	1,430	1,430				
0	165,429	165,429				
(1,841,553)	165,429	(1,676,124)				
			\$ 63,146	\$	\$	\$
				(248)		
					(241,155)	
						(1,421)
			63,146	(248)	(241,155)	(1,421)
1,149,732		1,149,732				
184,949		184,949				
132,043		132,043				
44,727		44,727				
385,180		385,180				
91,816		91,816		760	62,221	832
		0			229,545	
1,515		1,515				745
61,664		61,664				
		0			26,141	
(3,636)		(3,636)				
121,805	(121,805)	0				
2,169,795	(121,805)	2,047,990	0	760	317,907	1,577
328,242	43,624	371,866	63,146	512	76,752	156
6,245,305	760,110	7,005,415	546,927	107,517	1,731,600	24,244
\$ 6,573,547	\$ 803,734	\$ 7,377,281	\$ 610,073	\$ 108,029	\$ 1,808,352	\$ 24,400

STATE OF SOUTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Assets								
Cash and Cash Equivalents	\$ 439,009	\$ 181,479	\$ 667	\$ 1,176,278	\$ 188	\$ 410	\$ 308,370	\$ 2,106,401
Restricted Cash	3,382						2	3,384
Investments					333,161	628,795	221,644	1,183,600
Restricted Investments							19,373	19,373
Securities Held as Escheat Property	469							469
Receivables from:								
Taxes, net	226,995	17,100					2,986	247,081
Interest and Dividends	4,686	681	3		475	1,195	1,650	8,690
Other Funds	80,750	1,707		3,474			7,315	93,246
Component Units	53	13					402	468
Other Governments	1,814	91,341	14,242	19,906			111,740	239,043
Loans and Notes, net		5,680					59,211	64,891
Other, net	13,836	1,636	16,641	1,658		362	18,013	52,146
Inventory	2,735	17,391	15	1,170			2,372	23,683
Advances to Component Units							1,193	1,193
Other Assets	2,565	241	1,217	62			3,880	7,965
Total Assets	\$ 776,294	\$ 317,269	\$ 32,785	\$ 1,202,548	\$ 333,824	\$ 630,762	\$ 758,151	\$ 4,051,633
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts Payable and Other Liabilities Payable to:	\$ 134,302	\$ 66,382	\$ 28,510	\$ 18,451	\$ 15	\$ 50	\$ 50,222	\$ 297,932
Other Funds	4,376	1,679	1,078	24,544		22,515	40,743	94,935
Component Units	23	69	117	205			665	1,079
Other Governments	17,012	12,124	46	9,750			66,917	105,849
Claims, Judgments, and Compensated Absences	197	50	15	1			133	396
Unearned Revenue	29,396	2,172	164	1,148,363			16,508	1,196,603
Total Liabilities	185,306	82,476	29,930	1,201,314	15	22,565	175,188	1,696,794
Deferred Inflows of Resources:								
Unavailable Revenue	64,617						14,414	79,031
Total Deferred Inflows of Resources	64,617	0	0	0	0	0	14,414	79,031
Fund Balances:								
Nonspendable	5,300	17,632	1,232	1,233		410,924	151,075	587,396
Restricted	3,382	217,161		1	333,809	197,273	350,620	1,102,246
Committed							51,243	51,243
Assigned	136,363		1,623				23,970	161,956
Unassigned	381,326						(8,359)	372,967
Total Fund Balances	526,371	234,793	2,855	1,234	333,809	608,197	568,549	2,275,808
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 776,294	\$ 317,269	\$ 32,785	\$ 1,202,548	\$ 333,824	\$ 630,762	\$ 758,151	\$ 4,051,633

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, 2020
(Expressed in Thousands)**

Total Fund Balances - Governmental Funds		\$ 2,275,808
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. These assets consist of:		
Land and Construction in Progress	\$ 1,114,919	
Infrastructure	4,386,509	
Other Capital Assets	1,270,658	
Accumulated Depreciation	<u>(2,337,970)</u>	
Total Capital Assets		4,434,116
Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds.		
		1,992
Deferred outflows of resources are not reported in the governmental funds:		
Related to Pension	104,911	
Related to Debt Refunding	<u>3,934</u>	
Total Deferred Outflows of Resources		108,845
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.		
		48,563
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	(146,763)	
Accrued Interest on Bonds	(566)	
Capital Leases	(115,675)	
Compensated Absences	(58,587)	
Pollution Remediation	<u>(12,646)</u>	
Total Long-Term Liabilities		(334,237)
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	79,031	
Related to Pensions	<u>(40,571)</u>	
Total Deferred Inflows of Resources		<u>38,460</u>
Net Position of Governmental Activities		<u>\$ 6,573,547</u>

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

**STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	General Fund	Transport- ation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Revenue:								
Taxes	\$ 1,472,523	\$ 298,286	\$	\$	\$	\$	\$ 99,970	\$ 1,870,779
Licenses, Permits, and Fees	11,947	13,536					287,231	312,714
Fines, Forfeits, and Penalties	303						18,394	18,697
Use of Money and Property	42,616	6,267	38		15,777	24,421	27,575	116,694
Sales and Services	21,049	645					19,870	41,564
Administering Programs	1	481,878	624,689	118,139			664,530	1,889,237
Tobacco Settlement							20,865	20,865
Other Revenue	46,162	1,074	4,967				26,437	78,640
Total Revenue	1,594,601	801,686	629,694	118,139	15,777	24,421	1,164,872	4,349,190
Expenditures:								
Current:								
General Government	59,980				1,105	2,043	41,247	104,375
Education	30,957						190,733	221,690
Education - Payments to School Districts	563,878							563,878
Education - State Support to Higher Education	229,545							229,545
Health, Human, and Social Services	520,353		629,345				373,860	1,523,558
Law, Justice, Public Protection, and Regulation	159,126	16,967					128,743	304,836
Agriculture and Natural Resources	18,026						146,850	164,876
Economic Resources	23,466						21,792	45,258
Transportation		782,315					6,265	788,580
Pandemic Response				116,299				116,299
State Shared Revenue Paid to								
Other Governments	50,607						145,818	196,425
Capital Outlay							13,912	13,912
Debt Service:								
Principal							14,280	14,280
Interest							6,510	6,510
Bond Issuance Costs							65	65
Total Expenditures	1,655,938	799,282	629,345	116,299	1,105	2,043	1,090,075	4,294,087
Excess of Revenues Over (Under) Expenditures	(61,337)	2,404	349	1,840	14,672	22,378	74,797	55,103
Other Financing Sources (Uses):								
Proceeds from Sale of Capital Assets	78	2,535					282	2,895
Insurance Proceeds		15						15
Proceeds of Refunding Bonds							7,130	7,130
Payments on Advance Refundings							(6,469)	(6,469)
Transfers In	236,152	8,787				8,442	36,028	289,409
Transfers Out	(25,706)	(4,865)	(148)	(606)	(13,005)	(22,515)	(102,221)	(169,066)
Net Other Financing Sources (Uses)	210,524	6,472	(148)	(606)	(13,005)	(14,073)	(65,250)	123,914
Net Change in Fund Balances	149,187	8,876	201	1,234	1,667	8,305	9,547	179,017
Fund Balances at Beginning of Year	377,184	225,917	2,654	0	332,142	599,892	559,002	2,096,791
Fund Balances at End of Year	\$ 526,371	\$ 234,793	\$ 2,855	\$ 1,234	\$ 333,809	\$ 608,197	\$ 568,549	\$ 2,275,808

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, 2020
(Expressed in Thousands)**

Net Change in Fund Balances - Governmental Funds **\$ 179,017**

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	\$ 264,124	
Depreciation Expense	(118,745)	
Excess of Capital Outlay Over Depreciation Expense		145,379

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (179)

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	20,749	
Capital Lease Payments	3,635	
Total Long-Term Debt Repayment		24,384

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. 24,854

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. 26,352

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	(7,130)	
Bond Refunding Costs	(77)	
Bond Premium	657	
Total Amounts Related to Bond Issuance		(6,550)

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	60	
(Increase) Decrease in Compensated Absences	(3,121)	
(Increase) Decrease in Net Pension Costs	(57,919)	
(Increase) Decrease in Pollution Remediation	(399)	
Total Additional Expenditures		(61,379)

Special Item - Impairment of Capital Asset (3,636)

Change in Net Position of Governmental Activities **\$ 328,242**

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, 2020
(Expressed in Thousands)

Assets	Business-type Activities - Enterprise Funds						Governmental Activities
	Major					Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemployment Insurance	Nonmajor		
Current Assets:							
Cash and Cash Equivalents	\$ 9,793	\$ 105,624	\$ 54,726	\$ 128,125	\$ 128,651	\$ 426,919	\$ 84,549
Receivables:							
Interest and Dividends	64	2,995	1,851		646	5,556	226
Other Funds				251	333	584	9,722
Component Units					52	52	580
Other Governments		764	509	23,462	122	24,857	192
Loans and Notes, net		20,519	10,401		7,212	38,132	
Other, net	5,735			11,759	142	17,636	6,801
Investments		14,132	7,799			21,931	
Inventory					2,303	2,303	1,013
Advances to Component Units		1,061				1,061	
Other Assets					156	156	4,504
Total Current Assets	15,592	145,095	75,286	163,597	139,617	539,187	107,587
Assets Held for Resale					321	321	
Restricted Assets:							
Restricted Cash	26					26	
Restricted Investments	372					372	
Net Pension Asset	7	1	2		40	50	154
Other	675					675	
Investments		88,218	57,716			145,934	
Capital Assets:							
Land and Other Non-depreciable Assets					295	295	
Property, Plant, and Equipment	4,542				11,957	16,499	111,695
Accumulated Depreciation	(4,333)				(6,173)	(10,506)	(79,102)
Construction in Progress					267	267	1,057
Total Capital Assets	209	0	0	0	6,346	6,555	33,650
Advances to Component Units		17,002				17,002	
Other Noncurrent Assets		259,935	178,960		41,681	480,576	
Total Assets	16,881	510,251	311,964	163,597	188,005	1,190,698	141,391
Deferred Outflows of Resources							
Deferred Outflow Related to Pensions	359	66	108		2,170	2,703	8,115
Deferred Amount from Refunding of Bonds		5,677	1,630			7,307	
Total Deferred Outflows of Resources	359	5,743	1,738	0	2,170	10,010	8,115
Liabilities							
Current Liabilities:							
Accounts Payable and Other Liabilities	4,446	431	168	15,844	5,190	26,079	4,757
Payable to:							
Other Funds	6,889	1	2	94	188	7,174	1,408
Component Units						0	65
Escrow Payable	121					121	
Bonds, Notes, and Leases Payable		15,285	8,141			23,426	5,156
Claims, Judgments, and Compensated Absences	149	31	48		720	948	26,708
Accrued Interest Payable		4,255	1,673			5,928	
Unearned Revenue	238			528	1,476	2,242	13,038
Total Current Liabilities	11,843	20,003	10,032	16,466	7,574	65,918	51,132
Noncurrent Liabilities:							
Bonds, Notes, and Leases Payable		235,780	92,097			327,877	12,519
Claims, Judgments, and Compensated Absences	131	27	42		636	836	34,093
Other Noncurrent Liabilities		34	1,268			1,302	55
Total Noncurrent Liabilities	131	235,841	93,407	0	636	330,015	46,667
Total Liabilities	11,974	255,844	103,439	16,466	8,210	395,933	97,799
Deferred Inflows of Resources							
Deferred Inflow Related to Pensions	138	26	43		834	1,041	3,144
Total Deferred Inflows of Resources	138	26	43	0	834	1,041	3,144
Net Position							
Net Investment in Capital Assets	209				6,343	6,552	15,950
Restricted for:							
Disaster Relief Fund					10,500	10,500	
Pensions	228	41	67		1,376	1,712	5,125
Other	676				1,870	2,546	
Unrestricted	4,015	260,083	210,153	147,131	161,042	782,424	27,488
Total Net Position	\$ 5,128	\$ 260,124	\$ 210,220	\$ 147,131	\$ 181,131	\$ 803,734	\$ 48,563

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, 2020
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds						Governmental
	Major					Total	Internal
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemploy- ment Insurance	Nonmajor		Service Funds
Operating Revenue:							
Licenses, Permits, and Fees	\$ 1,524	\$	\$	\$	\$ 18,895	\$ 20,419	\$
Use of Money and Property		5,724	4,017		1,438	11,179	9
Sales and Services	175,448	1,677	1,016		8,198	186,339	287,733
Administering Programs				171,845	124	171,969	
Assessments				30,105	1	30,106	
Other Revenue	4				741	745	6,940
Total Operating Revenue	176,976	7,401	5,033	201,950	29,397	420,757	294,682
Operating Expenses:							
Personal Services and Benefits	2,202	370	589		14,102	17,263	49,474
Travel	137	6	8		922	1,073	761
Contractual Services	10,804	694	687		9,438	21,623	59,025
Supplies and Materials	918				3,909	4,827	11,905
Grant and Other	121	3,657	3,898		981	8,657	5
Interest		8,755	3,730			12,485	554
Depreciation/Amortization	153				276	429	6,306
Lottery Prizes	36,147					36,147	
Insurance Claims				241,343	943	242,286	145,442
Total Operating Expenses	50,482	13,482	8,912	241,343	30,571	344,790	273,472
Operating Income (Loss)	126,494	(6,081)	(3,879)	(39,393)	(1,174)	75,967	21,210
Nonoperating Revenue (Expenses):							
Gain on Disposal of Assets					6	6	274
Loss on Disposal of Assets						0	(126)
Investment Income	583	5,832	3,786	3,820	4,959	18,980	1,981
Other Expense	(2)	(34)	(437)		(125)	(598)	(8)
Grant and Other Income	330	12,006	11,434	45,650	1,635	71,055	42
Total Nonoperating Revenue (Expenses)	911	17,804	14,783	49,470	6,475	89,443	2,163
Income (Loss) Before Capital Contributions and Transfers	127,405	11,723	10,904	10,077	5,301	165,410	23,373
Capital Contributions and Transfers:							
Capital Contributions					19	19	19
Transfers In					9,101	9,101	1,462
Transfers Out	(128,431)	(44)	(69)	(734)	(1,628)	(130,906)	
Net Capital Contributions and Transfers	(128,431)	(44)	(69)	(734)	7,492	(121,786)	1,481
Change in Net Position	(1,026)	11,679	10,835	9,343	12,793	43,624	24,854
Net Position at Beginning of Year, as restated	6,154	248,445	199,385	137,788	168,338	760,110	23,709
Net Position at End of Year	\$ 5,128	\$ 260,124	\$ 210,220	\$ 147,131	\$ 181,131	\$ 803,734	\$ 48,563

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, 2020
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Major						Internal
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemploy- ment Insurance	Nonmajor	Total	Service Funds
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ 176,369	\$ 1,673	\$ 1,007	\$ 27,706	\$ 24,766	\$ 231,521	\$ 101,726
Receipts from Interfund Services Provided					4,470	4,470	186,918
Receipts from Federal Agencies				148,535	223	148,758	
Receipts from Loan Payments		36,677	15,424		13,340	65,441	
Payments to Suppliers and for Benefits and Claims	(11,286)	(1,247)	(791)	(225,701)	(12,051)	(251,076)	(204,636)
Payments for Employee Services	(2,032)	(344)	(539)		(12,651)	(15,566)	(44,071)
Payments for Interfund Services Used	(839)				(3,463)	(4,302)	(10,450)
Payments for Lottery Prizes	(35,850)					(35,850)	
Payments for Principal Forgiveness		(2,778)	(3,713)			(6,491)	
Payments for Loans Originated		(43,360)	(24,080)		(16,775)	(84,215)	
Other Receipts (Payments)	205	(8)	(8)	528	(780)	(63)	8,297
Net Cash Provided (Used) by Operating Activities	126,567	(9,387)	(12,700)	(48,932)	(2,921)	52,627	37,784
Cash Flows from Capital and Related Financing Activities:							
Capital Contributions					19	19	
Purchases of Capital Assets					(297)	(297)	(2,528)
Construction in Progress					(32)	(32)	(258)
Sales of Capital Assets					19	19	549
Payments on Capital Lease Obligations							(5,343)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0	(291)	(291)	(7,580)
Cash Flows from Noncapital Financing Activities:							
Transfers In					9,101	9,101	1,461
Transfers Out	(127,070)	(44)	(69)	(705)	(1,626)	(129,514)	
Principal Payments on Bonds and Notes		(13,130)	(8,575)			(21,705)	
Interest Payments on Bonds and Notes		(10,767)	(4,360)			(15,127)	
Receipts for Administering Program		11,551	11,191			22,742	
Services Provided to Others					(110)	(110)	
Grants and Other Noncapital Financing Activities		431	209	45,649	1,668	47,957	23
Net Cash Provided (Used) by Noncapital Financing Activities	(127,070)	(11,959)	(1,604)	44,944	9,033	(86,656)	1,484
Cash Flows from Investing Activities:							
Investment Income	595	6,746	4,218	3,820	4,984	20,363	2,063
Investment Expense	(2)				(15)	(17)	(8)
Purchase of Investment Securities		(23,531)	(14,214)			(37,745)	
Proceeds from the Sale and Maturity of Investments		83,080	44,758			127,838	
Net Cash Provided (Used) by Investing Activities	593	66,295	34,762	3,820	4,969	110,439	2,055
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	90	44,949	20,458	(168)	10,790	76,119	33,743
Cash and Cash Equivalents at Beginning of Year	9,729	60,675	34,268	128,293	117,861	350,826	50,806
Cash and Cash Equivalents at End of Year	\$ 9,819	\$ 105,624	\$ 54,726	\$ 128,125	\$ 128,651	\$ 426,945	\$ 84,549

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Major						Internal
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Unemploy- ment Insurance	Nonmajor	Total	Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ 126,494	\$ (6,081)	\$ (3,879)	\$ (39,393)	\$ (1,174)	\$ 75,967	\$ 21,210
Adjustments to Reconcile Operating Income (Loss):							
Depreciation/Amortization Expense	153				276	429	6,306
Bad Debt Expense					(274)	(274)	
Interest Expense		8,754	3,729			12,483	536
Bond Issuance Costs		252				252	
Miscellaneous Nonoperating Items	344					344	
Decrease/(Increase) in Assets:							
Accounts Receivable	(673)			(2,214)	268	(2,619)	(1,172)
Interest, Dividends & Penalties Receivable		(21)	(24)		114	69	
Loans and Notes Receivable		(12,387)	(12,648)		(3,367)	(28,402)	
Due From Other Funds				(184)	(130)	(314)	(934)
Due From Component Units					(20)	(20)	221
Due From Other Governments		(3)	(9)	(23,310)	81	(23,241)	(26)
Inventory					(33)	(33)	(278)
Other Assets	1				(466)	(465)	2,265
Other Restricted Assets	34				(1)	33	
Restricted Net Pension Asset	(5)	(1)	(2)		(30)	(38)	(122)
Decrease/(Increase) in Deferred Outflows of Resources:							
Deferred Outflows Related to Pensions	180	42	56		1,104	1,382	4,150
Increase/(Decrease) in Liabilities:							
Accounts Payable	30	73	81	15,641	330	16,155	(177)
Accrued Liabilities	(12)	(3)	(2)		124	107	220
Compensated Absences Payable	(15)	(14)	(10)		161	122	271
Due To Other Funds	(26)				(53)	(79)	162
Due To Component Units					1	1	32
Due To Other Governments	26				(2)	24	4
Unearned Revenue	9			528	(374)	163	1,881
Escrow Payable	34					34	
Policy Claim Liabilities						0	2,720
Other Liabilities	(29)				414	385	
Increase/(Decrease) in Deferred Inflows of Resources:							
Deferred Inflows Related to Pensions	22	2	8		130	162	515
Net Cash Provided (Used) by Operating Activities	\$ 126,567	\$ (9,387)	\$ (12,700)	\$ (48,932)	\$ (2,921)	\$ 52,627	\$ 37,784
Noncash Investing, Capital, and Financing Activities:							
Gain (Loss) on Disposal of Capital Assets	\$	\$	\$	\$	\$	\$	\$ 146
Capital Lease Obligations Entered Into							5,380
Transfers In (Out) of Capital Assets							19

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, 2020
(Expressed in Thousands)

	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 5,660	\$ 2,448	\$ 47,334
Receivables:			
Employer	2,789		
Employee	2,995		
Benefits	146		
Unsettled Investment Sales	10,596		
Taxes Receivable, net			47,772
Due From Other Funds		119	
Investment Income	26,011	387	11
Other		111	754
Total Receivables	42,537	617	48,537
Investments, at Fair Value:			
Fixed Income	4,887,290		
Equities	5,126,731		
Real Estate	1,245,733		
Private Equity	1,002,965		
Pooled Investment Funds		265,270	
Total Investments	12,262,719	265,270	0
Properties, at Cost	2,061	14,212	
Accumulated Depreciation	(865)		
Other Assets	19	13	
Total Assets	12,312,131	282,560	\$ 95,871
Liabilities			
Payables:			
Accounts Payable and Other Liabilities	2,068	206	\$ 15,246
Due To Other Funds	69	85	
Due To Other Governments			80,625
Compensated Absences Payable	392		
Unsettled Investment Purchases	12,263		
Total Liabilities	14,792	291	\$ 95,871
Net Position			
Restricted for Pension Benefits	12,297,339		
Restricted for Others		282,269	
Total Net Position	\$ 12,297,339	\$ 282,269	

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, 2020
(Expressed in Thousands)

	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Employee	\$ 131,542	\$
Employer	131,682	
From Clients and Inmates		9,430
Other		7,922
Total Contributions	263,224	17,352
Investment Income:		
<i>From Investing Activities</i>		
Net Increase (Decrease) in Fair Value of Investments	(36,541)	8,406
Interest	112,915	
Dividends	143,215	
Real Estate	22,315	380
Pooled Interest and Dividends		5,043
Total Investment Activity Income	241,904	13,829
Less Investment Activity Expenses	(50,396)	
Net Investment Income (Loss)	191,508	13,829
<i>From Security Lending Activities</i>		
Securities Lending Income	1,044	28
Securities Lending Expenses	(313)	
Escheated Property		137
Miscellaneous Income		754
Total Additions	455,463	32,100
Deductions		
Benefits	602,352	
Refunds of Contributions	23,444	
Distribution to School Districts		12,695
Payments Made for Trust Purposes		10,360
Administrative Expenses	5,127	8
Total Deductions	630,923	23,063
Change in Net Position	(175,460)	9,037
Net Position at Beginning of Year	12,472,799	273,232
Net Position at End of Year	\$ 12,297,339	\$ 282,269

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



NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	50
A. Basis of Presentation	50
B. Reporting Entity	50
C. Government-wide and Fund Financial Statements	53
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	54
E. Budgetary Accounting	56
F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance	56
G. Compensated Absences	59
H. Lottery Security Deposits	59
I. Interfund Activity and Balances	59
J. Pensions	59
2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS	60
3. CASH, DEPOSITS, AND INVESTMENTS	61
4. DISAGGREGATION OF RECEIVABLES AND PAYABLES	78
5. INTERFUND TRANSACTIONS	79
6. CAPITAL ASSETS	80
7. RETIREMENT PLANS	85
8. DEFERRED COMPENSATION PLAN	89
9. SPECIAL PAY PLAN	89
10. FUND BALANCES AND NET POSITION	90
11. COMMITMENTS	93
12. SELF-INSURANCE	96
13. OPERATING LEASES	98
14. LONG-TERM LIABILITIES	99
15. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES	112
16. POSTSECONDARY TECHNICAL INSTITUTE SYSTEM	112
17. TAX ABATEMENTS	113
18. RELATED PARTY TRANSACTIONS	113
19. SUBSEQUENT EVENTS	115
20. CONTINGENCIES AND LITIGATION	116

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

Blended Component Units

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

The State's blended component units are:

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

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

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

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

Discretely Presented Component Units

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

The South Dakota Science and Technology Authority (STA) was created 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 STA 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. Because the State appoints a voting majority of the board and past history has established a pattern of the State assuming the obligation to finance STA which creates a financial benefit/burden relationship, but does not meet any of GASB's criteria for blending, STA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

Higher Education (Higher Ed) consists of six state public universities (Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and University of South Dakota), two special schools (South Dakota School for the Deaf and South Dakota School for the Blind and Visually Impaired), and the governing board, South Dakota Board of Regents (BOR). BOR was created under Article XIV of the Constitution of the State of South Dakota. Chapter 13-49 of the South Dakota Codified Law establishes the authority for BOR to govern the system of public higher education in the State. The system's primary goal is to provide high quality, diverse educational opportunities, and services to the people of South Dakota through the effective use of the resources entrusted to it. Because the State is able to impose its will over the Higher Ed system and BOR and a financial benefit/burden relationship exists, but does not meet the GASB's criteria for blending, Higher Ed is considered a discretely presented component unit of the State.

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

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

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

The State's nonmajor discretely presented component units are:

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

The South Dakota Value Added Finance Authority (VAFA) 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. The principal and interest on the bonds do not constitute an indebtedness of the State. Because the State appoints a voting majority of the board and is able to impose its will over VAFA, but does not meet the GASB's criteria for blending, VAFA is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

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

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

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

Related Organizations

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

Separately Issued Financial Statements

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

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

Higher Education and South Dakota Value Added Finance Authority do not have separately issued financial statements.

C. Government-wide and Fund Financial Statements

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

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

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

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

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

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

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, income, or activity being taxed occurred. At June 30, 2020, there was \$25.4 million of bank tax receipts that were not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

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

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

Proprietary, Fiduciary, and Similar Component Units Financial Statements

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

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

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

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

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

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

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

The State reports the following major proprietary funds:

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

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

In addition, the State reports the following fund types:

Governmental Funds:

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

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

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

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

Proprietary Funds:

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

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

Fiduciary Funds:

Pension 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 her consideration. The Governor's decisions are presented to the Legislature in the Governor's budget book.

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

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

The State's annual budget is prepared on the cash basis of accounting. Encumbrance accounting is utilized to reserve a portion of the budget to future periods for payment of purchase orders, contracts, and other commitments. Encumbrances at June 30, 2020, totaled \$19.2 million. The encumbrance amount is broken down by major fund and nonmajor fund below (Expressed in Thousands):

Fund	Amount Encumbered
Major Fund:	
General Fund	\$ 7,195
Transportation	8,040
Non-Major:	
Non-Major Total	<u>3,922</u>
Total	<u>\$ 19,157</u>

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

Cash and Cash Equivalents and Investments

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

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

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

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect the reported amounts of net position as of June 30, 2020. Actual results could differ from those estimates.

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

Receivables

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

Inventories

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

Federal commodities on hand are reported as inventories, offset by unearned revenue. Commodities are reported at fair value established by the federal government at the date received. At June 30, 2020, the commodities inventory was reported in the amount of \$0.4 million.

Capital Assets

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

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

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

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

The State owns works of art and historical treasures that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Works of art and historical treasures include items such as statues, monuments, historical documents, paintings, artifacts, etc. Higher Education, a business-type activity discretely presented component unit, adopted the State's policy on capitalizing historical treasures and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair market value at the time of donation. The reported capitalized value of these collections was \$10.0 million, as of June 30, 2020. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

Deferred Outflows of Resources

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

Net Position and Fund Balances

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

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

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

G. Compensated Absences

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

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

H. Lottery Security Deposits

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2020, the amount of certificate of deposits and deposits in cash being held by the Lottery was \$0.4 million and is included in restricted cash and investments on the balance sheet. The amount of \$6.3 million was in the form of surety bonds or irrevocable letters of credit and is not reported on the Statement of Net Position.

I. Interfund Activity and Balances

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

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

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

J. Pensions

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

2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS

Implementation of Recent GASB Pronouncements

For the fiscal year ended June 30, 2020, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement provides temporary relief to governments by postponing the effective dates of GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

This Statement had no effect on the State.

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

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

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

Restatements – Primary Government

Beginning net position for the Unemployment Insurance Fund, reported as a major proprietary fund, increased by \$8.4 million for understated employer taxes receivable in the prior year. The beginning net position reported in the business type activities in the Government-wide Statement of Activities increased by the same amount.

Restatements – Component Units

The beginning net position balance reported for Higher Education, reported as a major discretely component unit, increased by \$3.1 million 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 \$21.5 million for deficit cash balances that existed in various state funds at June 30, 2020, and is reported as an interfund receivable.

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

Securities that are unclaimed at financial institutions are transferred to the State. The securities or proceeds can be claimed by the owners under established procedures. The Office of the State Treasurer administers any unclaimed securities per SDCL §43-41B, Uniform Unclaimed Property Act. Effective July 1, 2018, any stocks, bonds, and other negotiable instruments will be sold within one hundred eighty days of confirmed receipt, unless involved in an open claim. As of June 30, 2020, the securities, for which cost at the time of acquisition is not readily available, have a market value of \$0.5 million and are shown as securities held as escheat property in the General Fund.

A. Primary Government

Investments of the Primary Government are grouped into four categories based upon investment objectives and risk. The first category is the Cash Flow Portfolio. This category represents the pooled public funds of the Primary Government (comprising 89% of the Cash Flow Portfolio) and discretely presented component units (comprising 11% of the Cash Flow Portfolio). Higher Education, the Science and Technology Authority, the Housing Development Authority, the Property and Casualty Captive Insurance Company, and the Authority Captive Insurance Company are discretely presented component units and have deposits and investments in the Cash Flow Portfolio. Because of the pooled deposit and investment concept of the Cash Flow Portfolio, the discretely presented component units' share of the portfolio cannot be broken out separately for risk disclosure purposes. For risk disclosure purposes, their share of the Cash Flow Portfolio is included in the Primary Government. The second category is the Retirement Portfolio. This category represents the investments of the South Dakota Retirement System. The third category is the Trust Portfolios. This category includes the portfolios of School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund, and Health Care Trust Fund. The fourth category is Other Funds. This category represents funds that are not managed by the South Dakota Investment Council (SDIC) and includes Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, Drinking Water State Revolving Fund, and the Vocational Education Program.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution, but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of June 30, 2020, pledged collateral for one depository did not equal at least 100% of the total public deposits in excess of depository insurance. As a result, \$0.1 million thousand of the Cash Flow portfolio's certificates of deposit was exposed to custodial credit risk.

The Retirement Portfolio has a formal deposit policy specific to custodial credit risk and foreign currencies. The policy states that the United States Dollar (USD) equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +7 days basis. At June 30, 2020, 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 \$7.3 million.

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 +5 calendar day basis. At June 30, 2020, the Trust Portfolios had bank balances in various foreign currencies. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of \$0.8 million.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2020, 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 \$0.1 million.

Investments

Securities Lending. State statutes and SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. All securities loans can be terminated on demand by either the SDIC or the borrower. As of June 30, 2020, the fair value of securities on loan was \$211.1 million, and the collateral held on the same date was \$216.3 million. At year-end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC.

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

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

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. SDIC securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2020, 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 \$196.0 million in guaranteed investment contracts, Federal agency bonds, U.S. Treasury bonds, and U.S. Treasury notes not held in their name at June 30, 2020.

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

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

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

Investment Type	Cash Flow Portfolio		Retirement Portfolio		Trust Portfolios		Other Funds	
	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	\$ 16,097	3.43	\$		\$		\$ 27,810	0.19
U.S. Treasury Bills			339,146	0.24	8,064	0.45		
U.S. Treasury STRIPS	113,005	9.29	385,145	9.29	64,506	9.29		
U.S. Agencies	332,188	2.78	36,331	6.66	6,084	6.66	2,006	0.43
Investment Grade Corporates	677,038	2.46	441,064	4.26	69,308	4.23		
High-yield Corporates	9,803	1.81	399,539	3.34	1,702	1.22		
High-yield Bond Mutual Fund					55,865	3.90		
Agency Mortgage-backed Securities	96,595	2.55	336,056	2.99	56,939	2.94		
Non-agency Mortgage-backed Securities			777,464	0.67	73,381	0.69		
Municipal Bonds					43,291	5.08		
Investment Agreements							145,934	6.27
Total	\$ 1,244,726		\$ 2,714,745		\$ 379,140		\$ 175,750	
Portfolio Modified Duration		3.18		3.18		4.21		5.24

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

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

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

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

As of June 30, 2020, the portfolios held the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government which are not considered to have credit risk. The investments are grouped as rated by Moody's Investors Service (Expressed in Thousands):

Moody's Rating	Cash Flow Portfolio Fair Value	Retirement Portfolios Fair Value	Trust Portfolios Fair Value	Other Funds Fair Value
Aaa	\$ 1,778,265	\$ 2,356,748	\$ 551,639	\$ 2,113
Aa	128,502	132,463	37,595	
A	440,974	149,011	38,141	
Baa	89,678	199,511	29,002	145,934
Ba	9,803	190,973	3,986	
B		265,029	9,169	
Caa		182,513	13,181	
Ca		161,707	13,983	
C		22,621	1,967	
Unrated		289,591	90,288	
Total	\$ 2,447,222	\$ 3,950,167	\$ 788,951	\$ 148,047

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, 2020, are as follows (Expressed in Thousands):

Currency	Retirement Portfolio			Trust Portfolios		
	Equities	Cash	Total	Equities	Cash	Total
	U.S. Dollar	U.S. Dollar		U.S. Dollar	U.S. Dollar	
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value		
Australian Dollar	\$ 13,771	\$ 275	\$ 14,046	\$ 901	\$ 194	\$ 1,095
British Pound	145,831	1,566	147,397	10,110	37	10,147
Canadian Dollar	54,560	947	55,507	3,599	119	3,718
Danish Kroner	11,541	13	11,554	735		735
Euro	349,806	2,120	351,926	23,817	34	23,851
Hong Kong Dollar	10,880	69	10,949	600	254	854
Japanese Yen	169,405	2,264	171,669	11,160	130	11,290
South Korean Won	75,307		75,307	4,963		4,963
Norwegian Krone	1,080	16	1,096	73	34	107
Singapore Dollar	1,193		1,193			0
Swedish Krona	6,726		6,726	507		507
Swiss Franc	171,227		171,227	11,623		11,623
Thai Baht	1,156		1,156			0
Total Fair Value	\$1,012,483	\$ 7,270	\$ 1,019,753	\$ 68,088	\$ 802	\$ 68,890

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, 2020, was \$212.2 million. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2020, was \$2.2 billion. The total fair value of global equity investments and high-yield fixed income investments managed by outside managers was \$55.9 million and \$3.3 million, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Cash Flow Portfolio has a policy in place limiting its investments in individual holdings. Information regarding the Cash Flow Portfolio policy is located in the Credit Risk section. The SDIC does not have a formal policy in place to limit investments in any particular issuer for the Retirement Portfolio and Trust Portfolios. Additionally, there are no single issuer exposures (excluding those issued by or explicitly guaranteed by the U.S. Government, or involving mutual funds or investment pools) within the portfolios that comprise 5% of the overall portfolios at June 30, 2020.

Derivative Financial Instruments in Primary Government

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

Futures Contracts. A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells futures contracts as a means of adjusting the Retirement Portfolio's mix at a lower transaction cost than the transactions, which would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2020, S&P 500 futures and 10-

year U.S. Treasury note futures were utilized. Upon entering into such a contract, SDIC pledges to the broker cash or U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the portfolio receives or pays a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The change in fair value of the futures contracts is presented in the Statement of Changes in Net Position as “Net appreciation in fair value of investments.” The net change in fair value from futures contracts for fiscal year ended June 30, 2020, was \$454.3 million.

At June 30, 2020, 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 2020	Long	4,325	\$100,000 par value 6% U.S. Treasury note	\$ 370,893,047
S&P 500 Index Future Due September 2020	Short	13,436		\$ (2,076,029,950)

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, 2020, the net change in fair value from foreign currency forward contracts was \$0.4 million. At June 30, 2020, the foreign currency forward contracts outstanding were as follows:

<u>Description</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Fair Value (U.S. Dollars)</u>
Forward Sale	\$ (4,247,124) CHF	08/05/2020	\$ (59,821)

Credit Risk. SDRS is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2020, the net fair value of foreign currency forward contracts was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

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

Foreign Currency Risk. SDRS is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is (\$0.1 million).

Fair Value Measurement

Investments are reported at fair value as of June 30, 2020 to the extent available. GASB Statement No. 72- *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included within Level 1 that are observable; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the hierarchy below.

The following tables summarize the Cash Flow Portfolio, Retirement Portfolio, Trust Portfolios, and Other Funds investments within the fair value hierarchy as of June 30, 2020, (Expressed in Thousands):

Cash Flow Portfolio:

	Cash Flow Fund Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 16,097	\$	\$ 16,097	\$
U.S. Treasury STRIPS	113,005		113,005	
U.S. Agencies	332,188		332,188	
Investment Grade Corporates	677,038		677,038	
High Yield Corporates	9,803		9,803	
Agency Mortgage-backed Securities	96,595		96,595	
Total Fixed Income Securities	1,244,726	0	1,244,726	0
Total Investments by Fair Value Level	1,244,726	\$ 0	\$ 1,244,726	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	1,428,193			
Total Investments Measured at the NAV	1,428,193			
Total Investments Measured at the Fair Value	\$ 2,672,919			

Retirement Portfolio:

	Retirement Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasury Bills	\$ 339,146	\$	\$ 339,146	\$
U.S. Treasury STRIPS	385,146		385,146	
U.S. Agencies	36,331		36,331	
Investment Grade Corporates	441,064		441,064	
High Yield Corporates	399,539		399,539	
Agency Mortgage-backed Securities	336,056		336,056	
Non-Agency Mortgage-backed Securities	777,464		777,464	
Total Fixed Income Securities	2,714,746	0	2,714,746	0
Equity Securities				
Domestic Stock	3,440,603	3,440,557	46	
Depository Receipts	58,764	58,764		
ETF - Exchange Traded Funds	588,404	588,404		
International Stock	1,012,483	1,012,483		
Stock Rights	1,625	1,625		
Stock Warrants	60	60		
Total Equity Securities	5,101,939	5,101,893	46	0
Total Investments by Fair Value Level	7,816,685	\$ 5,101,893	\$ 2,714,792	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	2,049,158			
Emerging Markets Small Cap Equity Mutual Funds	55,882			
Multi Strategy Hedge Funds	80,893			
Alternative Investments				
Real Estate Funds	1,245,733			
Private Equity Funds	1,002,965			
Other Funds	3,288			
Total Alternative Investments	2,251,986			
Total Investments Measured at the NAV	4,437,919			
Total Investments Measured at the Fair Value	12,254,604			
Plus: Cash Held by Fund Managers	7,437			
Less: G/L on FX Transactions	(60)			
Plus: Accrued Interest Purchased	932			
Less: Accrued Monthly Interest	(192)			
Total	\$ 12,262,721			
Investment Derivative Instruments				
Foreign Exchange Forward Contracts	\$ (60)	\$	\$ (60)	
Total Investment Derivative Instruments	\$ (60)	\$ 0	\$ (60)	

Trust Portfolios:

	Trust Portfolios			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasury Bills	\$ 8,064	\$	\$ 8,064	\$
U.S. Treasury STRIPS	64,506		64,506	
U.S. Agencies	6,084		6,084	
Investment Grade Corporates	69,308		69,308	
High Yield Corporates	1,702		1,702	
Agency Mortgage-backed Securities	56,939		56,939	
Non-Agency Mortgage-backed Securities	73,381		73,381	
Municipal Bonds	43,291		43,291	
Total Fixed Income Securities	<u>323,275</u>	<u>0</u>	<u>323,275</u>	<u>0</u>
Equity Securities				
Domestic Stock	228,346	228,346		
Depository Receipts	3,276	3,276		
ETF - Exchange Traded Funds	51,238	51,238		
International Stock	68,088	68,088		
Stock Rights	119	119		
Total Equity Securities	<u>351,067</u>	<u>351,067</u>	<u>0</u>	<u>0</u>
Total Investments by Fair Value Level	<u>674,342</u>	<u>\$ 351,067</u>	<u>\$ 323,275</u>	<u>\$ 0</u>
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	497,658			
High Yield Bond Mutual Funds	55,865			
Alternative Investments				
Real Estate Funds	125,482			
Private Equity Funds	86,564			
Other Funds	199			
Total Alternative Investments	<u>212,245</u>			
Total Investments Measured at the NAV	<u>765,768</u>			
Total Investments Measured at the Fair Value	<u>\$ 1,440,110</u>			

Other Funds:

	Other Funds			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 48,018	\$	\$ 48,018	\$
U.S. Agencies	2,006		2,006	
Total Fixed Income Securities	<u>50,024</u>	<u>0</u>	<u>50,024</u>	<u>0</u>
Total Investments by Fair Value Level	<u>\$ 50,024</u>	<u>\$ 0</u>	<u>\$ 50,024</u>	<u>\$ 0</u>

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

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

In the Retirement Portfolio, derivative instruments classified in Level 2 of the fair value hierarchy are valued using observable inputs other than quoted prices for identical securities. The foreign currency forward contract valuations are determined by interpolating FX rates for various settlement dates as of June 30, 2020.

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

In the Trust Portfolios, the Other Fund classified in Level 3 of the fair value hierarchy is valued at zero. It is an investment in an alternative investment fund that invested in distressed and defaulted debt securities and equities of financially troubled companies. All positions in the fund have been liquidated and only cash remains. The fund holds contingent liabilities that offset cash. Due to the highly questionable outcome of the contingent liabilities it has been determined that a value of zero best reflects the fair value considering the information available as of June 30, 2020.

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

Continued on next page

The following table summarizes the fair value, unfunded commitments, and redemption rules of those investments as of June 30, 2020, (Expressed in Thousands):

Investments Measured at the NAV

	<u>Fair Value</u>	Cash Flow Fund Portfolio		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 1,428,193	\$	Daily	0 days
Investments Measured at the Net Asset Value (NAV)	<u>\$ 1,428,193</u>			

Investments Measured at the NAV

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	Trust Portfolios	
			<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 497,659	\$	Daily	0 days
High Yield Bond Mutual Funds (b)	55,865		Daily	1 day
Alternative Investments				
Real Estate Funds (c)	125,482	112,538		
Private Equity Funds (d)	86,564	35,996		
Other Funds (e)	199			
Total Alternative Investments	<u>212,245</u>			
Investments Measured at the Net Asset Value (NAV)	<u>\$ 765,769</u>			

Investments Measured at the NAV

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	Retirement Portfolio	
			<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 2,049,158	\$	Daily	0 days
Mutual Funds (f)	55,882		Daily	1 day
Multi Strategy Hedge Funds (g)	80,893		Monthly	5-30 days
Alternative Investments				
Real Estate Funds (c)	1,245,733	1,166,195		
Private Equity Funds (d)	1,002,965	508,506		
Other Funds (e)	3,288			
Total Alternative Investments	<u>2,251,986</u>			
Investments Measured at the Net Asset Value (NAV)	<u>\$ 4,437,919</u>			

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

b. High Yield Bond Mutual Funds. This type includes an investment in one open-end mutual fund that invests mainly in a diversified group of high-yielding, higher risk corporate bonds with medium and lower range credit-quality ratings. The fair value of the investment in this type has been determined using the NAV per share of the investment.

c. Real Estate Funds. This type includes 17 (Trust Portfolios) and 26 (Retirement Portfolio) real estate funds that invest primarily in commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 20 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

d. Private Equity Funds. This type includes 12 (Trust Portfolios) and 35 (Retirement Portfolio) private equity funds that invest primarily in leveraged buyouts. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 20 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

e. Other Funds. This type includes 2 other alternative investments that invest primarily in a broad range of debt, debt-related, and real estate-related investments. The fair values of the investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital. These investments can never be redeemed from the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 2 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the portfolio's ownership interest in partners' capital.

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

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

B. Component Units

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the component unit's deposits may not be returned to it. The Housing Development Authority deposit policy requires deposits in excess of the depository insurance maximums be collateralized 100%. Collateral must be deposited for safekeeping in a financial institution that is not owned or controlled either directly or indirectly by the pledging financial institution. The financial institution where the collateral is held must be a member of the Federal Reserve. The additional component units do not have deposit policies for custodial credit risk. As of June 30, 2020, 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, 2020, investments in the amount of \$3.8 million were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

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

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

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

As of June 30, 2020, the Housing Development Authority and the Economic Development Finance Authority had investments maturing as follows (Expressed in Thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	Greater than 10
U.S. Government Obligations	\$ 91,610	\$ 10,247	\$ 51,968	\$ 29,395	\$
U.S. Treasury Notes	434	403	31		
U.S. Agencies	1,144,323	1,363	61,977	17,797	1,063,186
Investment Grade Corporates	764		22	736	6
Certificates of Deposit	10,927	6,370	4,557		
Mutual Funds	240,374	240,374			
Municipal Bonds	453	70	383		
State Obligations	3,030		2,501	529	
Total	\$ 1,491,915	\$ 258,827	\$ 121,439	\$ 48,457	\$1,063,192

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

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

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

As of June 30, 2020, the Economic Development Finance Authority investments had the following ratings:

Moody's Rating	Fair Value
Aa	\$ 388,330
Aaa	107,578
Total Fair Value	\$ 495,908

As of June 30, 2020, the Housing Development Authority investments had the following ratings (Dollars Expressed in Thousands):

Type/Provider	Moody's Credit Rating	Amount	% of Total
Money Market Funds	NR	\$ 240,374	16.2%
Certificates of Deposit	NR	6,687	0.4%
Corporate-Backed Obligations	NR	764	0.1%
U.S. Agencies	Aaa	19,497	1.3%
U.S. Treasuries	Aaa	91,610	6.2%
State and Municipal Securities	A1 to Aaa	3,030	0.2%
Mortgage-backed Securities:			
GNMA	NR	706,507	47.5%
FNMA	NR	398,044	26.8%
FHLMC	NR	20,274	1.4%
		\$1,486,787	100.0%

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

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

As of June 30, 2020, the Economic Development Finance Authority permits the maximum portfolio exposure to permitted investments:

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

Hedging Derivative Financial Instruments in Component Units

South Dakota Housing Development Authority

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, 2020, are contained in the table below. The initial notional amounts of the swaps match the principal amounts of the associated debt. The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally 10 years after the date of issuance of the related bonds (Dollars Expressed in Thousands).

Bond Series	Current Notional Amount	Effective Date	Fixed Payable Rate	Variable Rate Received	Termination Date	Counterparty Credit Rating*	Fair Value
Wells Fargo Bank							
2015 E-1	\$ 25,000	12/17/2015	2.11%	66.4% of LIBOR plus 0.22%	11/01/2037	Aa1	\$ (2,002)
2015 E-2	25,000	12/17/2015	66.4% of LIBOR plus 0.22%	22yr MMD plus 0.87%	11/01/2037	Aa1	97
2016 E-1	50,000	11/01/2016	2.21%	66.4% of LIBOR plus 0.23%	05/01/2037	Aa1	(4,667)
2016 E-2	50,000	11/01/2016	66.4% of 1M LIBOR plus 0.23%	21yr MMD plus 0.95%	05/01/2037	Aa1	234
Bank of New York Mellon							
2020 B		02/12/2020	1.6525%	100% SIFMA	11/01/2041	Aa1	(2,733)

* Moody's Investors Service

The fair values presented on the above table were estimated by the Housing Development Authority's counterparty to the swaps. The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations, along with consideration for non-performance risk, determine the current fair value of the Authority's swap contracts. The fair values in the previous table represent the termination payments that would have been due had the swaps been terminated as of June 30, 2020. A positive fair value represents money due to the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

Swap Risks

Credit Risk. The terms of the swaps expose the Housing Development Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure to its counterparties when the swap positions have a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral thresholds are based on the prevailing ratings, as determined by Moody's and Standard & Poor's, of each counterparty, in the case of the counterparties, or hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2020, 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, 2020, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.18% per annum, while the weighted average interest rate on the swaps was 1.28% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the applicable swap index.

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

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

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

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

Swap Payments and Associated Debt. 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, 2020, (Expressed in Thousands):

Year-end June 30	Variable-rate Bond		Interest Rate	Total
	Principal	Interest	Swap – Net	
2021	\$	\$ 1,845	\$ 330	\$ 2,175
2022		1,845	330	2,175
2023		1,845	330	2,175
2024		1,846	330	2,176
2025		1,846	330	2,176
2026-2030	12,015	9,039	1,671	22,725
2031-2035	57,165	5,407	1,666	64,238
2036-2040	35,560	655	897	37,112
2041-2045	3,260	3	39	3,302
Total	\$ 108,000	\$ 24,331	\$ 5,923	\$ 138,254

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, 2020.

Mortgage-Backed Security (MBS) Forwards Contracts

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

Continued on Next page

Outstanding forward sales contracts as of June 30, 2020, are as follows:

Forward Contracts to sell TBA Mortgage- Backed Securities	Notional Amount June 30	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30	Moody's Credit Rating
Bank of America Merrill Lynch						
FNMA	\$ 1,600,000	04/15/2020	07/14/2020	2.50%	\$ (11,250)	A2
FNMA	1,200,000	04/17/2020	07/14/2020	2.50%	(7,500)	A2
FNMA	1,200,000	04/21/2020	07/14/2020	2.50%	(12,563)	A2
FNMA	1,000,000	04/29/2020	07/14/2020	2.50%	(5,000)	A2
FNMA	2,400,000	05/05/2020	07/14/2020	2.50%	(15,750)	A2
GNMA II	4,000,000	05/05/2020	07/21/2020	2.50%	(23,750)	A2
FNMA	1,200,000	05/07/2020	07/14/2020	2.50%	(8,438)	A2
GNMA II	1,200,000	05/11/2020	07/21/2020	2.50%	(13,313)	A2
FNMA	1,200,000	05/15/2020	08/13/2020	2.50%	(11,063)	A2
GNMA II	1,400,000	05/19/2020	08/20/2020	2.50%	(11,813)	A2
GNMA II	1,600,000	05/29/2020	08/20/2020	2.50%	(9,250)	A2
FNMA	2,000,000	06/05/2020	08/13/2020	2.50%	(24,063)	A2
FNMA	5,200,000	06/08/2020	07/14/2020	2.50%	(46,313)	A2
FNMA	1,200,000	06/09/2020	08/13/2020	2.50%	(7,875)	A2
FNMA	1,000,000	06/11/2020	09/14/2020	2.50%	(1,406)	A2
GNMA II	4,500,000	06/17/2020	07/21/2020	2.50%	(18,281)	A2
GNMA II	1,400,000	06/17/2020	08/20/2020	2.50%	(7,656)	A2
FNMA	(6,386,000)	06/25/2020	07/14/2020	2.50%	16,963	A2
GNMA II	(1,480,000)	06/25/2020	07/21/2020	2.50%	3,006	A2
GNMA II	1,800,000	06/26/2020	09/21/2020	2.50%	(5,063)	A2
Bank of New York Mellon						
GNMA II	2,400,000	04/22/2020	07/21/2020	2.50%	(15,750)	A1
FNMA	1,400,000	04/27/2020	07/14/2020	2.50%	(10,008)	A1
GNMA II	1,600,000	04/27/2020	07/21/2020	2.50%	(10,500)	A1
GNMA II	2,200,000	05/08/2020	07/21/2020	2.50%	(18,563)	A1
FNMA	1,400,000	05/28/2020	08/13/2020	2.50%	(14,000)	A1
FNMA	1,000,000	06/03/2020	08/13/2020	2.50%	(9,375)	A1
GNMA II	1,156,000	06/17/2020	07/21/2020	3.00%	(2,529)	A1
FNMA	(728,000)	06/25/2020	07/14/2020	2.50%	1,593	A1
GNMA II	(4,600,000)	06/25/2020	07/21/2020	2.50%	7,906	A1
Bank of Oklahoma						
GNMA II	1,000,000	04/23/2020	07/21/2020	2.50%	(4,883)	A3
FNMA	1,000,000	04/24/2020	07/14/2020	2.50%	(6,328)	A3
GNMA II	1,200,000	04/24/2020	07/21/2020	2.50%	(6,750)	A3
GNMA II	1,000,000	04/28/2020	07/21/2020	2.50%	(5,313)	A3
GNMA II	2,400,000	05/01/2020	07/21/2020	2.50%	(10,313)	A3
GNMA II	1,000,000	05/04/2020	07/21/2020	2.50%	(6,523)	A3
GNMA II	1,200,000	05/07/2020	07/21/2020	2.50%	(9,141)	A3
GNMA II	2,200,000	05/14/2020	07/21/2020	2.50%	(17,445)	A3
GNMA II	1,200,000	05/18/2020	07/21/2020	2.50%	(12,328)	A3
GNMA II	1,600,000	05/20/2020	08/20/2020	2.50%	(9,625)	A3
FNMA	1,000,000	05/21/2020	08/13/2020	2.50%	(9,375)	A3
GNMA II	2,400,000	06/01/2020	08/20/2020	2.50%	(11,625)	A3
FNMA	964,300	06/08/2020	07/14/2020	2.50%	(8,287)	A3
FNMA	752,935	06/08/2020	07/14/2020	3.00%	(1,559)	A3
GNMA II	1,400,000	06/10/2020	08/20/2020	2.50%	(4,102)	A3
FNMA	2,200,000	06/10/2020	09/14/2020	2.50%	(11,602)	A3
FNMA	1,000,000	06/15/2020	09/14/2020	2.50%	(4,688)	A3
GNMA II	1,291,000	06/17/2020	07/21/2020	2.50%	(5,043)	A3
GNMA II	100,000	06/17/2020	07/21/2020	3.00%	(168)	A3
FNMA	1,000,000	06/17/2020	09/14/2020	2.50%	(5,938)	A3
GNMA II	1,200,000	06/22/2020	09/21/2020	2.50%	(5,766)	A3
FNMA	1,800,000	06/24/2020	09/14/2020	2.50%	(7,594)	A3
FNMA	(530,000)	06/25/2020	07/14/2020	2.50%	1,408	A3
GNMA II	(4,800,000)	06/25/2020	07/21/2020	2.50%	9,750	A3
GNMA II	(6,100,000)	06/25/2020	07/21/2020	2.50%	19,063	A3

Continued on next page

Forward Contracts to sell TBA Mortgage- Backed Securities	Notional Amount June 30	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30	Moody's Credit Rating
Daiwa Capital Markets						
GNMA II	\$ 2,800,000	05/13/2020	07/21/2020	2.50%	\$ (24,938)	Not rated
GNMA II	1,600,000	05/21/2020	08/20/2020	2.50%	(11,000)	Not rated
GNMA II	1,600,000	05/28/2020	08/20/2020	2.50%	(12,250)	Not rated
GNMA II	1,400,000	06/09/2020	08/20/2020	2.50%	(6,344)	Not rated
GNMA II	1,200,000	06/11/2020	08/20/2020	2.50%	1,125	Not rated
GNMA II	1,600,000	06/12/2020	08/20/2020	2.50%	(2,000)	Not rated
GNMA II	1,200,000	06/17/2020	07/21/2020	3.00%	(2,625)	Not rated
FNMA	1,800,000	06/22/2020	09/14/2020	2.50%	(7,031)	Not rated
FNMA	1,200,000	06/23/2020	09/14/2020	2.50%	(5,250)	Not rated
GNMA II	2,800,000	06/24/2020	09/21/2020	2.50%	(15,313)	Not rated
GNMA II	(1,428,000)	06/25/2020	07/21/2020	2.50%	2,678	Not rated
Jefferies						
FNMA	600,000	04/16/2020	07/14/2020	3.50%	4,781	Baa3
GNMA II	1,000,000	04/20/2020	07/21/2020	2.50%	(7,656)	Baa3
GNMA II	1,600,000	04/29/2020	07/21/2020	2.50%	(6,750)	Baa3
FNMA	1,200,000	05/01/2020	07/14/2020	2.50%	(6,375)	Baa3
FNMA	1,600,000	05/12/2020	08/13/2020	2.50%	(16,500)	Baa3
FNMA	1,400,000	05/13/2020	08/13/2020	2.50%	(13,563)	Baa3
GNMA II	1,600,000	05/15/2020	07/21/2020	2.50%	(13,000)	Baa3
FNMA	1,000,000	05/20/2020	08/13/2020	2.50%	(9,219)	Baa3
FNMA	1,000,000	05/22/2020	08/13/2020	2.50%	(10,469)	Baa3
GNMA II	1,800,000	05/22/2020	08/20/2020	2.50%	(13,781)	Baa3
FNMA	1,400,000	05/27/2020	08/13/2020	2.50%	(11,484)	Baa3
GNMA II	3,600,000	05/27/2020	08/20/2020	2.50%	(22,500)	Baa3
GNMA II	2,400,000	06/02/2020	08/20/2020	2.50%	(10,500)	Baa3
GNMA II	3,600,000	06/05/2020	08/20/2020	2.50%	(36,000)	Baa3
GNMA II	1,400,000	06/15/2020	08/20/2020	2.50%	(4,156)	Baa3
GNMA II	8,565,000	06/17/2020	07/21/2020	2.50%	(36,134)	Baa3
GNMA II	1,000,000	06/17/2020	07/21/2020	3.00%	(2,188)	Baa3
GNMA II	3,800,000	06/19/2020	09/21/2020	2.50%	(23,453)	Baa3
GNMA II	2,000,000	06/23/2020	09/21/2020	2.50%	(10,313)	Baa3
FNMA	(684,000)	06/25/2020	07/14/2020	2.50%	1,817	Baa3
GNMA II	(3,376,000)	06/25/2020	07/21/2020	2.50%	6,858	Baa3
GNMA II	2,000,000	06/25/2020	09/21/2020	2.50%	(9,219)	Baa3
FNMA	1,000,000	06/29/2020	09/14/2020	2.50%	(938)	Baa3
GNMA II	2,600,000	06/29/2020	09/21/2020	2.50%	(6,094)	Baa3
Piper Sandler						
GNMA II	500,000	04/28/2020	07/21/2020	3.00%	(1,406)	Not rated
GNMA II	1,600,000	04/30/2020	07/21/2020	2.50%	(5,000)	Not rated
FNMA	1,000,000	05/08/2020	07/14/2020	2.50%	(7,031)	Not rated
GNMA II	2,400,000	05/12/2020	07/21/2020	2.50%	(25,875)	Not rated
FNMA	2,000,000	05/19/2020	08/13/2020	2.50%	(21,563)	Not rated
FNMA	1,200,000	06/01/2020	08/13/2020	2.50%	(9,375)	Not rated
GNMA II	3,200,000	06/03/2020	08/20/2020	2.50%	(21,000)	Not rated
GNMA II	2,000,000	06/16/2020	08/20/2020	2.50%	(7,031)	Not rated
GNMA II	1,600,000	06/18/2020	08/20/2020	2.50%	(5,500)	Not rated
FNMA	(410,000)	06/25/2020	07/14/2020	2.50%	961	Not rated
FNMA	1,600,000	06/26/2020	09/14/2020	2.50%	(2,741)	Not rated
Bank of Montreal						
GNMA II	(1,100,000)	06/25/2020	07/21/2020	3.00%	3,609	Aa2
Citigroup Global Markets						
GNMA II	(1,200,000)	06/25/2020	07/21/2020	3.00%	4,125	A1
					\$ (863,390)	
\$ 122,807,235						

Fair Value Measurement

Investments are reported at fair value as of June 30, 2020, to the extent available. GASB Statement No. 72- *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included within Level 1 that are observable; Level 3 inputs are significant unobservable inputs.

The following table summarizes the Housing Development Authority and Economic Development Finance Authority investments within the fair value hierarchy as of June 30, 2020, (Expressed in Thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
U.S. Treasuries	\$ 92,043	\$	\$ 92,043	\$
U.S. Agencies	1,144,323		1,144,323	
Corporate-Backed Obligations	764		764	
Money Market Mutual Funds	240,374	240,374		
Municipal Bonds	453		453	
Certificates of Deposit	10,927		10,927	
State Obligations	3,030		3,030	
Total Investments by Fair Value Level	<u>\$ 1,491,914</u>	<u>\$ 240,374</u>	<u>\$ 1,251,540</u>	<u>\$ 0</u>
Hedging Derivative Instruments				
Interest Rate Swaps	\$ (9,070)	\$	\$ (9,070)	\$
Forward MBS Contracts	(863)		(863)	
Total Hedging Derivative Instruments	<u>\$ (9,933)</u>	<u>\$ 0</u>	<u>\$ (9,933)</u>	<u>\$ 0</u>

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

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

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

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

A. Receivables - Net

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

	Governmental Activities							Total	
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Dakota Cement Trust Fund	Educational Enhancement Trust Fund	Non-major Governmental Funds		Internal Service Funds
Taxes Receivable	\$240,961	\$ 17,109	\$	\$	\$	\$	\$ 2,986	\$	\$ 261,056
Allowance	(13,966)	(9)							(13,975)
Accounts Receivable	19,412	2,065	16,641	1,658		362	18,127	6,801	65,066
Allowance	(5,576)	(429)					(114)		(6,119)
Due From Other Governments	1,814	91,341	14,242	19,906			111,740	192	239,235
Interest Receivable	4,686	681	3		475	1,195	1,650	226	8,916
Current Loans and Notes		428					5,338		5,766
Allowance							(48)		(48)
Non-current Loans and Notes		5,252					54,506		59,758
Allowance							(585)		(585)
Due From Fiduciary Funds	37							69	106
Receivables, net	\$247,368	\$116,438	\$ 30,886	\$ 21,564	\$ 475	\$ 1,557	\$193,600	\$ 7,288	\$ 619,176

	Business-type Activities					Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Unemployment Insurance Fund	Non-major Enterprise Funds	
Accounts Receivable	\$ 5,749	\$	\$	\$ 13,584	\$ 142	\$ 19,475
Allowance	(14)			(1,825)		(1,839)
Due From Other Governments		764	509	23,462	122	24,857
Interest Receivable	64	2,995	1,851		646	5,556
Current Loans Receivable		20,519	10,401		7,542	38,462
Allowance					(330)	(330)
Noncurrent Loans Receivable		259,935	178,960		43,644	482,539
Allowance					(1,963)	(1,963)
Due From Fiduciary Funds					48	48
Receivables, net	\$ 5,799	\$284,213	\$ 191,721	\$ 35,221	\$ 49,851	\$ 566,805

B. Accounts Payable and Other Current Liabilities

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

	Governmental Activities							Total	
	General Fund	Transportation Fund	Social Services Federal Fund	COVID-19 Federal Fund	Dakota Cement Trust	Educational Enhancement Trust	Non-major Governmental Funds		Internal Service Funds
Payroll and Withholdings	\$ 9,335	\$ 4,656	\$ 2,061	\$ 7,849	\$	\$	\$ 9,370	\$ 2,669	\$ 35,940
Accounts Payable	59,761	61,726	5,266	7,103	15	50	22,358	1,904	158,183
Medicaid and CHIP Claims	19,596		21,183	3,499			18,494		62,772
Due to Other Governments	938	12,124	46	9,750			31,827	129	54,814
Bank Tax Refund	10,834								10,834
Shared Revenue Distribution	16,074						35,090		51,164
Claims Payable								17,712	17,712
Due to Fiduciary Funds	98								98
Total	\$ 116,636	\$ 78,506	\$ 28,556	\$ 28,201	\$ 15	\$ 50	\$ 117,139	\$ 22,414	\$ 391,517

	Business-type Activities					Total
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Unemployment Insurance Fund	Non-major Enterprise Funds	
Payroll and Withholdings	\$ 117	\$ 18	\$ 32	\$	\$ 770	\$ 937
Accounts Payable	3,930	413	136		3,916	8,395
Due to Fiduciary Funds					21	21
Escrow Payable	121					121
Other Liabilities	399			15,844	504	16,747
Total	\$ 4,567	\$ 431	\$ 168	\$ 15,844	\$ 5,211	\$ 26,221

5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2020, is as follows (Expressed in Thousands):

A. Interfund Receivables and Payables

Due From	Due To								Total
	General Fund	Transportation Fund	COVID-19 Federal Fund	Non-major Governmental Funds	Unemployment Insurance Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$	\$ 6	\$ 1,614	\$ 307	\$	\$ 39	\$ 2,312	\$ 98	\$ 4,376
Transportation Fund				452		9	1,218		1,679
Social Services Federal Fund				298		1	779		1,078
COVID-19 Federal Fund	22,915	1		3		3	1,622		24,544
Education Enhancement Trust Fund	22,515								22,515
Non-major Governmental Funds	29,359	1,297	1,860	5,326		233	2,668		40,743
Lottery Fund	5,916	208		702			63		6,889
Clean Water State Revolving Fund							1		1
Drinking Water State Revolving Fund							2		2
Unemployment Insurance Fund				94					94
Non-major Enterprise Funds	6	8		14			139	21	188
Internal Service Funds	2	187		119	251		849		1,408
Fiduciary Funds	37					48	69		154
Total	\$ 80,750	\$ 1,707	\$ 3,474	\$ 7,315	\$ 251	\$ 333	\$ 9,722	\$ 119	\$ 103,671

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in *Note 3 Cash, Deposits, and Investments* in the Notes to the Financial Statements; 3) other payables existing between funds; and 4) expenditures paid by other funds related to the pandemic, based upon guidance from the Federal Government, which management then moved to the COVID-19 Federal Fund.

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	\$	\$ 4,076	\$ 1,125	\$ 19,003	\$ 40	\$ 1,462	\$ 25,706
Transportation Fund	3,802			1,056	7		4,865
Social Services Federal Fund				148			148
Covid-19 Federal Fund				606			606
Dakota Cement Trust Fund	13,005						13,005
Education Enhancement Trust Fund	22,515						22,515
Non-major Governmental Funds	72,907	3,680	7,317	10,263	8,054		102,221
Lottery Fund	123,736	1,031		3,664			128,431
Clean Water State Revolving Fund				44			44
Drinking Water State Revolving Fund				69			69
Unemployment Insurance Fund				734			734
Non-major Enterprise Funds	187			441	1,000		1,628
Total	\$ 236,152	\$ 8,787	\$ 8,442	\$ 36,028	\$ 9,101	\$ 1,462	\$ 299,972

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

6. CAPITAL ASSETS

A. Primary Government

Capital Assets consisted of the following for fiscal year 2020 (Expressed in Thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 122,832	\$ 393	\$ 172	\$ 123,053
Land Improvements	10,272	346		10,618
Land & Improvements - Roads	636,272	970		637,242
Construction in Progress	331,002	246,343	232,282	345,063
Total Capital Assets Not Being Depreciated	1,100,378	248,052	232,454	1,115,976
Capital Assets Being Depreciated:				
Land Improvements	57,355	801		58,156
Buildings	687,905	63,033		750,938
Equipment	251,679	16,588	9,826	258,441
Intangible Assets - Software	127,406	6,356	1,595	132,167
Vehicles	178,801	11,553	7,703	182,651
Infrastructure	4,239,596	164,251	17,336	4,386,511
Total Capital Assets Being Depreciated	5,542,742	262,582	36,460	5,768,864
Less Accumulated Depreciation:				
Land Improvements	17,813	2,447		20,260
Buildings	258,184	22,156		280,340
Equipment	156,980	15,723	8,837	163,866
Intangible Assets - Software	73,003	6,875	797	79,081
Vehicles	96,437	11,905	6,489	101,853
Infrastructure	1,716,013	69,952	14,291	1,771,674
Total Accumulated Depreciation	2,318,430	129,058	30,414	2,417,074
Total Capital Assets Being Depreciated, Net	3,224,312	133,524	6,046	3,351,790
Total Governmental Activities, Net	\$ 4,324,690	\$ 381,576	\$ 238,500	\$ 4,467,766

Continued on next page

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 295	\$	\$	\$ 295
Construction in Progress	235	32		267
Total Capital Assets Not Being Depreciated	530	32	0	562
Capital Assets Being Depreciated:				
Land Improvements	924	172		1,096
Buildings	8,591			8,591
Equipment	3,993	215	18	4,190
Intangible Assets - Software	2,620			2,620
Total Capital Assets Being Depreciated	16,128	387	18	16,497
Less Accumulated Depreciation:				
Land Improvements	674	20		694
Buildings	3,684	149		3,833
Equipment	3,381	195	18	3,558
Intangible Assets - Software	2,268	151		2,419
Total Accumulated Depreciation	10,007	515	18	10,504
Total Capital Assets Being Depreciated, Net	6,121	(128)		5,993
Total Business-type Activities, Net	\$ 6,651	\$ (96)	\$ 0	\$ 6,555

Depreciation was charged to the function of government as follows:

Governmental Activities	Amount
Unallocated	\$ 53
General Government	10,362
Health, Human, and Social Services	7,452
Law, Justice, Public Protection, and Regulation	10,096
Agriculture and Natural Resources	6,036
Transportation	86,788
Education	4,265
Total Governmental Activities	\$125,052 *
Business-type Activities	
Enterprise Funds	\$ 429 *

* The difference between additions to Accumulated Depreciation and Depreciation Expense is the result of a transfer of buildings from a component unit to the Primary Government and a transfer of equipment between Governmental Activities and Business-Type Activities.

B. Component Units

Capital Assets for component units consisted of the following for fiscal year 2020 (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Higher Education*:				
Capital Assets Not Being Depreciated:				
Land, as restated	\$ 30,965	\$ 1,981	\$ 1,389	\$ 31,557
Construction in Progress, as restated	93,994	110,207	100,377	103,824
Works of Art and Historical Treasures	9,794	194		9,988
Total Capital Assets Not Being Depreciated, as restated	<u>134,753</u>	<u>112,382</u>	<u>101,766</u>	<u>145,369</u>
Capital Assets Being Depreciated:				
Land Improvements	61,307	4,724	234	65,797
Infrastructure, as restated	85,925	13,708	382	99,251
Buildings	1,461,302	88,696	12,199	1,537,799
Equipment and Other Assets, as restated	285,653	14,777	6,114	294,316
Total Capital Assets Being Depreciated, as restated	<u>1,894,187</u>	<u>121,905</u>	<u>18,929</u>	<u>1,997,163</u>
Less Accumulated Depreciation:				
Land Improvements	25,552	3,084	89	28,547
Infrastructure, as restated	33,191	3,245	94	36,342
Buildings	472,811	42,151	8,698	506,264
Equipment and Other Assets, as restated	228,894	13,767	5,885	236,776
Total Accumulated Depreciation, as restated	<u>760,448</u>	<u>62,247</u>	<u>14,766</u>	<u>807,929</u>
Total Capital Assets Being Depreciated, Net, as restated	<u>1,133,739</u>	<u>59,658</u>	<u>4,163</u>	<u>1,189,234</u>
Total Higher Education Capital Assets, Net, as restated	<u>1,268,492</u>	<u>172,040</u>	<u>105,929</u>	<u>1,334,603</u>
* Higher Education amounts do not include their foundations.				
Housing Development Authority:				
Capital Assets Not Being Depreciated:				
Land	220			220
Total Capital Assets Not Being Depreciated	<u>220</u>	<u>0</u>	<u>0</u>	<u>220</u>
Capital Assets Being Depreciated:				
Land Improvements	1,262			1,262
Buildings	4,999			4,999
Equipment	4,361	345	42	4,664
Total Capital Assets Being Depreciated	<u>10,622</u>	<u>345</u>	<u>42</u>	<u>10,925</u>
Less Accumulated Depreciation:				
Land Improvements	795	38	1	832
Buildings	1,344	128		1,472
Equipment and Other Assets	3,571	231	40	3,762
Total Accumulated Depreciation	<u>5,710</u>	<u>397</u>	<u>41</u>	<u>6,066</u>
Total Capital Assets Being Depreciated, Net	<u>4,912</u>	<u>(52)</u>	<u>1</u>	<u>4,859</u>
Total Housing Development Authority Capital Assets, Net	<u>5,132</u>	<u>(52)</u>	<u>1</u>	<u>5,079</u>

Continued on next page

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Science and Technology Authority:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,814	\$	\$	\$ 1,814
Underground Mine	17,937			17,937
Archive Materials	70			70
Construction in Progress	17,911	1,730	17,817	1,824
Total Capital Assets Not Being Depreciated	37,732	1,730	17,817	21,645
Capital Assets Being Depreciated:				
Building Improvements	37,807	17,818		55,625
Buildings	8,120		416	7,704
Equipment	11,163	573	110	11,626
Vehicles	119	137	19	237
Infrastructure	1,959	44		2,003
Total Capital Assets Being Depreciated	59,168	18,572	545	77,195
Less Accumulated Depreciation:				
Building Improvements	7,993	1,085		9,078
Buildings	2,080	159	102	2,137
Equipment	5,798	696	100	6,394
Vehicles	80	14	17	77
Infrastructure	396	52		448
Total Accumulated Depreciation	16,347	2,006	219	18,134
Total Capital Assets Being Depreciated, Net	42,821	16,566	326	59,061
Total Science and Technology Authority Capital Assets, Net	80,553	18,296	18,143	80,706
Ellsworth Development Authority				
Capital Assets Not Being Depreciated:				
Land and Easements		203	203	
Total Capital Assets Not Being Depreciated	0	203	203	0
Capital Assets Being Depreciated:				
Equipment	4			4
Buildings	17,199			17,199
Improvements	6,921			6,921
Total Capital Assets Being Depreciated	24,124	0	0	24,124
Less Accumulated Depreciation:				
Equipment	3			3
Buildings	2,808	573		3,381
Improvements	1,362	277		1,639
Total Accumulated Depreciation	4,173	850	0	5,023
Total Capital Assets Being Depreciated, Net	19,951	(850)	0	19,101
Total Ellsworth Development Authority Capital Assets, Net	19,951	(647)	203	19,101
Total Discretely Presented Component Units, Net, as restated	\$1,374,128	\$ 189,637	\$ 124,276	\$1,439,489

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, 2020, are as follows (Expressed in Thousands):

	<u>Amount</u>
Primary Government	
Governmental Activities	
Land Improvements	\$ 4,048
Buildings and Structures	46,621
Equipment	1,146
Vehicles	7,713
Intangibles - Computer Software	8,531
Infrastructure	277,004
Total Governmental Activities	<u>345,063</u>
Business - Type Activities	
Intangibles - Computer Software	267
Total Business - Type Activities	<u>267</u>
Total Primary Government	<u><u>\$ 345,330</u></u>
Discretely Presented Component Units	
Higher Education*	
Land Improvements	\$ 8,463
Buildings and Structures	88,267
Infrastructure	6,363
Equipment	731
Science and Technology	
Buildings and Structures	1,824
Total Discretely Presented Component Units	<u><u>\$ 105,648</u></u>

* Higher Education amounts do not include their foundations.

D. Special Item – Impairment of Capital Asset

The State has abandoned construction on a computer software project. This has resulted in an impairment of \$3.6 million of assets previously reported as Construction in Progress – Intangibles (computer software). This impairment is reported as a Special Item in the Government-wide Statement of Activities.

7. RETIREMENT PLANS

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) 3-12C. Copies of the audited SDRS financial statements are available at www.sdrs.sd.gov.

The South Dakota Retirement System Board of Trustees (the Board) is the governing authority of SDRS. The Board consists of 14 elected representatives from participating groups, two appointees of the governor, and an ex officio nonvoting representative of the South Dakota Investment Council. The elected representatives of the Board are two teacher members; two State employee members; a participating municipality member; a participating county member; a participating classified employee member; a current contributing Class B member other than a justice, judge, or magistrate judge; a county commissioner of a participating county; a school district board member; a justice, judge, or magistrate judge; an elected municipal official of a participating municipality; a retiree; and a faculty or administrative member employed by the Board of Regents. The two Governor's appointees consist of one head of a principal department established pursuant to SDCL 1-32-2, or one head of a bureau under the office of executive management and one individual from the private or public sector.

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

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

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

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

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

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

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

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

SDRS is a qualified defined benefit retirement plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes. SDRS last received a favorable determination letter dated October 3, 2016, in which the Internal Revenue Service stated that the System, as then designated, was in compliance with the applicable requirements of the Internal Revenue Code. SDRS believes that the system currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, SDRS continues to be tax exempt as of June 30, 2020. Therefore, no provision for income taxes has been included in SDRS's financial statements.

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

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

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

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

The arithmetically calculated money-weighted return net of fees was 1.56% in 2020. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investment by the proportion of time they are available to earn during that period. The rate of return equates the sum of weighted external cash flows into and out of pension plan investments to the ending fair value of the pension plan investment.

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

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

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

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

SDRS is funded by fixed member and employer contributions at a rate established by South Dakota law. On an annual basis, an actuarial valuation of SDRS is performed to determine the adequacy of the fixed contributions to pay the normal costs and expenses, if the System is fully funded or pay the normal costs, expenses and amortize the unfunded actuarial accrued liability (UAAL) if the System is not fully funded. The June 30, 2020, actuarial valuation of the plan determined that the System is fully funded and that the statutorily required employer contributions meet the requirements for the annual required contributions of the employers under GASB Statement No. 67, *Financial Reporting for Pension Plans*; and the statutorily required employer contributions are sufficient to pay the employer normal cost and expenses.

Contributions for the primary government during fiscal year 2020 were \$27.2 million, during fiscal year 2019 were \$26.4 million, and during fiscal year 2018 were \$26.2 million. Contributions for the State's component units during 2020 were \$19.7 million, during fiscal year 2019 were \$19.4 million, and during fiscal year 2018 were \$19.1 million.

State's Proportionate Share of SDRS. For fiscal year 2020, the State and its component units used a July 1, 2018, to June 30, 2019, measurement date for reporting purposes.

The State's proportionate share of SDRS's collective net pension asset is 20.7% or \$2.2 million using a June 30, 2019, measurement date. This percentage was measured based on all employer contributions from July 1, 2018, through June 30, 2019. Pension expenses for the State were \$91.2 million and contributions subsequent to the measurement date were \$27.2 million. The State's proportionate share decreased by 0.4% over the prior fiscal year's proportionate share of 21.1%.

The State's component unit's proportionate share of SDRS's collective net pension asset is 15.2% or \$1.6 million using a June 30, 2019, measurement date. This percentage was measured based on all employer contributions from July 1, 2018, through June 30, 2019. Pension expense for component units were \$66.9 million and contributions subsequent to the measurement date were \$19.7 million. The State's component unit's proportionate share decreased by 0.1% over the prior fiscal year's proportionate share of 15.3%.

The components of the net pension asset of the System at June 30, 2019, were as follows (Dollars Expressed in Thousands):

	State of South Dakota Proportionate Allocation 20.73%	Discretely Presented Component Units Proportionate Allocation 15.24%
Total Pension Liability	\$ 2,583,581	\$ 1,899,040
Plan Fiduciary Net Position	(2,585,777)	(1,900,654)
Net Pension (Asset) Liability	<u>\$ (2,196)</u>	<u>\$ (1,614)</u>

**Fiduciary Net Position as a Percentage
of Net Pension Liability**

100.09%

100.09%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%
 Salary Increase: 6.50% at entry to 3.00% after 25 years of service
 Discount Rate: 6.50%, net of pension plan investment expenses
 Future COLAs: 1.88% FY20 and 1.41% FY21

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

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

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58%	4.7%
Fixed Income	30%	1.7%
Real Estate	10%	4.3%
Cash	2%	0.9%
Total	100%	

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 \$2.2 million using a June 30, 2019, measurement date, calculated using the discount rate of 6.5%, as well as what the System's net pension (asset) liability would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate (Expressed in Thousands):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State's Proportionate Share of SDRS's Net Pension (Asset) Liability	\$ 364,651	\$ (2,196)	\$ (301,112)
Discretely Presented Component units Proportionate Share of SDRS Net Pension (Asset) Liability	268,034	(1,614)	(221,330)

Deferred Outflows and Inflows of Resources Related to Pensions. The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2020, were as follows (Expressed in Thousands):

<u>Source</u>	State of South Dakota Deferred Outflows and Inflows of Resources Related to Pensions			
	<u>Primary Government</u>		<u>Discretely Presented Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 8,618	\$ 994	\$ 6,335	\$ 731
Changes in Assumptions	75,878	31,106	55,772	22,864
Net Differences between Projected and Actual Earnings on Pension Plan Investments		12,656		9,303
Changes in Proportionate Share and Differences between Contributions and Proportionate Share of Contributions	4,034		2,324	208
Contributions Subsequent to the Measurement Date	27,199		19,654	
Total	\$ 115,729	\$ 44,756	\$ 84,085	\$ 33,106

The \$27.2 million and the \$19.7 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, 2019. These contributions will be recognized as an increase of the net pension asset in the upcoming year.

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

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
2021	\$ 49,820	\$ 36,293
2022	(5,993)	(4,687)
2023	(4,424)	(3,428)
2024	4,371	3,147
Total	\$ 43,774	\$ 31,325

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, 2019, the most recent actuarial valuation date, the plan had 4 active participants, 1 vested terminated participant, and 194 retired participants and beneficiaries.

8. DEFERRED COMPENSATION PLAN

The State of South Dakota (through the South Dakota Retirement System) maintains a deferred compensation plan known as the Supplemental Retirement Plan (SRP). The SRP was established in July 1987 in accordance with Internal Revenue Code Section 457 under the administrative responsibility of the South Dakota Retirement System Board of Trustees. The SRP is available to all public employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the SRP, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are at all times held in trust for the exclusive benefit of the participants until made available to a participant or the participant's beneficiary. 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.

9. SPECIAL PAY PLAN

The State of South Dakota (through the South Dakota Retirement System) offers the Special Pay Plan (SPP) that was established in July 2004. SPP is 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 Higher Education 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% 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.

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, 2020, (Expressed in Thousands):

	General	Trans- portation	Social Services Federal	COVID-19 Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor Governmental Funds	Total
Nonspendable								
Inventory	\$ 2,735	\$ 17,391	\$ 15	\$ 1,171	\$	\$	\$ 1,943	\$ 23,255
Prepays	2,565	241	1,217	62			1,756	5,841
Permanent Fund Principal						410,924	147,376	558,300
Total Nonspendable Fund Balances	5,300	17,632	1,232	1,233	0	410,924	151,075	587,396
Restricted								
Education					333,809	197,273	16,542	547,624
Health and Public Assistance							80,238	80,238
Law , Justice, and Public Protection							20,254	20,254
Economic Development	3,382						52,067	55,449
Transportation		217,161						217,161
Agriculture and Natural Resources							96,438	96,438
Energy Conservation or Development							12,566	12,566
Game and Fish							7,979	7,979
Parks and Recreation							3,475	3,475
Public Buildings							960	960
Public Broadcasting							751	751
Railroads							24,387	24,387
Pandemic Response				1				1
Debt Service							24,473	24,473
Capital Projects							324	324
Other							10,166	10,166
Total Restricted Fund Balances	3,382	217,161	0	1	333,809	197,273	350,620	1,102,246
Committed								
Education							181	181
Health and Public Assistance							3,010	3,010
Law , Justice, and Public Protection							23,241	23,241
Agriculture and Natural Resources							4,736	4,736
Environmental Cleanup							6,055	6,055
Energy Conservation or Development							966	966
Public Buildings							2,274	2,274
Railroads							426	426
Other							10,354	10,354
Total Committed Fund Balances	0	0	0	0	0	0	51,243	51,243
Assigned								
Education	6,123						764	6,887
Higher Education	10,121							10,121
Health and Public Assistance	54,572		1,623				7,446	63,641
Law , Justice, and Public Protection	15,472						6,896	22,368
Agriculture and Natural Resources	95						781	876
Game and Fish	477							477
Tourism Promotion	4,056							4,056
Public Buildings	23,133						3,228	26,361
Economic Development	11,503							11,503
Other	10,811						4,855	15,666
Total Assigned Fund Balances	136,363	0	1,623	0	0	0	23,970	161,956
Unassigned Fund Balances *	381,326						(8,359)	372,967
Total Fund Balances	\$ 526,371	\$ 234,793	\$ 2,855	\$ 1,234	\$ 333,809	\$ 608,197	\$ 568,549	\$ 2,275,808

* This amount includes \$169.6 million of equity from the Budget Reserve established by the 1991 South Dakota Legislature and \$46.3 million of equity from the General Revenue Replacement Fund established by the 2015 South Dakota Legislature, as discussed further in the following paragraphs.

Budget Reserve

The 1991 South Dakota Legislature established the Budget Reserve that is funded from any unobligated cash in the General Fund. The maximum balance of the Budget Reserve is 10% of the prior year's General Fund appropriation. Expenditures out of the Budget Reserve shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to South Dakota Constitution, Article III, Section 1. The balance in the Budget Reserve at June 30, 2020, was \$169.6 million and is reported as unassigned fund balance within the General Fund.

General Revenue Replacement Fund

House Bill 1050, passed during the 2015 Legislative Session, created the General Revenue Replacement Fund (GRRF). This fund is to be used to balance the General Fund annual budget due to an unforeseen revenue shortfall. Revenues deposited in the GRRF include unobligated General Fund cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the GRRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. The balance in the GRRF at June 30, 2020, was \$46.3 million and is reported as unassigned fund balance within the General Fund.

General Fund

GASB 54

Since the implementation of GASB 54 in fiscal year 2011, 12 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, 2020, the following equity balances are included within the State's General Fund in accordance with GASB 54 (Expressed in Thousands):

Fund Balance - June 30, 2020 as reported	\$ 526,371
Less Statutorily Created Funds Combined with the General Fund:	
Tourism Promotion - assigned for Tourism Promotion	4,056
Investment Council Operating - assigned for Other	2,093
Private Activity Bond - assigned for Other	353
Teen Court - assigned for Other	146
Proof of Concept - assigned for Economic Development	23
Fine Arts - assigned for Other	375
Economic Development - assigned for Economic Development	470
Local Infrastructure Improvement - assigned for Economic Development	5,745
Workforce Education - assigned for Education	2,404
Extraordinary Litigation Expense - assigned for Other	366
Legislative Contingency Fund - unassigned	1,545
Unclaimed Property - unassigned	23
Fund Balance - June 30, 2020 excluding GASB 54 combinations	<u>\$ 508,772</u>

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, 2020, the following equity balance was included within the State's General Fund (Expressed in Thousands):

The Immigrant Investor Program (EB-5 Program):	
Fund Balance - June 30, 2020 excluding GASB 54 combinations	\$ 508,772
Less SDRC Funds Combined with the General Fund:	
SDRC Indemnification Fund One Account - restricted for Economic Development	3,382
Fund Balance - June 30, 2020 excluding all combinations	<u>\$ 505,390</u>

Net Position Restricted by Enabling Legislation

The Government-wide Statement of Net Position reports \$1.7 billion of restricted net position for the primary government of which \$174.7 million was restricted by enabling legislation. Restrictions imposed by enabling legislation could be changed by future legislative action.

Funds Held as Permanent Investments

Funds held as permanent investments represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. Funds held in special revenue funds for this purpose have their principal balance 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, 2020, 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, 2020, are summarized as follows (Expressed in Thousands):

Fund	Expendable	Nonexpendable	Total Restriction
Education Enhancement Trust	\$ 197,273	\$ 410,924	\$ 608,197
Health Care Trust	59,858	85,631	145,489
Permanent	(1,014)	61,745	60,731
Total	\$ 256,117	\$ 558,300	\$ 814,417

Individual Fund Deficits

The following individual funds had deficit fund equity at June 30, 2020, (Expressed in Thousands):

Fund Type/Fund	Deficit
Internal Service:	
State Worker’s Compensation	\$ 28,326
State Worker’s Unemployment	199
Special Revenue:	
State Fire Suppression	2,874
Law Enforcement Revolving	1,030
Railroad Administration	89
Public Utilities Commission Federal	83
Animal Damage Control	72

11. COMMITMENTS

At June 30, 2020, the Primary Government had operating commitments of \$1.2 billion and the State's discretely presented component units had operating commitments of \$198.2 million. The Primary Government also had uncalled capital commitment of \$2.2 billion. These commitments are broken down as follows:

Primary Government

Major Governmental Funds

General Fund: The total amount committed for the General Fund is \$199.0 million broken down by departments as follows:

- Department of Corrections has commitments totaling \$9.9 million for building repairs and maintenance.
- Bureau of Administration has commitments totaling \$13.0 million for multiple statewide maintenance and repair projects.
- Department of Education has commitments totaling \$14.2 million for grants, computer systems maintenance, and various K-12 programs.
- Bureau of Information and Telecommunications has commitments totaling \$7.5 million for various service contracts and encumbered purchase orders.
- Department of Social Services has commitments totaling \$62.7 million for alcohol and drug services, community mental health services, food services, janitorial services, and various other contractual commitments.
- Department of Military has commitments totaling \$1.4 million for construction commitments for the Army Aviation Support Facility Readiness Center.
- Department of Human Services has commitments totaling \$0.5 million for consultant services, grants, and construction commitments.
- Governor's Office of Economic Development has commitments totaling \$89.2 million for sales and use tax paid on projects.
- Unified Judicial System has commitments totaling \$0.6 million for various programs and services for chemical dependency and mental health.

Transportation Fund: The total amount committed for the Transportation Fund is \$411.8 million broken down as follows:

- Department of Transportation has commitments totaling \$409.8 million for construction commitments, various highway projects, work in progress, maintenance projects, bridge repairs, pavement markings, drainage repairs, deer and debris pickup, snow plowing, and street sweeping.
- Department of Public Safety has commitments totaling \$2.0 million for yearly maintenance cost for the record management system and to perform maintenance services for existing access programs.

Social Services Federal Fund: Department of Social Services has commitments totaling \$95.3 million for various contractual commitments.

COVID-19 Federal Fund: The total amount committed for the COVID-19 Federal Fund is \$10.0 million broken down as follows:

- Bureau of Finance and Management has commitments totaling \$0.6 million for various COVID-19 related response.
- Department of Health has commitments totaling \$6.0 million for grants to rural hospitals, transportation for patients with exposure to coronavirus, and other COVID-19 related response.
- Department of Social Services has commitments totaling \$3.4 million for community services block grants, Medicaid dental claims, food services, and community mental health services.

Nonmajor Governmental Funds

Capital Projects Fund: South Dakota Building Authority has commitments totaling \$13.7 million for contracts and other construction commitments.

Education Federal Fund: Department of Education has commitments totaling \$39.6 million for various grants, providing professional coaching for Birth to Three Bright Beginnings program and various K-12 programs and support.

Labor Fund: Department of Labor and Regulation has commitments totaling \$1.7 million for various grants and contractual commitments.

Health Federal Fund: Department of Health has commitments totaling \$9.7 million for clerical services, maintenance of several computer systems, medical case management services, HIV prevention services, covered breast and cervical cancer screening services, WIC misuse investigations, and mass reach communication services for the South Dakota Tobacco Control Program.

Governor's Office and State Development Federal Fund: Governor's Office of Economic Development has commitments totaling \$9.5 million for SD Works Loan, Community Development Block Grant, and Energy Efficiency Community Block Grant Loan programs.

Public Safety Emergency Management Fund: Department of Public Safety has commitments totaling \$11.5 million grant payments, emergency management courses, and SD multi-hazard plan.

Natural Resources Federal Fund: Department of Environment and Natural Resources has commitments totaling \$3.1 million in federal subgrant outstanding obligations.

Health Fund: Department of Health has commitments totaling \$1.6 million for supplying IT services, medical case management, covered breast and cervical cancer screenings services, courier services for the rapid transportation of samples to the Public Health Laboratory, and Correctional Health.

Motor Vehicle Fund: Department of Public Safety has commitments totaling \$7.1 million for encumbrances and contracts for driver's licensing services.

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

Water and Environment Fund: Department of Environment and Natural Resources has commitments totaling \$37.6 million for consolidated water facilities construction program, solid waste management program, and SWRMS grants and loans.

Military Federal Fund: Department of Military has commitments totaling \$4.5 million for constructing Army Aviation Support Facility (AASF) Readiness Center, security, and sub-recipient agreements.

Other Nonmajor Governmental Funds: The total amount committed for the Other Nonmajor Special Revenue Funds is \$61.5 million broken down by agency as follows:

- Governor's Office of Economic Development has commitments totaling \$1.0 million for local infrastructure improvement program grants.
- Unified Judicial System has commitments totaling \$0.7 million for rural attorney contracts and office equipment.
- Department of Public Safety has commitments totaling \$40.4 million for highway safety grant payments, public safety announcements, public education partnership program announcements, computer system installation and support, conducting surveys, provide support and monitoring of educational opportunities, and a new 911 system design and maintenance.
- Department of Health has commitments totaling \$4.3 million for covered breast and cervical cancer screening services, HIV prevention services, and various activities aimed at tobacco prevention and control.
- Department of Education has commitments totaling \$4.4 million for various grants and contractual commitments.

- South Dakota Soybean Research and Promotion Council has commitments totaling \$2.1 million for various contractual projects.
- Department of Social Services has commitments totaling \$1.4 million for medical transcription services, alcohol and drug services, and various other contractual commitments.
- Department of Veteran's Affairs has commitments totaling \$4.2 million for building a veteran's cemetery in Sioux Falls.
- South Dakota Corn Council has commitments totaling \$2.0 million for the renovation of research space within an agricultural hall for a South Dakota State University and the creation of a South Dakota Corn Endowed Chair Position in Precision Agriculture at State of South Dakota University.
- Bureau of Information and Telecommunications has commitments totaling \$1.0 million for service contracts.

Major Proprietary Funds

Clean Water State Revolving Fund: Department of Environment and Natural Resources has commitments totaling \$134.8 million for loan commitments with borrowers.

Drinking Water State Revolving Fund: Department of Environment and Natural Resources has commitments totaling \$64.2 million for loan commitments with borrowers.

Nonmajor Proprietary Funds

Revolving Economic Development and Initiative Fund: Governor's Office of Economic Development has commitments totaling \$20.1 million for REDI Fund loans.

Self-Insurance Fund: Bureau of Human Resources has commitments totaling \$17.7 million for claims administration, medical management, and wellness services.

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

Telecommunications Fund: The Bureau of Information and Technology has commitments totaling \$3.1 million for encumbrances and services contracts.

Accounting and Payroll Fund: Bureau of Finance and Management has commitments totaling \$0.5 million for various consulting fees.

Fleet and Travel Management Fund: Bureau of Administration has commitments totaling \$0.9 million for fleet vehicle leases and computer equipment.

Other Nonmajor Proprietary Funds: The total amount committed for the Other Nonmajor Proprietary Funds is \$2.3 million broken down by agency as follows:

- Department of Public Safety has commitments totaling \$0.7 million to upgrade current computer system.
- Department of Health has commitments totaling \$1.6 million to act as examiner, investigator, and inspector for various other boards and to provide administrator services.

Discretely Presented Component Units

Housing Authority: South Dakota Housing Development Authority has commitments totaling \$113.1 million to fund the Homeownership Mortgage Program.

Science and Technology Authority: South Dakota Science and Technology Authority has commitments totaling \$4.1 million for architecture engineering services and construction of new maintenance support facility.

Higher Education: Higher Education has \$78.7 million of construction, renovation, and coaching contract commitments.

South Dakota Ellsworth Development Authority: South Dakota Ellsworth Development Authority has commitments totaling \$2.3 million to operate and maintain the wastewater treatment plant.

Uncalled Capital Commitments

The Primary Government had uncalled capital commitments to private equity and real estate limited partnerships funds of approximately \$2.2 billion. The commitments may be called at the discretion of the general partner or may never be called. As capital is called, it is funded from capital and earnings returned by the limited partnerships or from other assets. Approximate uncalled capital commitments as of June 30, 2020 is broken down as follows (Expressed in Thousands):

	Special Revenue			Fiduciary	Permanent	TOTAL
	Dakota Cement Trust	Education Enhancement Trust	Health Care Trust	South Dakota Retirement System Pension Trust Fund	Permanent Fund	
Real Estate Funds	\$ 26,736	\$ 48,440	\$ 11,629	\$ 1,166,195	\$ 25,734	\$ 1,278,734
Private Equity Funds	16,741	30,627	7,320	817,669	16,134	888,491
Total	\$ 43,477	\$ 79,067	\$ 18,949	\$ 1,983,864	\$ 41,868	\$ 2,167,225

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 \$28.4 million at June 30, 2020. The Workers' Compensation Fund liability at June 30, 2020 and the changes to the liability during fiscal years ended June 30, 2020 and 2019 listed on the following page were as follows (Expressed in Thousands):

	<u>FY2020</u>	<u>FY2019</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 31,512	\$ 29,990
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	6,279	6,983
Changes in provision for insured events of prior fiscal years	(341)	(60)
Total incurred claims and claim adjustment expenses	5,938	6,923
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,349	2,172
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	3,907	3,229
Total payments	5,256	5,401
Unpaid claims and claim adjustment expenses at end of fiscal year	\$ 32,194	\$ 31,512

B. Health Insurance

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

The health insurance program liability at June 30, 2020 and the changes to the liability during fiscal years ended June 30, 2020 and 2019 were as follows (Expressed in Thousands):

	<u>FY2020</u>	<u>FY2019</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 15,879	\$ 12,696
Incurred claims and claim adjustment expenses	<u>133,191</u>	<u>130,287</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	115,971	114,408
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>15,879</u>	<u>12,696</u>
Total payments	<u>131,850</u>	<u>127,104</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 17,220</u>	<u>\$ 15,879</u>

C. Public Entity Pool for Liability

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

All funds and agencies of the State participate in the PEPL Fund. The PEPL Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund and agency based on the number of automobiles titled to each agency (for automobile liability) or approved full-time employees (for general tort liability). The PEPL Fund initially limited claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The State claimed sovereign immunity for all other tort liabilities. A State Supreme Court opinion allows noneconomic damages against employees of the State while they are performing ministerial acts; therefore, beginning in FY1996, the PEPL Fund coverage document was amended to provide liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance was purchased. For the current fiscal year, the State purchased reinsurance for claims costs over \$500,000 with 100% of the remaining \$500,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated and unallocated claim adjustment expenses are included in the determination of claims payable. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2020, \$7.5 million of the net assets balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2020 and the changes to the liability during fiscal years ended June 30, 2020 and 2019 were as follows (Expressed in Thousands):

	<u>FY2020</u>	<u>FY2019</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 4,382	\$ 4,603
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	1,321	1,839
Changes in provision for insured events of prior fiscal years	227	(429)
Total incurred claims and claim adjustment expenses	<u>1,548</u>	<u>1,410</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	212	284
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	924	1,347
Total payments	<u>1,136</u>	<u>1,631</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 4,794</u>	<u>\$ 4,382</u>

D. Risk Management

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

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, 2020, (Expressed in Thousands):

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2021	\$ 8,709	\$ 2,716
2022	8,203	2,119
2023	6,354	1,728
2024	5,042	1,598
2025	4,082	347
2026-2030	12,453	142
2031-2035	1,823	53
2036-2040	17	53
2041-2045		44
Total Minimum Payments	<u>\$ 46,683</u>	<u>\$ 8,800</u>

The total rental expenses for all operating leases for the fiscal year ended June 30, 2020, was \$20.7 million for the primary government and \$3.9 million for component units.

14. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2020, and changes to long-term liabilities during the fiscal year then ended are as follows (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities *					
Revenue Bonds	\$ 148,645	\$ 7,130	\$ (20,104)	\$ 135,671	\$ 14,099
Add Unamortized Premium	12,194		(1,101)	11,093	1,070
Net Revenue Bonds	160,839	7,130	(21,205)	146,764	15,169
Compensated Absences	61,564	42,166	(38,685)	65,045	34,667
Policy Claims Liability	4,382	1,548	(1,136)	4,794	1,701
Workers Compensation	31,517	5,938	(5,224)	32,231	4,063
Capital Leases	136,417	5,826	(8,891)	133,352	7,925
Pollution Remediation Obligation	12,246	500	(100)	12,646	350
Escheat Property	15,788	38,142	(19,153)	34,777	24,036
Other Long Term Liabilities	106	54	(52)	108	53
Total Governmental Activities	\$ 422,859	\$ 101,304	\$ (94,446)	\$ 429,717	\$ 87,964
Business-type Activities					
Revenue Bonds	\$ 329,865	\$	\$ (21,705)	\$ 308,160	\$ 20,630
Add Unamortized Premium	45,938		(2,796)	43,142	2,796
Net Revenue Bonds	375,803		(24,501)	351,302	23,426
Other Noncurrent Liabilities	831	471		1,302	
Compensated Absences	1,662	969	(846)	1,785	948
Total Business-type Activities	\$ 378,296	\$ 1,440	\$ (25,347)	\$ 354,389	\$ 24,374
Component Units					
Revenue Bonds	\$ 1,608,535	\$ 279,980	\$ (228,149)	\$ 1,660,366	\$ 75,689
Less Unamortized Discount	(83)		4	(79)	4
Add Unamortized Premium	66,475	9,037	(11,033)	64,479	2,728
Direct Placement Bonds	127,540		(22,515)	105,025	1,525
Net Revenue Bonds	1,802,467	289,017	(261,693)	1,829,791	79,946
Compensated Absences	44,743	17,140	(15,057)	46,826	15,209
Capital Leases	7,342	4,702	(2,003)	10,041	1,959
Rural Development Loans	1,385		(85)	1,300	83
Federal Portion of Perkins Loan Program	39,792	1,538	(4,726)	36,604	
Advances from Primary Government	20,209		(1,025)	19,184	1,057
Total Component Units	\$ 1,915,938	\$ 312,397	\$ (284,589)	\$ 1,943,746	\$ 98,254

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

Revenue Bonds and Trust Certificates

A. Governmental Activities

1. South Dakota Building Authority

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

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

Following are SDBA bonds outstanding at June 30, 2020, (Dollars Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2010B	2035	4.580% - 6.200%	\$ 3,815
2013D	2023	3.630%-5.769%	420
2014A	2029	5.000%	1,290
2014D	2026	4.500% - 5.000%	4,629
2014E	2027	4.000% - 5.000%	2,537
2015A	2030	2.591% - 4.013%	8,155
2017A	2040	4.000% - 5.000%	41,595
2019B	2038	1.934% - 3.201%	7,075
Add Unamortized Premium			6,699
Total			\$ 76,215

As of June 30, 2020, debt service requirements for principal and interest for the SDBA were as follows (Expressed in Thousands):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,799	\$ 3,073	\$ 6,872
2022	3,934	2,928	6,862
2023	4,078	2,773	6,851
2024	4,248	2,609	6,857
2025	4,420	2,424	6,844
2026-2030	20,767	9,201	29,968
2031-2035	14,555	5,377	19,932
2036-2040	13,715	1,886	15,601
Total	\$ 69,516	\$ 30,271	\$ 99,787

2. Educational Enhancement Funding Corporation

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

Following are Educational Enhancement Funding Corporation bonds outstanding at June 30, 2020, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2013A	2022	3.539%	\$ 19,520
2013B	2027	5.000%	46,635
Add Unamortized Premium			4,394
Total			\$ 70,549

As of June 30, 2020, debt service requirements for principal and interest for the Educational Enhancement Funding Corporation were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2021	\$ 10,300	\$ 3,022	\$ 13,322
2022	9,220	2,658	11,878
2023	9,970	2,332	12,302
2024	9,905	1,833	11,738
2025	9,865	1,338	11,203
2026-2027	16,895	1,197	18,092
Total	\$ 66,155	\$ 12,380	\$ 78,535

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, 2020, (Dollars Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
Clean Water State Revolving Fund			
2010AB	2030-2031	4.084%-5.646%	\$ 29,039
2012A	2027	1.898%-3.183%	19,145
2012B	2023-2031	4.000%-5.000%	9,510
2014B	2035	5.000%	37,200
2017A	2023	1.593%-2.149%	4,245
2017B	2030-2038	2.000%-5.000%	62,625
2018	2039	5.000%	56,190
Add Unamortized Premium			33,110
Total			251,064
Drinking Water State Revolving Fund			
2010AB	2030-2031	2.000%-5.646%	15,326
2012A	2027	1.898%-3.183%	13,710
2014B	2035	5.000%	4,940
2017A	2023	1.786%-2.149%	5,485
2017B	2030-2038	5.000%	12,430
2018	2039	5.000%	38,315
Add Unamortized Premium			10,032
Total			100,238
Total Revenue Bonds			\$ 351,302

As of June 30, 2020, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (Expressed in Thousands):

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Clean Water State Revolving Fund			
2021	\$ 13,115	\$ 9,979	\$ 23,094
2022	14,685	9,455	24,140
2023	15,335	8,842	24,177
2024	14,075	8,202	22,277
2025	14,560	7,552	22,112
2026-2030	67,659	27,689	95,348
2031-3035	54,275	12,406	66,681
2036-2040	24,250	2,294	26,544
Total	217,954	86,419	304,373
Drinking Water State Revolving Fund			
2021	7,515	3,900	11,415
2022	7,740	3,653	11,393
2023	8,140	3,379	11,519
2024	6,315	3,109	9,424
2025	6,425	2,848	9,273
2026-2030	23,816	10,669	34,485
2031-2035	16,995	5,432	22,427
2036-2040	13,260	1,313	14,573
Total	90,206	34,303	124,509
Total	\$ 308,160	\$ 120,722	\$ 428,882

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, 2020, (Dollars Expressed in Thousands):

	<u>Maturity</u>	<u>Interest</u>	<u>Amount</u>
Home-Ownership Mortgage Program Bonds	2020-2050	0.13%-4.50%	
Serial Bonds			\$ 399,090
Term Bonds			744,322
Term Direct Placement Bonds			75,000
Add Unamortized Premium			25,994
Total			<u><u>1,244,406</u></u>
Single Family Mortgage Bonds	2019-2041	1.85%-5.00%	
Serial Bonds			16,915
Term Bonds			25,260
Term Direct Placement Bonds			16,700
Add Unamortized Premium			500
Total			<u><u>59,375</u></u>
Multiple Purpose Bonds	2020-2048	0.25%-3.65%	
Serial Bonds			1,875
Term Bonds			12,880
Total			<u><u>14,755</u></u>
Total Bonds			<u><u>\$ 1,318,536</u></u>

As of June 30, 2020, debt service requirements for principal and interest for the SDHDA were as follows (Expressed in Thousands):

<u>Year Ended</u> <u>June 30</u>	<u>Bonds</u>		<u>Direct Placement Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 51,582	\$ 36,818	\$	\$ 1,644	\$ 90,044
2022	55,825	35,490		1,644	92,959
2023	53,265	34,325		1,645	89,235
2024	53,445	33,078		1,645	88,168
2025	51,340	31,742		1,645	84,727
2026-2030	212,336	139,673	12,015	8,177	372,201
2031-2035	190,070	108,499	49,105	5,612	353,286
2036-2040	171,720	79,033	27,750	1,344	279,847
2041-2045	201,394	47,888	2,830	70	252,182
2046-2050	158,980	10,723			169,703
2051-2055	385	7			392
Total	<u><u>\$ 1,200,342</u></u>	<u><u>\$ 557,276</u></u>	<u><u>\$ 91,700</u></u>	<u><u>\$ 23,426</u></u>	<u><u>\$ 1,872,744</u></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 \$300.0 million at any time. No obligation issued by the EDFA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision.

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

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2020, the balance in the Capital Reserve Account was \$5.0 million and the reserve requirement was \$1.0 million.

The following is a schedule of outstanding bonds as of June 30, 2020, (Dollars Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
2013A	2021-2033	4.000%-5.800%	\$ 7,555
Total			\$ 7,555

As of June 30, 2020, debt service requirements for principal and interest for the EDFA were as follows (Expressed in Thousands):

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2021	\$ 420	\$ 420	\$ 840
2022	435	404	839
2023	455	383	838
2024	480	362	842
2025	505	334	839
2026-2030	3,005	1,197	4,202
2031-2033	2,255	267	2,522
Total	\$ 7,555	\$ 3,367	\$ 10,922

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 2020 equaled \$34.4 million. Following are revenue bonds outstanding at June 30, 2020, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
School of Mines and Technology			
2008B Direct Placement	2028	4.550%	\$ 2,170
2014A	2039	4.000%-5.000%	5,805
2014B	2033	5.000%	4,890
2017A	2042	4.000%-5.000%	15,925
Add Unamortized Premium			2,827
University of South Dakota			
2013A	2028	3.000%-5.000%	7,270
2015	2030	4.000%-5.000%	7,265
2017A	2039	4.000%-5.000%	31,335
Add Unamortized Premium			5,632
South Dakota State University			
2006 Direct Placement	2026	3.920%	3,075
2011	2036	3.625%-5.000%	45,910
2014A	2025	5.000%	11,960
2015	2030	4.000%-5.000%	1,450
2016	2041	4.000%-5.000%	11,850
2017A	2042	4.000%-5.000%	36,325
Less Unamortized Discount			(79)
Add Unamortized Premium			8,778
Northern State University			
2008B Direct Placement	2028	4.550%	575
2011	2021	3.625%-5.000%	195
2014B	2029	5.000%	2,515
2016	2041	4.000%-5.000%	6,260
2017A	2034	5.000%	870
2019B	2036	2.150%-3.350%	4,535
Add Unamortized Premium			810
Dakota State University			
2007 Direct Placement	2029	3.880%	210
2008 Direct Placement	2028	3.880%	2,345
2014B	2025	5.000%	860
2015	2040	4.000%-5.000%	9,990
2019A	2044	3.000%-5.000%	11,620
Add Unamortized Premium			2,476
Black Hills State University			
2006 Direct Placement	2026	3.920%	500
2007 Direct Placement	2029	3.880%	4,450
2014A	2039	4.000%-5.000%	7,595
2014B	2026	5.000%	1,020
Add Unamortized Premium			485
Total			\$ 259,699

As of June 30, 2020, debt service requirements for principal and interest were as follows (Expressed in Thousands):

Year Ended June 30	Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 11,510	\$ 10,348	\$ 1,525	\$ 528	\$ 23,911
2022	12,240	9,801	1,595	467	24,103
2023	12,875	9,202	1,650	402	24,129
2024	13,175	8,579	1,725	335	23,814
2025	13,815	7,939	1,795	266	23,815
2026-2030	60,365	30,964	5,035	388	96,752
2031-2035	59,785	16,460			76,245
2036-2040	34,105	5,089			39,194
2041-2045	7,575	478			8,053
Total	\$ 225,445	\$ 98,860	\$ 13,325	\$ 2,386	\$ 340,016

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, 2020, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Revenue Bonds			
2010A	2027	4.550%-5.650%	\$ 5,030
2010B	2035	4.580%-6.200%	8,970
2011A	2026	4.000%-5.000%	3,780
2012A	2028	2.250%-5.000%	6,025
2013B	2038	5.00%	8,065
2014A	2039	5.00%	30,365
2014B	2029	5.000%	5,250
2014C	2020	2.40%	650
2014D	2026	4.500%-5.000%	926
2014E	2032	4.000%-5.000%	22,843
2014F	2032	3.050%-4.700%	6,210
2015B	2040	5.000%	9,620
2017A	2042	4.000%-5.000%	10,630
2018A	2040	4.000%-5.000%	28,140
2019A	2034	4.000%-5.000%	15,165
2019B	2038	1.934%-3.201%	65,355
Add Unamortized Premium			16,977
Total Revenue Bonds			\$ 244,001

As of June 30, 2020, debt service requirements for principal and interest for the South Dakota Building Authority (Higher Education portion) were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2021	\$ 12,176	\$ 9,579	\$ 21,755
2022	12,706	9,046	21,752
2023	13,047	8,485	21,532
2024	13,631	7,906	21,537
2025	14,136	7,376	21,512
2026-2030	67,253	28,394	95,647
2031-2035	57,475	15,064	72,539
2036-2040	35,120	4,383	39,503
2041-2045	1,480	112	1,592
Total	\$ 227,024	\$ 90,345	\$ 317,369

Capital Leases

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

Capital lease obligations are recorded as liabilities in the Government-wide and Proprietary Fund Financial Statements.

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2020, (Expressed in Thousands):

Year Ended June 30	Governmental Activities	Component Units
2021	\$ 14,262	\$ 2,373
2022	13,342	1,564
2023	11,983	1,313
2024	11,734	2,838
2025	11,140	438
2026-2030	47,702	2,135
2031-2035	45,723	907
2036-2040	33,141	286
2041-2045	17,442	286
2046-2050	7,992	115
Total Minimum Lease Payments	214,461	12,255
Less: Amount Representing Interest	81,109	2,214
Present Value of Net Minimum Lease Payments	\$ 133,352	\$ 10,041

The historical cost and depreciation of assets under capital leases and included in capital assets on the Government-wide Financial Statements at June 30, 2020, are as follows (Expressed in Thousands):

	Governmental Activities
Land	\$ 614
Land Improvements	1,205
Buildings	139,395
Equipment	5,062
Vehicles	27,128
Total	173,404
Less: Accumulated Depreciation	42,675
Total, Net	\$ 130,729

Conduit Debt Obligations

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

1. South Dakota 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, 2020, there were 115 Beginning Farmer Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2020, could not be determined; however, the original issue amount totaled \$23.6 million.

As of June 30, 2020, there were 5 Agribusiness Bonding Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2020, could not be determined; however, the original issue amount totaled \$8.6 million.

As of June 30, 2020, there were 20 Livestock Nutrient Management Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2020, could not be determined; however, the original issue amount totaled \$17.4 million.

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, 2020, could not be determined; however, the original issue amount totaled \$24.8 million.

2. South Dakota Housing Development Authority

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

As of June 30, 2020, the aggregate principal amount of conduit debt outstanding totaled \$28.6 million.

Refunded and Defeased Bonds

1. South Dakota Building Authority

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

On November 20, 2019, the Authority issued \$3.0 million in Taxable Revenue Bonds Series 2019B to advance refund the Series 2010C bonds. The refunding portion with an average interest rate of 2.5% was used to refund \$2.5 million of outstanding Series 2010C bonds with an average interest rate of 5.3%. The net proceeds of the refunding portion of \$2.7 million were used to escrow the refunded Series 2010C bonds (after payment of \$27.2 thousand in underwriting fees and other issuance costs and transfer of \$0.4 million in savings to the State General Fund). As a result, the refunded Series 2010C bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$0.1 million. This difference is being charged to operations through fiscal year 2031 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$0.1 million. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$0.1 million reduction in debt service payments, the actual cash amount realized was \$0.4 million.

On November 20, 2019, the Authority issued \$65.8 million in Taxable Revenue Bonds Series 2019B to refund a portion of the Series 2013B bonds. The refunding portion with an average interest rate of 2.9% was used to refund \$54.5 million of outstanding Series 2013B bonds with an average interest rate of 5.0%. The net proceeds of the refunding portion of \$62.2 million were used to call the refunded Series 2013B bonds (after payment of \$0.6 million in underwriting fees and other issuance costs and transfer of \$4.4 million in savings to the State General Fund). As a result, the refunded Series 2013B bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3.9 million. This difference is being charged to operations through fiscal year 2026 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$1.4 million. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$1.4 million reduction in debt service payments, the actual cash amount realized was \$4.4 million.

On November 20, 2019, the Authority issued \$4.1 million in Taxable Revenue Bonds Series 2019B to refund a portion of the Series 2013D bonds. The refunding portion with an average interest rate of 2.9% was used to refund \$3.3 million of outstanding Series 2013D bonds with an average interest rate of 5.5%. The net proceeds of the refunding portion of \$3.8 million were used to call the refunded Series 2013D bonds (after payment of \$37.6 thousand in underwriting fees and other issuance costs and transfer of \$0.4 million in savings to the State General Fund). As a result, the refunded Series 2013D bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$0.5 million. This difference is being charged to operations through fiscal year 2038 using the effective-interest method. The Authority completed the advance refunding for a net economic gain of \$0.1 million. The difference between the cashflows of the refunded bonds and the refunding bonds is a \$0.1 million reduction in debt service payments, the actual cash amount realized was \$0.4 million.

Fully defeased bonds not yet paid to bondholders as of June 30, 2020, are as follows (Expressed in Thousands):

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2013B	2019	\$ 54,495
Series 2013D	2019	32,280
Total		\$ 86,775

Series 2010B that were held in escrow were called on June 1, 2020.

Series 2013B and 2013D bonds that were escrowed will be called on June 1, 2023.

2. South Dakota Housing Development Authority

In February 2020, the Authority issued \$4.7 million of fixed rate Homeownership Mortgage Bonds, 2020 Series A (the Refunding bonds). The Refunding Bonds, totaling \$4.7 million, along with premium generated from the bond sale, were used to refund \$4.7 million of Single-Family Mortgage Bonds, 2010 Series 1 (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately \$0.7 million. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the Refunding Bonds and the Refunded Bonds, net of cost of issuance, will result in an economic gain of approximately \$0.3 million.

During the year ended June 30, 2020, the Authority issued Homeownership Mortgage Bonds Series 2019B and 2020AB in the aggregate principle amount of \$99.0 million and \$99.0 million, respectively, of which \$26.1 million and \$49.8 million, respectively, of bond proceeds were used to refund previously issued bonds for the sole purpose of recycling the volume cap utilized for the issuance of the refunded bonds.

3. South Dakota Conservancy District - State Revolving Funds

Clean Water State Revolving Fund

Fully defeased bonds not yet paid to bondholders as of June 30, 2020, are as follows:

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2012B (01)	2018	\$ 725
Series 2010B (08)	2018	5,186
Series 2012B	2018	26,190
Total		\$ 32,101

Series 2010B (08) that was escrowed will be called on August 1, 2020.

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

Drinking Water State Revolving Fund

Fully defeased bonds not yet paid to bondholders as of June 30, 2020, are as follows:

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2012B (01)	2018	\$ 790
Series 2010B (08)	2018	4,254
Total		\$ 5,044

Series 2010B (08) that were escrowed will be called on August 1, 2020.

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

4. Higher Education and the South Dakota Board of Regents

In December 2019, the South Dakota Board of Regents (SDBOR) issued \$4.6 million in Revenue Bonds Series 2019B to advance refund a portion of the Series 2011 bonds. The refunding portion with an average interest rate of 3.2% was used to refund \$4.3 million of outstanding Northern State University bonds. The net proceeds of the refunding portion of \$4.5 million (after payment of \$0.1 million in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all of the future debt service payments on the refunded portion of the Series 2011 Bonds. Escrow balance as of June 30, 2020 was \$4.4 million. As a result, the refunded portion of the Series 2011 bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The purpose of the advanced refunding was to reduce the SDBOR borrowing cost on debt that will be optionally redeemable at par on April 1, 2020, which decreased total debt service payments by \$0.3 million. This resulted in a present value savings on the bonds of \$0.2 million.

Pollution Remediation Obligations

The State has pollution remediation obligation liabilities as of June 30, 2020, of \$12.6 million.

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 (EPA) 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 \$178.1 million. The total amount of cleanup costs that the State needs to match an estimated \$158.5 million. The State is required by law to pay 10% of the total costs of reclamation and remediation of the site, which is estimated to be \$15.9 million. The State has already spent approximately \$6.6 million with an estimated remaining outstanding liability as of June 30, 2020 of \$9.3 million. The State's contribution to the costs of reclamation and remediation will come from the Regulated Response Fund, which has a cash balance of \$2.4 million, but will grow with future penalties collected for environmental violations deposited into the fund and interest earned on the cash deposit. After EPA completes its involvement at the site, the State will take control of the site and use the reclamation bond and settlement money to pay 100% of the ongoing water treatment costs. The State had a cash balance of approximately \$8.5 million from the cash reclamation bond deposited by Brohm and \$10.3 million in cash settlements as of June 30, 2020. 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, 2020, PRCF was currently involved with 39 active cases, 21 active/monitoring cases, and 8 pending cases (spill report not yet filed), for a total of 68 cases. The estimated cost remaining for sites that have received at least one payment is \$0.4 million, the estimated cost for sites that haven't received any payments is \$2.3 million and the estimated cost for the Abandoned Tank Removal Program is \$0.6 million. The total liability as of June 30, 2020 for this program is \$3.4 million. The cash balance in the PRCF on June 30, 2020 is \$5.2 million.

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, 2020, as recommended by NACUBO (Expressed in Thousands):

Function	Personal		Contractual	Supplies & Non-	Grants &	Interest &	Depreciation	Total
	Services	Travel		Capitalized		Other		
				Equipment	Subsidies	Expenses		
Instruction	\$ 212,071	\$ 2,367	\$ 12,663	\$ 7,022	\$ 661	\$ 1	\$ 6,470	\$ 241,255
Research	47,656	2,019	7,019	11,056	9,773		4,905	82,428
Public Service	34,537	1,439	6,053	4,693	1,333	1	254	48,310
Academic Support	52,779	722	9,716	5,980	23		1,961	71,181
Student Services	51,539	6,711	10,204	6,712	3,166	19	1,329	79,680
Institutional Support	54,356	624	18,934	2,379	2,651	2,407	3,255	84,606
O&M of Plant	32,515	335	13,097	7,572	1	2	37,650	91,172
Scholarships and Fellowships	1,057	5	7	88	27,155	107		28,419
Auxilliary Enterprises	14,443	58	32,626	9,420	2		2,577	59,126
Other						156	1,732	1,888
Total	\$ 500,953	\$ 14,280	\$ 110,319	\$ 54,922	\$ 44,765	\$ 2,693	\$ 60,133	\$ 788,065

16. POSTSECONDARY TECHNICAL INSTITUTE SYSTEM

The primary government has an ongoing financial responsibility for funding the four postsecondary technical institutes. The postsecondary technical institutes are considered part of the local school districts in the district where they are located. The oversight of the postsecondary technical institutes resides within the primary government through the South Dakota Board of Technical Education (SDBTE). The SDBTE provides overall policies, goals, and objectives for the management of the postsecondary technical institutes. The SDBTE consists of nine members appointed by the Governor. The SDBTE may adopt rules governing the operation of the postsecondary technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2020, the State provided \$26.7 million in General Fund state aid payments to the postsecondary technical institutes.

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

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

17. TAX ABATEMENTS

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

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

During fiscal year 2020, the State abated \$19.3 million of sales and use tax as estimated reimbursement amounts for approved projects that have not met all the reimbursement criteria. The State reimbursed \$9.0 million of sales and use tax during fiscal year 2020, all of which was abated in prior fiscal years.

18. RELATED PARTY TRANSACTIONS

The following transactions occurred between the State and external entities:

The Enterprise 605, Inc. (E605) is a South Dakota non-profit corporation created for the purpose of promoting economic interests and economic development in the State of South Dakota. Its mission is to foster entrepreneurship opportunities, the expansion of businesses, and supporting the growth and development of business concerns within the State.

The Governor's Office of Economic Development (GOED) provides certain staff services and related support for E605's programs out of GOED funds. On June 3, 2016, GOED and E605 entered into a separate Letter of Agreement in which GOED pledged \$7.0 million in Future Funds to support E605's mission. On November 28, 2018 the Letter of Agreement was amended, reducing the amount of pledged Future Funds to \$6.0 million. As of June 30, 2019, all the funds were disbursed. On November 1, 2019, E605 returned \$1.5 million of unused funds to GOED.

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

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

In fiscal year 2020, \$229.5 million of State appropriations was used to support state-run universities, which are reported under Higher Education.

In 2018 the South Dakota Corn Utilization Council (SDCUC) executed a letter of commitment to provide \$2.0 million to the South Dakota State University (SDSU) for the creation of a South Dakota Corn Endowed Chair Position in the Precision Agriculture Program at SDSU. As of June 30, 2020, SDCUC has distributed \$1.0 million to SDSU and \$1.0 million remains to be distributed for this commitment. Additionally, in 2019 SDCUC executed a letter of commitment to provide SDSU with \$1.0 million over a four-year period beginning June 2020. This commitment is designated for the renovation of research space within an agricultural hall at SDSU. As of June 30, 2020, there have been no payments made on this commitment.

The general fund appropriation to GOED includes amounts to be used to fund Research Centers at various universities around the state. Total funds disbursed to Higher Education was \$3.7 million.

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

At June 30, 2020, the SDEDA has \$1.2 million loan payable to the State Department of Environment and Natural Resources and \$18.0 million loan payable to the Clean Water State Revolving Fund. Proceeds from the loans financed the construction of the waste water treatment plant. SDEDA has pledged future user charges as security under various loan agreements.

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

In June 2019, GOED entered into an agreement to provide Future Fund grant funding to SDSTA in the amount of \$2.5 million.

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

SDHDA administers the Housing Opportunity Program which provides funding for new construction or the purchase and rehabilitation of rental or homeownership housing, housing preservation, including home repair grants and grants to make homes more accessible to individual with disabilities, homelessness prevention activities, and community land trusts. During fiscal year 2020, the SDHDA received a \$1.0 million General Fund Appropriation for the Housing Opportunity Program.

The South Dakota Economic Development Finance Authority (SDEDFA) was created to make loans to businesses to spawn economic growth. SDEDFA is considered a discretely presented component unit of the State.

Senate Bill 192 from the 2020 Legislative Session created a small business economic disaster relief program within GOED and authorized the SDEDFA to make a grant to the program. On April 24, 2020 the SDEDFA approved \$1.5 million to be transferred to the program.

The following transactions occurred between discretely presented component units:

The South Dakota Housing Development Authority (SDHDA) has a note receivable of \$1.6 million from the **South Dakota Ellsworth Development Authority (SDEDA)**, 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 State University Foundation and the **University of South Dakota Foundation** have notes receivable of \$2.0 million each from **The South Dakota Science and Technology Authority (SDSTA)**. The \$4.0 million is to be used for the purchase of xenon for future experiments. The loans will be repaid at the end of the experiment from the sale of the xenon previously purchased. SDSTA pays the Foundations interest quarterly at a rate of 2.5% per annum or \$0.1 thousand each per year. The notes mature December 31, 2026.

19. SUBSEQUENT EVENTS

South Dakota Clean Water Revolving Fund

On July 1, 2020, the South Dakota Conservancy District, a blended component unit of the State, issued its State Revolving Fund Program Bonds, Series 2020 consisting of \$76.3 million principal amount of Tax-exempt Revenue Bonds.

South Dakota Building Authority

On September 3, 2020, the South Dakota Building Authority, a blended component unit of the State, issued \$80.3 million in Series 2020A taxable bonds to partially refund the Series 2014A, 2014E, 2014F, 2015A, and 2015B bonds. Additionally, the South Dakota Building Authority issued \$10.2 million in 2020B taxable bonds to partially refund the Series 2011A, 2012A, and 2014B bonds. On December 4, 2020, the South Dakota Building Authority issued \$26.3 million in Series 2020C bonds for maintenance and repair projects and refunding the Series 2010A bonds.

South Dakota Housing Development Authority

In August 2020, the South Dakota Housing Development Authority, a discretely presented component unit of the State, issued the 2020 Series CD Homeownership Mortgage Bonds in the principal amount of \$99.0 million. In September 2020, the South Dakota Housing Development Authority issued the 2020 Series A Multiple Purpose Bonds in the principal amount of \$14.8 million to refinance an existing mortgage loan and to finance a mortgage loan for new development. Subsequent to year-end, the South Dakota Housing Development Authority was awarded \$10.0 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to be used by December 30, 2020, which is anticipated to be used for housing assistance in the form of rent, utility, and mortgage payments.

South Dakota Value Added Finance Authority

On July 1, 2020, through Senate Bill 45 in the 2020 South Dakota legislative session, the Value Added Finance Authority, a discretely presented component unit of the State, was abolished, and all duties and responsibilities related to the nutrient management bond program, the agribusiness bond program, the beginning farmer bond program and the value-added agriculture agribusiness relending program were transferred to the Economic Development Finance Authority. Duties and responsibilities related to the value-added agriculture subfund were transferred to the Board of Economic Development.

Higher Education - Board of Regents

In December of 2020, the South Dakota Board of Regents, a discretely presented component unit of the State, issued \$38.3 million of Housing and Auxiliary Facilities System Revenue Bonds, Series 2021. The bonds were issued to provide funds for the advanced refunding of the South Dakota Board of Regents Housing and Auxiliary Facilities Revenue Bonds, Series 2011, and pay certain expenses incident to the issuance of the Series 2021 Bonds.

Office of the Attorney General

On August 28, 2020, the Office of Attorney General was awarded \$2.0 million for a Consumer Protection Lawsuit from American Honda Motor Co., Inc. over allegations Honda concealed safety issues related to defects in the frontal airbag systems installed in certain vehicles sold in the United States.

COVID-19 Pandemic

During the year ended June 30, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The world-wide coronavirus pandemic impacted state, national, and global economies. The State is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the State is not known.

20. 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, 2020, are as follows:

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

Department of Revenue (DOR) issued Certificate of Assessment (COA) on December 28, 2015, to U.S. Bank in the amount of \$0.5 million (consisting of tax and accrued interest), as a result of disallowing a bank franchise tax deduction claimed by U.S. Bank for the calendar year 2012 audit period. In issuing the assessment, the DOR also denied two refund requests for the periods ending December 2010 and December 2011, based on U.S. Bank's claim for the same deduction. A hearing was held by the Office of Hearing Examiners on September 28, 2017 on the U.S. Bank appeal of the COA and denial of refunds. On July 18, 2018, after reviewing the Proposed Decision of the hearing examiner, the Secretary of Revenue issued a Final Decision and Order. Notice of Entry of Final Decision and Order was served on July 19, 2018. On August 17, 2018, U.S. Bank National Association filed a Notice of Appeal with the Sixth Judicial Circuit Court appealing DOR's final decision affirming the bank franchise tax assessment issued to U.S. Bank. On July 17, 2019, Sixth Judicial Circuit heard oral argument on the appeal. On May 1, 2020, the Circuit Court issued a memorandum decision and order affirming the Secretary's final Decision. A Notice of Entry of Order of the Circuit Court's decision was served on May 4, 2020. On May 28, 2020, U.S. Bank filed a Notice of Appeal to the South Dakota Supreme Court.

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

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

This is a challenge to the 2011 abortion legislation regarding mandatory informed consent advisements. The case was filed June 30, 2011, in the United States District Court for the District of South Dakota and is before Judge Schreier. Discovery has been initiated and is ongoing in this case. The State intends to vigorously defend against the plaintiffs' action. If this matter has an unfavorable outcome, the plaintiffs would be entitled to an award of attorney fees and costs exceeding \$1.0 million dollars. This case is being run through the State Office of Risk Management Extraordinary Litigation Fund which is reported as part of the State's General Fund.

Hideaway Hills vs. School and Public Lands, formerly known as Trudo, et al, v. State of SD Housing Authority

The plaintiffs are claiming that the defendants were negligent in the design, planning, engineering and selling of property within the Hideaway Hills subdivision in Blackhawk, SD. Two separate actions are encompassed in this filing. One action is brought separately by a designated Plaintiff and a second is a putative class action brought by a similarly situated group (approximately 140 individuals or families). Both actions involve damage, future damage, diminution in value and the like to homes constructed in the "Hideaway Hills" area which are allegedly negatively affected by the partial collapse of an underground gypsum mine in the area.

The State intends to vigorously defend against any of the plaintiffs' actions. It is extremely difficult to evaluate the likelihood that one or more State entities will be found liable in either of these cases. However, if that occurs, damages could exceed \$10.0 million dollars.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
RESOURCES (inflows) AVAILABLE FOR APPROPRIATION				
ONGOING RESOURCES				
Sales and Use Tax	\$ 1,075,218	\$ 1,084,667	\$ 1,072,830	\$ (11,837)
Lottery	126,020	127,061	122,489	(4,572)
Contractor's Excise Tax	121,485	124,493	123,724	(769)
Insurance Company Tax	92,809	88,951	93,271	4,320
Unclaimed Property Receipts	47,752	41,500	47,308	5,808
Licenses, Permits, and Fees	69,649	69,388	68,278	(1,110)
Tobacco Taxes	50,059	48,625	51,066	2,441
Trust Funds	39,738	39,874	39,859	(15)
Net Transfers In	21,562	21,005	19,858	(1,147)
Alcohol Beverage Tax	7,882	8,000	8,143	143
Bank Franchise Tax	14,472	14,072	12,061	(2,011)
Charges for Goods and Services	16,333	16,800	15,404	(1,396)
Telecommunications Tax	5,481	4,668	5,964	1,296
Severance Taxes	4,566	5,500	5,882	382
Investment Income and Interest	6,016	11,088	11,150	62
Alcohol Beverage 2% Wholesale Tax	2,203	2,262	2,336	74
TOTAL ONGOING	1,701,245	1,707,954	1,699,623	(8,331)
ONE-TIME RESOURCES				
Refinancing Gains	0	7,083	7,083	0
Unexpended Carryovers	0	0	425	425
Transfer from Budget Reserve Fund	0	14,860	14,860	0
Prior Year Carryover and Encumbered	11,326	11,326	11,326	0
TOTAL ONE-TIME RESOURCES	11,326	33,269	33,694	425
TOTAL RESOURCES AVAILABLE FOR APPROPRIATION	\$ 1,712,571	\$ 1,741,223	\$ 1,733,317	\$ (7,906)
CHARGES TO APPROPRIATIONS (outflows)				
OFFICE OF THE GOVERNOR				
Personal Services	\$ 1,995	\$ 2,009	\$ 1,888	\$ 121
Operating Expenses	465	469	469	0
TOTAL	2,460	2,478	2,357	121
GOVERNOR'S CONTINGENCY FUND				
Personal Services	0	0	0	0
Operating Expenses	75	75	67	8
TOTAL	75	75	67	8
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT				
Personal Services	2,509	2,528	2,001	527
Operating Expenses	5,180	10,184	5,131	5,053
TOTAL	7,689	12,712	7,132	5,580
OFFICE OF RESEARCH COMMERCE				
Personal Services	0	0	0	0
Operating Expenses	5	5	5	0
TOTAL	5	5	5	0
SCIENCE AND TECHNOLOGY AUTHORITY				
Personal Services	0	0	0	0
Operating Expenses	1,470	1,470	1,470	0
TOTAL	1,470	1,470	1,470	0
SD HOUSING OPPORTUNITY				
Personal Services	0	0	0	0
Operating Expenses	1,040	1,040	1,040	0
TOTAL	1,040	1,040	1,040	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
WORKFORCE EDUCATION				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	490	490	490	0
TOTAL	490	490	490	0
LIEUTENANT GOVERNOR				
Personal Services	23	23	23	0
Operating Expenses	14	14	14	0
TOTAL	37	37	37	0
BUREAU OF FINANCE AND MANAGEMENT				
Personal Services	753	765	660	105
Operating Expenses	1,274	1,275	1,219	56
TOTAL	2,027	2,040	1,879	161
ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION				
Personal Services	0	0	0	0
Operating Expenses	1	1	0	1
TOTAL	1	1	0	1
CENTRAL SERVICES				
Personal Services	206	212	212	0
Operating Expenses	221	221	216	5
TOTAL	427	433	428	5
STATEWIDE MAINTENANCE AND REPAIR				
Personal Services	0	0	0	0
Operating Expenses	33,014	33,014	18,575	14,439
TOTAL	33,014	33,014	18,575	14,439
OFFICE OF HEARING EXAMINERS				
Personal Services	287	293	292	1
Operating Expenses	78	79	79	0
TOTAL	365	372	371	1
EXTRAORDINARY LITIGATION FUND				
Personal Services	0	0	0	0
Operating Expenses	0	800	800	0
TOTAL	0	800	800	0
OBLIGATION RECOVERY CENTER				
Personal Services	0	0	0	0
Operating Expenses	720	720	622	98
TOTAL	720	720	622	98
SOUTH DAKOTA PUBLIC BROADCASTING				
Personal Services	3,066	3,159	3,130	29
Operating Expenses	1,291	1,298	1,240	58
TOTAL	4,357	4,457	4,370	87
STATE RADIO ENGINEERING				
Personal Services	802	817	685	132
Operating Expenses	2,576	7,720	2,579	5,141
TOTAL	3,378	8,537	3,264	5,273
PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS				
Personal Services	231	239	209	30
Operating Expenses	64	64	64	0
TOTAL	295	303	273	30

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT				
Personal Services	\$ 9,872	\$ 10,045	\$ 9,100	\$ 945
Operating Expenses	47,978	58,939	34,080	24,859
TOTAL	57,850	68,984	43,180	25,804
BUSINESS TAX SPECIAL TAX				
Personal Services	442	454	452	2
Operating Expenses	69	70	67	3
TOTAL	511	524	519	5
AUDIT				
Personal Services	659	689	587	102
Operating Expenses	706	1,370	908	462
TOTAL	1,365	2,059	1,495	564
DEPARTMENT TOTAL, REVENUE				
Personal Services	1,101	1,143	1,039	104
Operating Expenses	775	1,440	975	465
TOTAL	1,876	2,583	2,014	569
ADMINISTRATION, SECRETARY OF AGRICULTURE				
Personal Services	825	904	903	1
Operating Expenses	424	425	422	3
TOTAL	1,249	1,329	1,325	4
AGRICULTURAL SERVICES AND ASSISTANCE				
Personal Services	1,804	1,859	1,833	26
Operating Expenses	685	1,212	1,199	13
TOTAL	2,489	3,071	3,032	39
AGRICULTURAL DEVELOPMENT AND PROMOTION				
Personal Services	923	922	921	1
Operating Expenses	506	508	471	37
TOTAL	1,429	1,430	1,392	38
ANIMAL INDUSTRY BOARD				
Personal Services	1,905	1,809	1,790	19
Operating Expenses	416	418	418	0
TOTAL	2,321	2,227	2,208	19
STATE FAIR				
Personal Services	0	0	0	0
Operating Expenses	324	324	324	0
TOTAL	324	324	324	0
DEPARTMENT TOTAL, AGRICULTURE				
Personal Services	5,457	5,494	5,447	47
Operating Expenses	2,355	2,887	2,834	53
TOTAL	7,812	8,381	8,281	100
ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS				
Personal Services	151	160	159	1
Operating Expenses	825	825	823	2
TOTAL	976	985	982	3
STATE PARKS AND RECREATION				
Personal Services	2,907	2,971	2,970	1
Operating Expenses	2,471	2,471	2,466	5
TOTAL	5,378	5,442	5,436	6

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	500	500	23	477
TOTAL	500	500	23	477
DEPARTMENT TOTAL, GAME, FISH, & PARKS				
Personal Services	3,058	3,131	3,129	2
Operating Expenses	3,796	3,796	3,312	484
TOTAL	6,854	6,927	6,441	486
OFFICE OF TRIBAL RELATIONS				
Personal Services	544	557	508	49
Operating Expenses	153	154	113	41
TOTAL	697	711	621	90
DEPARTMENT TOTAL, TRIBAL RELATIONS				
Personal Services	544	557	508	49
Operating Expenses	153	154	113	41
TOTAL	697	711	621	90
ADMINISTRATION, SECRETARY OF SOCIAL SERVICES				
Personal Services	4,623	4,788	4,788	0
Operating Expenses	5,249	5,156	5,156	0
TOTAL	9,872	9,944	9,944	0
ECONOMIC ASSISTANCE				
Personal Services	8,823	9,125	9,125	0
Operating Expenses	17,981	17,482	17,482	0
TOTAL	26,804	26,607	26,607	0
MEDICAL AND ADULT SERVICES				
Personal Services	1,409	1,425	1,383	42
Operating Expenses	227,213	214,936	213,915	1,021
TOTAL	228,622	216,361	215,298	1,063
CHILDREN'S SERVICES				
Personal Services	13,914	14,244	14,244	0
Operating Expenses	37,212	35,064	33,094	1,970
TOTAL	51,126	49,308	47,338	1,970
BEHAVIORAL HEALTH				
Personal Services	35,168	36,234	34,066	2,168
Operating Expenses	61,368	59,210	54,909	4,301
TOTAL	96,536	95,444	88,975	6,469
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	63,937	65,816	63,606	2,210
Operating Expenses	349,023	331,848	324,556	7,292
TOTAL	412,960	397,664	388,162	9,502
ADMINISTRATION, SECRETARY OF HEALTH				
Personal Services	807	827	646	181
Operating Expenses	225	226	226	0
TOTAL	1,032	1,053	872	181
HEALTH SYSTEMS DEVELOPMENT AND REGULATION				
Personal Services	2,273	2,330	1,755	575
Operating Expenses	2,906	3,778	2,751	1,027
TOTAL	5,179	6,108	4,506	1,602

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
FAMILY AND COMMUNITY HEALTH				
Personal Services	\$ 2,396	\$ 2,465	\$ 2,132	\$ 333
Operating Expenses	2,067	2,144	1,756	388
TOTAL	4,463	4,609	3,888	721
LABORATORY SERVICES				
Personal Services	0	0	0	0
Operating Expenses	0	706	364	342
TOTAL	0	706	364	342
DEPARTMENT TOTAL, HEALTH				
Personal Services	5,476	5,622	4,533	1,089
Operating Expenses	5,198	6,854	5,097	1,757
TOTAL	10,674	12,476	9,630	2,846
ADMINISTRATION, SECRETARY OF LABOR				
Personal Services	59	61	61	0
Operating Expenses	718	719	719	0
TOTAL	777	780	780	0
FIELD OPERATIONS				
Personal Services	581	602	602	0
Operating Expenses	118	119	119	0
TOTAL	699	721	721	0
STATE LABOR LAW ADMINISTRATION				
Personal Services	662	679	679	0
Operating Expenses	108	109	109	0
TOTAL	770	788	788	0
DEPARTMENT TOTAL, LABOR AND REGULATION				
Personal Services	1,302	1,342	1,342	0
Operating Expenses	944	947	947	0
TOTAL	2,246	2,289	2,289	0
GENERAL OPERATIONS				
Personal Services	555	512	512	0
Operating Expenses	26	78	78	0
TOTAL	581	590	590	0
DEPARTMENT TOTAL, TRANSPORTATION				
Personal Services	555	512	512	0
Operating Expenses	26	78	78	0
TOTAL	581	590	590	0
ADMINISTRATION, SECRETARY OF EDUCATION				
Personal Services	1,596	1,570	1,570	0
Operating Expenses	1,162	1,075	847	228
TOTAL	2,758	2,645	2,417	228
STATE AID TO GENERAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	477,304	474,354	473,508	846
TOTAL	477,304	474,354	473,508	846
STATE AID TO SPECIAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	69,674	69,674	64,868	4,806
TOTAL	69,674	69,674	64,868	4,806

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
SPARSITY PAYMENTS				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	2,038	1,963	1,963	0
TOTAL	2,038	1,963	1,963	0
NATIONAL BOARD CERTIFIED TEACHERS				
Personal Services	0	0	0	0
Operating Expenses	150	62	61	1
TOTAL	150	62	61	1
TECHNOLOGY AND INNOVATION IN SCHOOLS				
Personal Services	0	0	0	0
Operating Expenses	14,008	14,014	13,163	851
TOTAL	14,008	14,014	13,163	851
POSTSECONDARY VOCATIONAL EDUCATION				
Personal Services	246	229	220	9
Operating Expenses	24,786	25,885	25,875	10
TOTAL	25,032	26,114	26,095	19
POSTSECONDARY VOCATIONAL EDUCATION TUITION ASSISTANCE				
Personal Services	0	0	0	0
Operating Expenses	1,832	1,832	1,832	0
TOTAL	1,832	1,832	1,832	0
POSTSECONDARY INSTRUCTOR SALARY ENHANCEMENTS				
Personal Services	0	0	0	0
Operating Expenses	3,106	3,106	3,106	0
TOTAL	3,106	3,106	3,106	0
EDUCATION RESOURCES				
Personal Services	2,192	2,271	2,271	0
Operating Expenses	8,876	7,452	7,318	134
TOTAL	11,068	9,723	9,589	134
HISTORY				
Personal Services	1,050	1,589	1,579	10
Operating Expenses	1,260	1,547	1,403	144
TOTAL	2,310	3,136	2,982	154
OFFICE OF STATE LIBRARY				
Personal Services	1,119	1,139	1,089	50
Operating Expenses	876	880	830	50
TOTAL	1,995	2,019	1,919	100
DEPARTMENT TOTAL, EDUCATION				
Personal Services	6,203	6,798	6,729	69
Operating Expenses	605,072	601,844	594,774	7,070
TOTAL	611,275	608,642	601,503	7,139
ADMINISTRATION, SECRETARY OF PUBLIC SAFETY				
Personal Services	137	138	134	4
Operating Expenses	16	16	16	0
TOTAL	153	154	150	4
HIGHWAY PATROL				
Personal Services	638	575	499	76
Operating Expenses	897	899	850	49
TOTAL	1,535	1,474	1,349	125

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
EMERGENCY SERVICES AND HOMELAND SECURITY				
Personal Services	\$ 1,059	\$ 1,082	\$ 1,070	\$ 12
Operating Expenses	4,092	4,093	4,043	50
TOTAL	5,151	5,175	5,113	62
EMERGENCY DISASTER				
Personal Services	0	0	0	0
Operating Expenses	0	9,918	9,918	0
TOTAL	0	9,918	9,918	0
LEGAL AND REGULATORY SERVICES				
Personal Services	277	285	284	1
Operating Expenses	3,195	3,226	1,878	1,348
TOTAL	3,472	3,511	2,162	1,349
DEPARTMENT TOTAL, PUBLIC SAFETY				
Personal Services	2,111	2,080	1,987	93
Operating Expenses	8,200	18,152	16,705	1,447
TOTAL	10,311	20,232	18,692	1,540
REGENTS CENTRAL OFFICE				
Personal Services	4,789	4,875	4,875	0
Operating Expenses	26,133	28,962	21,866	7,096
TOTAL	30,922	33,837	26,741	7,096
SOUTH DAKOTA SCHOLARSHIPS				
Personal Services	0	0	0	0
Operating Expenses	6,728	6,578	6,507	71
TOTAL	6,728	6,578	6,507	71
RESEARCH POOL				
Personal Services	0	0	0	0
Operating Expenses	1,374	1,374	1,357	17
TOTAL	1,374	1,374	1,357	17
UNIVERSITY OF SOUTH DAKOTA LAW SCHOOL				
Personal Services	1,646	1,693	1,693	0
Operating Expenses	206	206	206	0
TOTAL	1,852	1,899	1,899	0
UNIVERSITY OF SOUTH DAKOTA PROPER				
Personal Services	33,436	34,628	34,628	0
Operating Expenses	3,264	8,040	3,272	4,768
TOTAL	36,700	42,668	37,900	4,768
UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE				
Personal Services	20,463	20,845	20,845	0
Operating Expenses	3,504	3,504	3,504	0
TOTAL	23,967	24,349	24,349	0
SOUTH DAKOTA STATE UNIVERSITY PROPER				
Personal Services	43,807	46,009	45,459	550
Operating Expenses	5,322	6,069	4,858	1,211
TOTAL	49,129	52,078	50,317	1,761
SDSU EXTENSION				
Personal Services	8,533	8,747	8,747	0
Operating Expenses	305	305	305	0
TOTAL	8,838	9,052	9,052	0

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
AGRICULTURAL EXPERIMENT STATION				
Personal Services	\$ 12,253	\$ 12,541	\$ 12,541	\$ 0
Operating Expenses	628	628	628	0
TOTAL	12,881	13,169	13,169	0
SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY				
Personal Services	16,638	17,171	17,171	0
Operating Expenses	948	1,441	1,413	28
TOTAL	17,586	18,612	18,584	28
NORTHERN STATE UNIVERSITY				
Personal Services	14,424	14,867	14,808	59
Operating Expenses	959	958	958	0
TOTAL	15,383	15,825	15,766	59
BLACK HILLS STATE UNIVERSITY				
Personal Services	9,405	9,908	9,908	0
Operating Expenses	633	697	655	42
TOTAL	10,038	10,605	10,563	42
DAKOTA STATE UNIVERSITY				
Personal Services	9,633	10,458	10,227	231
Operating Expenses	660	867	669	198
TOTAL	10,293	11,325	10,896	429
SOUTH DAKOTA SCHOOL FOR THE DEAF				
Personal Services	1,963	2,009	1,996	13
Operating Expenses	1,024	954	604	350
TOTAL	2,987	2,963	2,600	363
SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
Personal Services	2,859	2,908	2,706	202
Operating Expenses	348	396	362	34
TOTAL	3,207	3,304	3,068	236
DEPARTMENT TOTAL, BOARD OF REGENTS				
Personal Services	179,849	186,659	185,604	1,055
Operating Expenses	52,036	60,979	47,164	13,815
TOTAL	231,885	247,638	232,768	14,870
ADJUTANT GENERAL				
Personal Services	455	481	479	2
Operating Expenses	141	142	142	0
TOTAL	596	623	621	2
ARMY GUARD				
Personal Services	444	432	432	0
Operating Expenses	9,068	9,203	5,384	3,819
TOTAL	9,512	9,635	5,816	3,819
AIR GUARD				
Personal Services	215	237	223	14
Operating Expenses	258	266	265	1
TOTAL	473	503	488	15
DEPARTMENT TOTAL, MILITARY				
Personal Services	1,114	1,150	1,134	16
Operating Expenses	9,467	9,611	5,791	3,820
TOTAL	10,581	10,761	6,925	3,836

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
VETERANS' BENEFITS AND SERVICES				
Personal Services	\$ 1,320	\$ 1,363	\$ 1,357	\$ 6
Operating Expenses	1,261	1,263	580	683
TOTAL	2,581	2,626	1,937	689
STATE VETERANS' HOME				
Personal Services	2,646	2,732	2,570	162
Operating Expenses	0	0	0	0
TOTAL	2,646	2,732	2,570	162
STATE VETERANS' CEMETERY				
Personal Services	0	0	0	0
Operating Expenses	299	299	157	142
TOTAL	299	299	157	142
DEPARTMENT TOTAL, VETERANS' AFFAIRS				
Personal Services	3,966	4,095	3,927	168
Operating Expenses	1,560	1,562	737	825
TOTAL	5,526	5,657	4,664	993
ADMINISTRATION, CENTRAL OFFICE				
Personal Services	1,793	2,066	2,065	1
Operating Expenses	1,537	1,838	1,675	163
TOTAL	3,330	3,904	3,740	164
MIKE DURFEE STATE PRISON				
Personal Services	12,760	13,359	13,347	12
Operating Expenses	7,091	7,585	7,580	5
TOTAL	19,851	20,944	20,927	17
STATE PENITENTIARY				
Personal Services	19,802	20,411	20,408	3
Operating Expenses	14,533	17,092	10,101	6,991
TOTAL	34,335	37,503	30,509	6,994
WOMEN'S PRISON				
Personal Services	4,204	4,534	4,532	2
Operating Expenses	1,995	2,765	2,706	59
TOTAL	6,199	7,299	7,238	61
INMATE SERVICES				
Personal Services	3,132	3,276	3,179	97
Operating Expenses	31,416	28,225	28,223	2
TOTAL	34,548	31,501	31,402	99
PAROLE SERVICES				
Personal Services	4,132	4,431	4,111	320
Operating Expenses	2,058	2,077	1,932	145
TOTAL	6,190	6,508	6,043	465
JUVENILE COMMUNITY CORRECTIONS				
Personal Services	2,130	1,885	1,791	94
Operating Expenses	10,264	8,040	7,690	350
TOTAL	12,394	9,925	9,481	444
DEPARTMENT TOTAL, CORRECTIONS				
Personal Services	47,953	49,962	49,433	529
Operating Expenses	68,894	67,622	59,907	7,715
TOTAL	116,847	117,584	109,340	8,244

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
ADMINISTRATION, SECRETARY OF HUMAN SERVICES				
Personal Services	\$ 851	\$ 869	\$ 866	\$ 3
Operating Expenses	341	341	330	11
TOTAL	1,192	1,210	1,196	14
DEVELOPMENTAL DISABILITIES				
Personal Services	763	782	672	110
Operating Expenses	63,320	64,321	64,321	0
TOTAL	64,083	65,103	64,993	110
SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD				
Personal Services	8,871	8,532	7,274	1,258
Operating Expenses	2,561	2,551	2,247	304
TOTAL	11,432	11,083	9,521	1,562
LONG-TERM SERVICES AND SUPPORT				
Personal Services	2,600	2,671	2,671	0
Operating Expenses	99,001	96,221	90,682	5,539
TOTAL	101,601	98,892	93,353	5,539
REHABILITATION SERVICES				
Personal Services	950	979	658	321
Operating Expenses	4,246	4,248	3,964	284
TOTAL	5,196	5,227	4,622	605
SERVICES TO THE BLIND AND VISUALLY IMPAIRED				
Personal Services	538	551	551	0
Operating Expenses	474	474	358	116
TOTAL	1,012	1,025	909	116
DEPARTMENT TOTAL, HUMAN SERVICES				
Personal Services	14,573	14,384	12,692	1,692
Operating Expenses	169,943	168,156	161,902	6,254
TOTAL	184,516	182,540	174,594	7,946
FINANCIAL AND TECHNICAL ASSISTANCE				
Personal Services	2,317	2,370	2,370	0
Operating Expenses	414	417	416	1
TOTAL	2,731	2,787	2,786	1
ENVIRONMENTAL SERVICES				
Personal Services	3,664	3,759	3,759	0
Operating Expenses	655	659	659	0
TOTAL	4,319	4,418	4,418	0
DEPARTMENT TOTAL, ENVIRONMENT AND NATURAL RESOURCES				
Personal Services	5,981	6,129	6,129	0
Operating Expenses	1,069	1,076	1,075	1
TOTAL	7,050	7,205	7,204	1
ADMINISTRATION, PUBLIC UTILITIES COMMISSION				
Personal Services	552	562	562	0
Operating Expenses	59	60	54	6
TOTAL	611	622	616	6
DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION				
Personal Services	552	562	562	0
Operating Expenses	59	60	54	6
TOTAL	611	622	616	6

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
UNIFIED JUDICIAL SYSTEM				
Personal Services	\$ 42,356	\$ 43,483	\$ 43,074	\$ 409
Operating Expenses	5,136	5,586	5,050	536
TOTAL	47,492	49,069	48,124	945
EQUAL ACCESS TO OUR COURTS				
Personal Services	0	0	0	0
Operating Expenses	50	50	50	0
TOTAL	50	50	50	0
DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM				
Personal Services	42,356	43,483	43,074	409
Operating Expenses	5,186	5,636	5,100	536
TOTAL	47,542	49,119	48,174	945
LEGISLATIVE OPERATIONS				
Appropriation	7,289	7,504	7,441	63
TOTAL	7,289	7,504	7,441	63
AUDITOR GENERAL				
Personal Services	3,517	3,587	3,219	368
Operating Expenses	408	409	386	23
TOTAL	3,925	3,996	3,605	391
DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT				
Personal Services	3,517	3,587	3,219	368
Operating Expenses	408	409	386	23
Appropriation	7,289	7,504	7,441	63
TOTAL	11,214	11,500	11,046	454
LEGAL SERVICES PROGRAM				
Personal Services	4,708	4,813	4,813	0
Operating Expenses	717	721	721	0
TOTAL	5,425	5,534	5,534	0
CRIMINAL INVESTIGATION				
Personal Services	4,924	5,030	5,030	0
Operating Expenses	1,829	1,929	1,914	15
TOTAL	6,753	6,959	6,944	15
LAW ENFORCEMENT TRAINING				
Personal Services	0	0	0	0
Operating Expenses	510	518	518	0
TOTAL	510	518	518	0
DEPARTMENT TOTAL, ATTORNEY GENERAL				
Personal Services	9,632	9,843	9,843	0
Operating Expenses	3,056	3,168	3,153	15
TOTAL	12,688	13,011	12,996	15
ADMINISTRATION OF SCHOOL AND PUBLIC LANDS				
Personal Services	445	457	442	15
Operating Expenses	829	829	308	521
TOTAL	1,274	1,286	750	536
DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS				
Personal Services	445	457	442	15
Operating Expenses	829	829	308	521
TOTAL	1,274	1,286	750	536

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
SECRETARY OF STATE				
Personal Services	\$ 713	\$ 731	\$ 677	\$ 54
Operating Expenses	624	959	828	131
TOTAL	<u>1,337</u>	<u>1,690</u>	<u>1,484</u>	<u>185</u>
DEPARTMENT TOTAL, SECRETARY OF STATE				
Personal Services	713	731	677	54
Operating Expenses	624	959	828	131
TOTAL	<u>1,337</u>	<u>1,690</u>	<u>1,484</u>	<u>185</u>
TREASURY MANAGEMENT				
Personal Services	416	426	421	5
Operating Expenses	176	177	166	11
TOTAL	<u>592</u>	<u>603</u>	<u>587</u>	<u>16</u>
DEPARTMENT TOTAL, STATE TREASURER				
Personal Services	416	426	421	5
Operating Expenses	176	177	166	11
TOTAL	<u>592</u>	<u>603</u>	<u>587</u>	<u>16</u>
STATE AUDITOR				
Personal Services	1,199	1,222	1,204	18
Operating Expenses	155	173	173	0
TOTAL	<u>1,354</u>	<u>1,395</u>	<u>1,377</u>	<u>18</u>
DEPARTMENT TOTAL, STATE AUDITOR				
Personal Services	1,199	1,222	1,204	18
Operating Expenses	155	173	173	0
TOTAL	<u>1,354</u>	<u>1,395</u>	<u>1,377</u>	<u>18</u>
STATE TOTAL				
Personal Services	411,882	425,230	416,293	8,937
Operating Expenses	1,336,982	1,347,356	1,270,215	77,141
Appropriation	7,289	7,504	7,441	63
TOTAL CHARGES TO APPROPRIATION	<u>\$ 1,756,153</u>	<u>\$ 1,780,090</u>	<u>\$ 1,693,949</u>	<u>\$ 86,141</u>
NON-BUDGETED OUTFLOWS				
Transfer to Budget Reserve Fund	\$ 0	\$ 0	\$ 19,355	\$ (19,355)
Non-budgeted Transfers Out	0	0	9,537	(9,537)
TOTAL NON-BUDGETED OUTFLOWS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,892</u>	<u>\$ (28,892)</u>
CHANGE IN BUDGETARY FUND BALANCE	\$ (43,582)	\$ (38,867)	\$ 10,476	\$ 49,343
BUDGETARY UND BALANCE JULY 1, 2019 as restated	<u>67,202</u>	<u>67,202</u>	<u>67,202</u>	<u>0</u>
BUDGETARY FUND BALANCE JUNE 30, 2020	<u>\$ 23,620</u>	<u>\$ 28,335</u>	<u>\$ 77,678</u>	<u>\$ 49,343</u>

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

**STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION FUND
 For the Fiscal Year Ended June 30, 2020
 (Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (outflows)				
GENERAL OPERATIONS				
Personal Services	\$ 74,711	\$ 76,681	\$ 75,014	\$ 1,667
Operating Expenses	139,720	135,098	109,949	25,149
TOTAL	214,431	211,779	184,963	26,816
CONTRACT CONSTRUCTION INFORMATIONAL				
Personal Services	0	0	0	0
Operating Expenses	489,495	550,895	585,745	(34,850)
TOTAL	489,495	550,895	585,745	(34,850)
ENFORCEMENT				
Personal Services	16,066	11,991	11,330	661
Operating Expenses	8,300	10,690	9,589	1,101
TOTAL	24,366	22,681	20,919	1,762
FUND TOTAL, TRANSPORTATION				
Personal Services	90,777	88,672	86,344	2,328
Operating Expenses	637,515	696,683	705,283	(8,600)
TOTAL CHARGES TO APPROPRIATION	\$ 728,292	\$ 785,355	\$ 791,627	\$ (6,272)

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

**STATE OF SOUTH DAKOTA
 BUDGETARY COMPARISON SCHEDULE
 SOCIAL SERVICES FEDERAL FUND
 For the Fiscal Year Ended June 30, 2020
 (Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (outflows)				
ADMINISTRATION				
Personal Services	\$ 5,958	\$ 6,125	\$ 4,402	\$ 1,723
Operating Expenses	11,323	11,210	6,657	4,553
TOTAL	<u>17,281</u>	<u>17,335</u>	<u>11,059</u>	<u>6,276</u>
ECONOMIC ASSISTANCE				
Personal Services	12,486	12,762	10,601	2,161
Operating Expenses	65,520	65,522	36,465	29,057
TOTAL	<u>78,006</u>	<u>78,284</u>	<u>47,066</u>	<u>31,218</u>
MEDICAL AND ADULT SERVICES				
Personal Services	2,844	2,915	2,771	144
Operating Expenses	425,583	410,024	388,322	21,702
TOTAL	<u>428,427</u>	<u>412,939</u>	<u>391,093</u>	<u>21,846</u>
CHILDREN'S SERVICES				
Personal Services	10,726	11,083	8,865	2,218
Operating Expenses	44,378	46,751	46,529	222
TOTAL	<u>55,104</u>	<u>57,834</u>	<u>55,394</u>	<u>2,440</u>
BEHAVIORAL HEALTH				
Personal Services	8,669	8,706	6,771	1,935
Operating Expenses	33,743	33,757	29,535	4,222
TOTAL	<u>42,412</u>	<u>42,463</u>	<u>36,306</u>	<u>6,157</u>
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	40,683	41,591	33,410	8,181
Operating Expenses	580,547	567,264	507,508	59,756
TOTAL CHARGES TO APPROPRIATION	<u>\$ 621,230</u>	<u>\$ 608,855</u>	<u>\$ 540,918</u>	<u>\$ 67,937</u>

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

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	<u>General Fund</u>		
Inflows of Resources:			
Actual amounts (budgetary basis) "Amounts Available for Appropriation" from the budgetary comparison schedule	\$ 1,733,317		
Differences-budget to GAAP:			
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(124,732)		
To adjust revenues for accruals and other year-end entries such as the recording tax receivables, shared revenue receipts, and reclassification of lottery revenues	(14,106)		
To adjust revenues for statutorily created funds that do not qualify as special revenue funds	26,811		
Money from the General Fund Budget Reserve are inflows of budgetary resources but are not revenues for financial reporting purposes	(14,860)		
Prior year carryover and encumbered amounts are inflows of budgetary resources but are not revenues for financial reporting purposes	(11,326)		
Unexpended carryovers, specials, and deferred maintenances are inflows of budgetary resources but are not revenues for financial reporting purposes	(425)		
Sales of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(78)		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 1,594,601</u>		
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Social Services Federal Fund</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "Total Charges to Appropriations" from the budgetary comparison schedule	\$ 1,693,949	\$ 791,627	\$ 540,918
Differences-budget to GAAP:			
Encumbrances for supplies, equipment ordered but not yet received and for uncompleted contracts are reported in the year first encumbered for budgetary purposes, but expenditures are reported in the year the related expenditure is incurred for financial reporting purposes.	(62,078)	(20,108)	(36,082)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(14,363)		
To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution	29,791	27,763	124,509
To adjust expenditures/expenses related to the pandemic which management moved to the COVID-19 Federal Fund budget year-end per State's accounting system	(22,910)		
To adjust expenditures/expenses for statutorily created funds that do not qualify as special revenue funds	31,549		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 1,655,938</u>	<u>\$ 799,282</u>	<u>\$ 629,345</u>

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

Required Supplementary Information

Notes to Required Supplementary Information - Budgetary Reporting

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

The second section presents comparisons of the original charges to appropriations budget and legally revised final charges to appropriations budget, with actual amounts for each program of the State on a budgetary basis. A Budgetary Comparison Schedule is presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. There are currently two major special revenue funds that fit this criterion: the Social Services Federal Fund and the Transportation Fund. The Budgetary Comparison Schedule follows the same format, terminology, and classification as the State's General Appropriations Act (General Bill). Also included is a column that compares the variance between the final budget and actual amounts. A positive variance refers to unused budget, while a negative variance refers to an over-expended budget. For the year ended June 30, 2020, there were no over-expenditures by any State department. Informational budget units, when combined with specific continuous or annual appropriation designation, are able to over-spend the expenditure authority.

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

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

The Budgetary Comparison Schedule reports amounts on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes information presented on this basis for the fiscal year. A reconciliation of the two methods for the fiscal year ended June 30, 2020 has also been included as Required Supplementary Information.

The budgetary fund balance for the General Fund decreased by \$16.7 million in fiscal year 2020 for unreported non-budgeted transfers out in fiscal years 2018 and 2019.

STATE OF SOUTH DAKOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM
July 1, 2018 to June 30, 2019 Measurement Date

Last Ten Fiscal Years *

(Dollars Expressed in Thousands)

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
State's proportion of net pension liability (asset)	20.73%	21.05%	21.58%	22.27%	22.45%	22.07%
State's proportionate share of the net pension liability (asset)	\$ (2,196)	\$ (489)	\$ (1,958)	\$ 75,220	\$ (95,216)	\$ (158,996)
State's covered payroll	\$ 413,938	\$ 409,773	\$ 410,337	\$ 395,647	\$ 389,949	\$ 367,417
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.53%)	(0.12%)	(0.48%)	(19.01%)	(24.42%)	(43.27%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	100.02%	100.10%	96.90%	104.10%	107.29%

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

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

STATE OF SOUTH DAKOTA
SCHEDULE OF CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM
June 30, 2020

Last Ten Fiscal Years *

(Dollars Expressed in Thousands)

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

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

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

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

Changes of Benefit Terms:

No significant changes.

Changes of Assumptions:

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the Fair Value Funded Ratio (FVFR) assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that, if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions increased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.



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
- Statement of Cash Flows – Value Added Finance Authority

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
June 30, 2020
(Expressed in Thousands)**

Assets	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Cash and Cash Equivalents	\$ 303,024	\$ 4,261	\$ 1,058	\$ 27	\$ 308,370
Restricted Cash		2			2
Investments	159,763	835		61,046	221,644
Restricted Investments		19,373			19,373
Receivables from:					
Taxes, net	2,986				2,986
Interest and Dividends	1,458	2	74	116	1,650
Other Funds	7,315				7,315
Component Units	402				402
Other Governments	111,740				111,740
Loans and Notes, net	58,498			713	59,211
Other, net	7,792	10,198		23	18,013
Inventory	2,372				2,372
Advances to Component Units	1,193				1,193
Other Assets	1,891			1,989	3,880
Total Assets	\$ 658,434	\$ 34,671	\$ 1,132	\$ 63,914	\$ 758,151
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 50,217	\$	\$	\$ 5	\$ 50,222
Payable to:					
Other Funds	36,433		1,132	3,178	40,743
Component Units	665				665
Other Governments	66,917				66,917
Claims, Judgments, and Compensated Absences	133				133
Unearned Revenue	16,508				16,508
Total Liabilities	170,873	0	1,132	3,183	175,188
Deferred Inflows of Resources:					
Unavailable Revenue	4,216	10,198			14,414
Total Deferred Inflows of Resources	4,216	10,198	0	0	14,414
Fund Balances:					
Nonspendable	89,330			61,745	151,075
Restricted	326,147	24,473			350,620
Committed	51,243				51,243
Assigned	23,970				23,970
Unassigned	(7,345)			(1,014)	(8,359)
Total Fund Balances	483,345	24,473	0	60,731	568,549
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 658,434	\$ 34,671	\$ 1,132	\$ 63,914	\$ 758,151

**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, 2020
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Revenue:					
Taxes	\$ 99,970	\$	\$	\$	\$ 99,970
Licenses, Permits, and Fees	287,231				287,231
Fines, Forfeits, and Penalties	18,394				18,394
Use of Money and Property	21,681	341	179	5,374	27,575
Sales and Services	19,870				19,870
Administering Programs	664,530				664,530
Tobacco Settlement		20,865			20,865
Other Revenue	26,353	84			26,437
Total Revenue	1,138,029	21,290	179	5,374	1,164,872
Expenditures:					
Current:					
General Government	38,202	116		2,929	41,247
Education	190,733				190,733
Health, Human, and Social Services	373,860				373,860
Law, Justice, Public Protection, and Regulation	128,743				128,743
Agriculture and Natural Resources	146,850				146,850
Economic Resources	21,792				21,792
Transportation	6,265				6,265
State Shared Revenue Paid to Other Governments	145,818				145,818
Capital Outlay			13,912		13,912
Debt Service:					
Principal		14,280			14,280
Interest		6,510			6,510
Bond Issuance Costs		65			65
Total Expenditures	1,052,263	20,971	13,912	2,929	1,090,075
Excess of Revenue Over (Under) Expenditures	85,766	319	(13,733)	2,445	74,797
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	199			83	282
Proceeds of Refunding Bonds		7,130			7,130
Payments on Advance Refundings		(6,469)			(6,469)
Transfers In	29,467	6,561			36,028
Transfers Out	(92,467)	(8,145)	(179)	(1,430)	(102,221)
Total Other Financing Sources (Uses)	(62,801)	(923)	(179)	(1,347)	(65,250)
Net Change in Fund Balances	22,965	(604)	(13,912)	1,098	9,547
Fund Balances at Beginning of Year	460,380	25,077	13,912	59,633	559,002
Fund Balances at End of Year	\$ 483,345	\$ 24,473	\$ 0	\$ 60,731	\$ 568,549

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Assets					
Cash and Cash Equivalents	\$	\$	3	\$	\$
Investments					
Receivables from:					
Taxes, net					
Interest and Dividends		1	2		7
Other Funds		644	255	91	
Component Units				2	
Other Governments	21,609	23,240	2,482	4,035	1,275
Loans and Notes, net					5,296
Other, net			18		2
Inventory	429	131	39	1,663	
Advances to Component Units					
Other Assets	64	1		159	4
Total Assets	\$ 22,102	\$ 24,020	\$ 6,187	\$ 5,950	\$ 10,515
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 2,385	\$ 20,584	\$ 874	\$ 1,994	\$ 2
Payable to:					
Other Funds	1,410	1,080	2,087	927	1
Component Units	243			33	41
Other Governments	17,056	239	1	72	1,115
Claims, Judgments, and Compensated Absences	1	39	8	10	
Unearned Revenue	828		339	1,023	
Total Liabilities	21,923	21,942	3,309	4,059	1,159
Deferred Inflows of Resources:					
Unavailable Revenue					
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Nonspendable	64	132	39	1,822	4
Restricted	115		1,754	69	9,352
Committed					
Assigned		1,946	1,085		
Unassigned					
Total Fund Balances	179	2,078	2,878	1,891	9,356
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,102	\$ 24,020	\$ 6,187	\$ 5,950	\$ 10,515

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$ 1,850	\$	\$	\$ 10,355	\$ 4,015	\$ 1,397	\$ 3,597	\$ 5,895
			43	15	38		921
			16	137		110	8
12,642	1,459	2,890		290		191	
184			113	415		3,009	
						68	
63							
\$ 14,739	\$ 1,459	\$ 2,890	\$ 10,527	\$ 4,872	\$ 1,435	\$ 6,975	\$ 6,824
\$ 2,328	\$ 457	\$ 1,369	\$ 1,690	\$ 2,771	\$ 196	\$ 306	\$ 68
302	585	592	523	354	20	10	757
		228	19			5	
7,256	211	695	308	1		18	729
	1	4	9	27			
		2					4,749
9,886	1,254	2,890	2,549	3,153	216	339	6,303
						1,750	
0	0	0	0	0	0	1,750	0
63			7,978	3,799		68	
						3,411	
					653		521
4,790	205				566	1,407	
				(2,080)			
4,853	205	0	7,978	1,719	1,219	4,886	521
\$ 14,739	\$ 1,459	\$ 2,890	\$ 10,527	\$ 4,872	\$ 1,435	\$ 6,975	\$ 6,824

Continued on next page

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2020
(Expressed in Thousands)**

Assets	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation
Cash and Cash Equivalents	\$ 25,982	\$ 774	\$ 33,729	\$ 387	\$ 5,793
Investments				7,926	
Receivables from:					
Taxes, net					277
Interest and Dividends	84	9	107	2	21
Other Funds	474		30		
Component Units					
Other Governments	16,723	492		172	
Loans and Notes, net					
Other, net	458		204		
Inventory					
Advances to Component Units					
Other Assets					
Total Assets	\$ 43,721	\$ 1,275	\$ 34,070	\$ 8,487	\$ 6,091
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 615	\$ 769	\$ 92	\$	\$ 32
Payable to:					
Other Funds	1,513	357			4
Component Units			2		
Other Governments	32,663			14	
Claims, Judgments, and Compensated Absences	21				
Unearned Revenue					
Total Liabilities	34,812	1,126	94	14	36
Deferred Inflows of Resources:					
Unavailable Revenue			190		
Total Deferred Inflows of Resources	0	0	190	0	0
Fund Balances:					
Nonspendable					
Restricted			33,786	8,140	
Committed	8,909	974			6,055
Assigned				333	
Unassigned		(825)			
Total Fund Balances	8,909	149	33,786	8,473	6,055
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,721	\$ 1,275	\$ 34,070	\$ 8,487	\$ 6,091

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$ 5,210	\$ 30,582	\$ 5,925	\$	\$ 88 150,879	\$ 6,114	\$ 154,006 958	\$ 303,024 159,763
	635	15				1,138	2,986
15	163	51		204	186	502	1,458
509	562					4,487	7,315
						400	402
	154		7,697			16,389	111,740
	22,877	6,766			18,283	5,092	58,498
					267	3,306	7,792
						42	2,372
	1,193						1,193
10						1,590	1,891
\$ 5,744	\$ 56,166	\$ 12,757	\$ 7,697	\$ 151,171	\$ 24,850	\$ 187,910	\$ 658,434
\$ 222	\$ 41	\$	\$ 2,034	\$ 5	\$	\$ 11,383	\$ 50,217
10			4,941	5,677		15,283	36,433
					37	57	665
	2,863		679			2,997	66,917
						13	133
						9,567	16,508
232	2,904	0	7,654	5,682	37	39,300	170,873
	40					2,236	4,216
0	40	0	0	0	0	2,236	4,216
10				85,631		1,497	89,330
	53,222	12,566	1	59,858	24,387	107,709	326,147
2,274		191			426	31,240	51,243
3,228			42			10,368	23,970
						(4,440)	(7,345)
5,512	53,222	12,757	43	145,489	24,813	146,374	483,345
\$ 5,744	\$ 56,166	\$ 12,757	\$ 7,697	\$ 151,171	\$ 24,850	\$ 187,910	\$ 658,434

**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, 2020
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Revenue:					
Taxes	\$	\$	\$ 429	\$	\$
Licenses, Permits, and Fees		132	891		
Fines, Forfeits, and Penalties				336	
Use of Money and Property		43	15		173
Sales and Services		2,342			13
Administering Programs	178,656	253,754	23,398	55,902	7,204
Other Revenue	114	43	19	4	9
Total Revenue	178,770	256,314	24,752	56,242	7,399
Expenditures:					
General Government					
Education	178,659				
Health, Human, and Social Services		255,717	26,100	56,293	
Law, Justice, Public Protection, and Regulation			36		
Agriculture and Natural Resources					
Economic Resources					7,206
Transportation					
State Shared Revenue Paid to Other Governments					
Total Expenditures	178,659	255,717	26,136	56,293	7,206
Excess of Revenue Over (Under) Expenditures	111	597	(1,384)	(51)	193
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets				5	
Transfers In		554	3,534	239	
Transfers Out	(36)	(595)	(143)		(7,000)
Total Other Financing Sources (Uses)	(36)	(41)	3,391	244	(7,000)
Net Change in Fund Balances	75	556	2,007	193	(6,807)
Fund Balances at Beginning of Year	104	1,522	871	1,698	16,163
Fund Balances at End of Year	\$ 179	\$ 2,078	\$ 2,878	\$ 1,891	\$ 9,356

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$	\$	\$	\$	\$
			31,610	1,946 22,973	29,991 29,676 55	1,671	8,971 5,807 3
		202	425	2,735	323		85
			94	18	7	1,632	
37,586	8,421	19,714		446			
14		16	150	126		9,742	
37,600	8,421	19,932	32,279	28,244	60,052	13,045	14,866
						11,502	
42,809					3,312		1,262
	8,455	18,780	34,477	30,199			
							7,657
42,809	8,455	18,780	34,477	30,199	3,312	11,502	8,919
(5,209)	(34)	1,152	(2,198)	(1,955)	56,740	1,543	5,947
			93	37			
9,918	113		1,131	15			
		(1,152)	(1,056)	(3,284)	(56,570)	(924)	(5,550)
9,918	113	(1,152)	168	(3,232)	(56,570)	(924)	(5,550)
4,709	79		(2,030)	(5,187)	170	619	397
144	126		10,008	6,906	1,049	4,267	124
\$ 4,853	\$ 205	\$ 0	\$ 7,978	\$ 1,719	\$ 1,219	\$ 4,886	\$ 521

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, 2020
(Expressed in Thousands)**

	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation
Revenue:					
Taxes	\$ 3,889	\$ 11,372	\$ 17,968	\$	\$ 3,274
Licenses, Permits, and Fees	138,396	4,272		6,144	
Fines, Forfeits, and Penalties	1				
Use of Money and Property	491	87	1,035	177	234
Sales and Services	1,765				
Administering Programs				200	
Other Revenue	119		3,256	790	
Total Revenue	144,661	15,731	22,259	7,311	3,508
Expenditures:					
General Government	8,263	13,419			
Education				10,111	
Health, Human, and Social Services					
Law, Justice, Public Protection, and Regulation	8,557				
Agriculture and Natural Resources					1,005
Economic Resources			8,456		
Transportation					
State Shared Revenue Paid to					
Other Governments	126,353	2,480			
Total Expenditures	143,173	15,899	8,456	10,111	1,005
Excess of Revenue Over (Under) Expenditures	1,488	(168)	13,803	(2,800)	2,503
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets					
Transfers In	1,033		143	2,318	
Transfers Out	(1,794)		(28)		(561)
Total Other Financing Sources (Uses)	(761)	0	115	2,318	(561)
Net Change in Fund Balances	727	(168)	13,918	(482)	1,942
Fund Balances at Beginning of Year	8,182	317	19,868	8,955	4,113
Fund Balances at End of Year	\$ 8,909	\$ 149	\$ 33,786	\$ 8,473	\$ 6,055

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$	\$ 6,523 1,816	\$ 173	\$	\$	\$ 331	\$ 15,434 43,512 17,999	\$ 99,970 287,231 18,394
141	1,708	506	27	6,900	834	5,540	21,681
1,920						12,079	19,870
	25		27,133			52,116	664,530
			1		154	11,771	26,353
2,061	10,072	679	27,161	6,900	1,319	158,451	1,138,029
3,276				487		12,757 1,963	38,202 190,733
						24,248	373,860
	10,315		27,159			45,608	128,743
		48				43,619	146,850
					3,842	6,082	21,792
						2,423	6,265
						9,328	145,818
3,276	10,315	48	27,159	487	3,842	146,028	1,052,263
(1,215)	(243)	631	2	6,413	(2,523)	12,423	85,766
1,444	2,778				4	60	199
	(600)			(5,677)		6,247	29,467
1,444	2,178	0	0	(5,677)	4	(7,497)	(92,467)
						(1,190)	(62,801)
229	1,935	631	2	736	(2,519)	11,233	22,965
5,283	51,287	12,126	41	144,753	27,332	135,141	460,380
\$ 5,512	\$ 53,222	\$ 12,757	\$ 43	\$ 145,489	\$ 24,813	\$ 146,374	\$ 483,345

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2020
(Expressed in Thousands)**

Assets	Building Authority	Tobacco Securitization	Total
Cash and Cash Equivalents	\$ 4,155	\$ 106	\$ 4,261
Restricted Cash		2	2
Investments		835	835
Restricted Investments		19,373	19,373
Receivables from:			
Interest and Dividends		2	2
Other, net		10,198	10,198
Total Assets	\$ 4,155	\$ 30,516	\$ 34,671
Deferred Inflows of Resources:			
Unavailable Revenue	\$ 0	\$ 10,198	\$ 10,198
Total Deferred Inflows of Resources	0	10,198	10,198
Fund Balances:			
Restricted	4,155	20,318	24,473
Total Fund Balances	4,155	20,318	24,473
Total Deferred Inflows of Resources and Fund Balances	\$ 4,155	\$ 30,516	\$ 34,671

**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, 2020
(Expressed in Thousands)**

	<u>Building Authority</u>	<u>Tobacco Securitization</u>	<u>Total</u>
Revenue:			
Use of Money and Property	\$	\$ 341	\$ 341
Tobacco Settlement		20,865	20,865
Other Revenue	84		84
Total Revenue	<u>84</u>	<u>21,206</u>	<u>21,290</u>
Expenditures:			
Current:			
General Government		116	116
Debt Service:			
Principal	3,680	10,600	14,280
Interest	3,112	3,398	6,510
Bond Issuance Costs	65		65
Total Expenditures	<u>6,857</u>	<u>14,114</u>	<u>20,971</u>
Excess of Revenue Over (Under) Expenditures	(6,773)	7,092	319
Other Financing Sources (Uses):			
Proceeds of Refunding Bonds	7,130		7,130
Payments on Advance Refundings	(6,469)		(6,469)
Transfers In	6,561		6,561
Transfers Out	(828)	(7,317)	(8,145)
Total Other Financing Sources (Uses)	<u>6,394</u>	<u>(7,317)</u>	<u>(923)</u>
Net Change in Fund Balances	(379)	(225)	(604)
Fund Balances at Beginning of Year	4,534	20,543	25,077
Fund Balances at End of Year	<u>\$ 4,155</u>	<u>\$ 20,318</u>	<u>\$ 24,473</u>

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2020
(Expressed in Thousands)

<u>Assets</u>	<u>Revolving Economic Development and Initiative</u>	<u>Second Injury</u>	<u>State Fair</u>	<u>Federal Surplus Property</u>	<u>Rural Rehabilitation</u>
Current Assets:					
Cash and Cash Equivalents	\$ 87,899	\$ 2,757	\$ 1,016	\$ 296	\$ 2,892
Receivables:					
Interest and Dividends	466	14	3	1	52
Other Funds					
Component Units					
Other Governments				105	
Loans and Notes, net	6,586				626
Other, net	53			12	
Inventory				1,241	
Other Assets					
Total Current Assets	95,004	2,771	1,019	1,655	3,570
Assets Held for Resale	321				
Restricted Assets:					
Net Pension Asset	1		2	2	
Capital Assets:					
Land and Other Non-depreciable Assets			192	103	
Property, Plant, and Equipment	28		8,172	559	18
Accumulated Depreciation	(28)		(3,383)	(494)	(17)
Construction in Progress					
Total Capital Assets	0	0	4,981	168	1
Other Noncurrent Assets	36,894				4,787
Total Assets	132,220	2,771	6,002	1,825	8,358
Deferred Outflows of Resources					
Deferred Outflow Related to Pensions	70	5	114	109	21
Total Deferred Outflows of Resources	70	5	114	109	21
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	69	1	80	42	2
Payable to:					
Other Funds	7		10	3	1
Claims, Judgments, and Compensated Absences	28	1	31	62	3
Unearned Revenue			612		
Total Current Liabilities	104	2	733	107	6
Noncurrent Liabilities:					
Claims, Judgments, and Compensated Absences	25	1	28	55	3
Total Noncurrent Liabilities	25	1	28	55	3
Total Liabilities	129	3	761	162	9
Deferred Inflows of Resources					
Deferred Inflow Related to Pensions	27	2	44	42	9
Total Deferred Inflows of Resources	27	2	44	42	9
Net Position					
Net Investment in Capital Assets			4,981	167	1
Restricted for:					
Disaster Relief Fund	10,500				
Pensions	44	3	72	69	12
Other	1,870				
Unrestricted	119,720	2,768	258	1,494	8,348
Total Net Position	\$ 132,134	\$ 2,771	\$ 5,311	\$ 1,730	\$ 8,361

<u>Prison Industries</u>	<u>S.D. Trust Company Captive Insurance Co.</u>	<u>Professional and Licensing</u>	<u>Banking and Insurance</u>	<u>Other</u>	<u>Total</u>
\$ 545	\$ 2,161	\$ 12,736	\$ 9,873	\$ 8,476	\$ 128,651
3	11	55	36	5	646
328		5			333
52					52
				17	122
					7,212
73		3		1	142
998				64	2,303
11		33		112	156
2,010	2,172	12,832	9,909	8,675	139,617
					321
3		16	10	6	40
					295
2,533		109		538	11,957
(1,860)		(88)		(303)	(6,173)
				267	267
673	0	21	0	502	6,346
					41,681
2,686	2,172	12,869	9,919	9,183	188,005
170		851	532	298	2,170
170	0	851	532	298	2,170
203	5	482	3,658	648	5,190
45		75	12	35	188
55		246	200	94	720
41		823			1,476
344	5	1,626	3,870	777	7,574
48		217	176	83	636
48	0	217	176	83	636
392	5	1,843	4,046	860	8,210
66		329	201	114	834
66	0	329	201	114	834
673		19		502	6,343
					10,500
107		538	341	190	1,376
					1,870
1,618	2,167	10,991	5,863	7,815	161,042
\$ 2,398	\$ 2,167	\$ 11,548	\$ 6,204	\$ 8,507	\$ 181,131

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	Revolving Economic Development and Initiative	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
Operating Revenue:					
Licenses, Permits, and Fees	\$	\$	\$ 1,641	\$	\$ 36
Use of Money and Property	853		517		65
Sales and Services	58		854	1,973	
Administering Programs			29		
Assessments		1			
Other Revenue			159		
Total Operating Revenue	911	1	3,200	1,973	101
Operating Expenses:					
Personal Services and Benefits	331	22	1,112	697	55
Travel	3		10	5	
Contractual Services	276		2,121	614	48
Supplies and Materials	6		439	975	
Other	1,138		88		(255)
Depreciation/Amortization			122	9	
Insurance Claims		941		2	
Total Operating Expenses	1,754	963	3,892	2,302	(152)
Operating Income (Loss)	(843)	(962)	(692)	(329)	253
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets			5		
Investment Income	3,564	147	21	4	131
Other Expense	(123)				
Grant and Other Income	1,500				135
Total Nonoperating Revenue (Expenses)	4,941	147	26	4	266
Income (Loss) Before Capital Contributions and Transfers	4,098	(815)	(666)	(325)	519
Capital Contributions and Transfers:					
Capital Contributions			19		
Transfers In	9,000				
Transfers Out		(1)			(1,177)
Net Capital Contributions and Transfers	9,000	(1)	19	0	(1,177)
Change in Net Position	13,098	(816)	(647)	(325)	(658)
Net Position at Beginning of Year	119,036	3,587	5,958	2,055	9,019
Net Position at End of Year	\$ 132,134	\$ 2,771	\$ 5,311	\$ 1,730	\$ 8,361

<u>Prison Industries</u>	<u>S.D. Trust Company Captive Insurance Co.</u>	<u>Professional and Licensing</u>	<u>Banking and Insurance</u>	<u>Other</u>	<u>Total</u>
\$	\$	\$ 7,828	\$ 5,456	\$ 3,934	\$ 18,895
				3	1,438
3,781	(64)	213	454	929	8,198
		95			124
		512	53	17	741
3,781	(64)	8,648	5,963	4,883	29,397
1,039		5,274	3,328	2,244	14,102
13		560	156	175	922
321	30	3,134	2,045	849	9,438
2,030		240	35	184	3,909
		10			981
87		12		46	276
					943
3,490	30	9,230	5,564	3,498	30,571
291	(94)	(582)	399	1,385	(1,174)
				1	6
30	108	534	376	44	4,959
		(1)	(1)		(125)
30	108	533	375	45	6,475
321	14	(49)	774	1,430	5,301
					19
7				94	9,101
(180)		(125)	(145)		(1,628)
(173)	0	(125)	(145)	94	7,492
148	14	(174)	629	1,524	12,793
2,250	2,153	11,722	5,575	6,983	168,338
\$ 2,398	\$ 2,167	\$ 11,548	\$ 6,204	\$ 8,507	\$ 181,131

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 58	\$ 1	\$ 2,620	\$ 1,587	\$ 36
Receipts from Interfund Services Provided			29	224	
Receipts from Federal Agencies				223	
Receipts from Loan Payments	11,887				1,453
Payments to Suppliers and for Benefits and Claims	(205)		(2,657)	(1,473)	(64)
Payments for Employee Services	(247)	(24)	(1,011)	(623)	(57)
Payments for Interfund Services Used	(52)		(313)	(88)	(2)
Payments for Loans Originated	(16,275)				(500)
Other Receipts (Payments)	(107)	(941)	159	20	
Net Cash Provided (Used) by Operating Activities	(4,941)	(964)	(1,173)	(130)	866
Cash Flows from Capital and Related Financing Activities:					
Capital Contributions			19		
Purchases of Capital Assets			(188)		
Construction in Progress					
Sales of Capital Assets			18		
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	(151)	0	0
Cash Flows from Noncapital Financing Activities:					
Transfers In	9,000				
Transfers Out		(1)			(1,175)
Services Provided to Others	(110)				
Grants and Other Noncapital Financing Activities	1,500			33	135
Net Cash Provided (Used) by Noncapital Financing Activities	10,390	(1)	0	33	(1,040)
Cash Flows from Investing Activities:					
Investment Income	3,603	145	5	7	132
Investment Expense	(13)				
Net Cash Provided (Used) by Investing Activities	3,590	145	5	7	132
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	9,039	(820)	(1,319)	(90)	(42)
Cash and Cash Equivalents at Beginning of Year	78,860	3,577	2,335	386	2,934
Cash and Cash Equivalents at End of Year	\$ 87,899	\$ 2,757	\$ 1,016	\$ 296	\$ 2,892
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (843)	\$ (962)	\$ (692)	\$ (329)	\$ 253
Depreciation/Amortization Expense			122	9	
Bad Debt Expense					(274)
Decrease/(Increase) in Assets:					
Accounts Receivable	253		25	(10)	
Interest, Dividends, and Penalties Receivable	(61)				175
Loans and Notes Receivable	(4,080)				713
Due From Other Funds					
Due From Component Units					
Due From Other Governments				93	
Inventory				86	
Other Assets	(321)				
Other Restricted Assets	(1)				
Restricted Net Pension Asset	(1)		(2)	(2)	
Decrease/(Increase) in Deferred Outflows of Resources:					
Deferred Outflows Related to Pensions	49	(1)	45	54	20
Increase/(Decrease) in Liabilities:					
Accounts Payable	28		(294)	(51)	
Accrued Liabilities	7	(1)	48	4	(2)
Compensated Absences Payable	28	(1)		11	(20)
Due To Other Funds			(16)	(1)	1
Due To Other Component Units					
Due To Other Governments			(2)		
Unearned Revenue			(418)	(1)	
Other Liabilities					
Increase/(Decrease) in Deferred Inflows of Resources:					
Deferred Inflows Related to Pensions	1	1	11	7	
Net Cash Provided (Used) by Operating Activities	\$ (4,941)	\$ (964)	\$ (1,173)	\$ (130)	\$ 866

Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 1,106	\$ 67	\$ 8,523	\$ 5,909	\$ 4,859	\$ 24,766
4,109		95		13	4,470
					223
					13,340
(2,309)	(131)	(3,098)	(1,344)	(770)	(12,051)
(908)	(38)	(4,772)	(2,932)	(2,039)	(12,651)
(1,762)	(5)	(847)	(204)	(190)	(3,463)
					(16,775)
		30	53	6	(780)
236	(107)	(69)	1,482	1,879	(2,921)
					19
(87)				(22)	(297)
				(32)	(32)
				1	19
(87)	0	0	0	(53)	(291)
7				94	9,101
(180)		(125)	(145)		(1,626)
					(110)
					1,668
(173)	0	(125)	(145)	94	9,033
31	105	538	373	45	4,984
		(1)	(1)		(15)
31	105	537	372	45	4,969
7	(2)	343	1,709	1,965	10,790
538	2,163	12,393	8,164	6,511	117,861
\$ 545	\$ 2,161	\$ 12,736	\$ 9,873	\$ 8,476	\$ 128,651
\$ 291	\$ (94)	\$ (582)	\$ 399	\$ 1,385	\$ (1,174)
87		12		46	276
					(274)
					268
					114
					(3,367)
(125)		(5)			(130)
(20)					(20)
				(12)	81
(142)				23	(33)
(2)		(33)		(110)	(466)
					(1)
		(13)	(8)	(4)	(30)
98		425	262	152	1,104
(33)	(13)	46	692	(45)	330
13		11	37	7	124
16		22	74	31	161
7		(14)	(4)	(26)	(53)
				1	1
					(2)
39		6			(374)
				414	414
7		56	30	17	130
\$ 236	\$ (107)	\$ (69)	\$ 1,482	\$ 1,879	\$ (2,921)

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020
(Expressed in Thousands)

Assets	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Current Assets:						
Cash and Cash Equivalents	\$ 48,913	\$ 4,392	\$ 1,844	\$ 3,751	\$ 1,220	\$ 664
Receivables:						
Interest and Dividends	92	13	6	17	2	3
Other Funds	791	2,520	1,423	1,315	842	329
Component Units		3	212	100		
Other Governments						
Other, net	6,601	1	16			5
Inventory		13	14			141
Other Assets	103	1,654	1,165	1,175		20
Total Current Assets	56,500	8,596	4,680	6,358	2,064	1,162
Restricted Assets:						
Net Pension Asset	3	70	21	6	12	1
Capital Assets:						
Property, Plant, and Equipment		13,197	4,560	13,183	1,521	669
Accumulated Depreciation		(11,272)	(3,541)	(12,755)	(1,247)	(584)
Construction in Progress				1,057		
Total Capital Assets	0	1,925	1,019	1,485	274	85
Total Assets	56,503	10,591	5,720	7,849	2,350	1,248
Deferred Outflows of Resources						
Deferred Outflow Related to Pensions	172	3,623	1,146	314	649	67
Total Deferred Outflows of Resources	172	3,623	1,146	314	649	67
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	889	1,194	793	214	340	61
Payable to:						
Other Funds	112	118	241	139	55	6
Component Units						
Bonds, Notes, and Leases Payable		340	133			17
Claims, Judgments, and Compensated Absences	17,772	1,299	584	154	192	41
Unearned Revenue	12,826	198				
Total Current Liabilities	31,599	3,149	1,751	507	587	125
Noncurrent Liabilities:						
Bonds, Notes, and Leases Payable		813				24
Claims, Judgments, and Compensated Absences	47	1,145	515	136	169	37
Other Noncurrent Liabilities	55					
Total Noncurrent Liabilities	102	1,958	515	136	169	61
Total Liabilities	31,701	5,107	2,266	643	756	186
Deferred Inflows of Resources						
Deferred Inflow Related to Pensions	65	1,419	431	122	250	26
Total Deferred Inflows of Resources	65	1,419	431	122	250	26
Net Position						
Net Investment in Capital Assets		773	887	1,484	274	43
Restricted for Pensions	110	2,274	736	198	411	42
Unrestricted	24,799	4,641	2,546	5,716	1,308	1,018
Total Net Position	\$ 24,909	\$ 7,688	\$ 4,169	\$ 7,398	\$ 1,993	\$ 1,103

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 550	\$ 12,342	\$ 829	\$ 1,246	\$ 3,682	\$ 5,116	\$ 84,549
3	45	4	5	16	20	226
44		1,226	113		1,119	9,722
118		104			43	580
					192	192
8	18	21		41	90	6,801
					845	1,013
64	37		6	203	77	4,504
787	12,442	2,184	1,370	3,942	7,502	107,587
2	2	3	12	1	21	154
2,207		65,210			11,148	111,695
(2,053)		(42,761)			(4,889)	(79,102)
						1,057
154	0	22,449	0	0	6,259	33,650
943	12,444	24,636	1,382	3,943	13,782	141,391
94	115	135	646	46	1,108	8,115
94	115	135	646	46	1,108	8,115
30	51	374	223	17	571	4,757
16	11	272	51	9	378	1,408
		53	12			65
		4,602			64	5,156
52	1,767	46	245	4,084	472	26,708
					14	13,038
98	1,829	5,347	531	4,110	1,499	51,132
		11,473			209	12,519
46	3,151	36	213	28,187	411	34,093
						55
46	3,151	11,509	213	28,187	620	46,667
144	4,980	16,856	744	32,297	2,119	97,799
36	44	53	250	18	430	3,144
36	44	53	250	18	430	3,144
153		6,370			5,966	15,950
60	73	85	408	29	699	5,125
644	7,462	1,407	626	(28,355)	5,676	27,488
\$ 857	\$ 7,535	\$ 7,862	\$ 1,034	\$ (28,326)	\$ 12,341	\$ 48,563

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Operating Revenue:						
Use of Money and Property	\$	\$	\$	\$	\$	\$
Sales and Services	187,088	25,292	18,034	5,213	6,882	3,158
Other Revenue	6,546		9	13	4	4
Total Operating Revenue	193,634	25,292	18,043	5,226	6,886	3,162
Operating Expenses:						
Personal Services and Benefits	1,132	20,600	7,395	1,773	4,211	451
Travel	8	115	127	7		
Contractual Services	31,507	4,943	10,482	3,336	2,170	196
Supplies and Materials	53	208	575	80	766	2,564
Grant and Other	5					
Interest	1	1	9			6
Depreciation/Amortization		427	500	240	33	67
Insurance Claims	137,404					
Total Operating Expenses	170,110	26,294	19,088	5,436	7,180	3,284
Operating Income (Loss)	23,524	(1,002)	(1,045)	(210)	(294)	(122)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets		38	13		5	
Loss on Disposal of Assets		(4)				
Investment Income	702	112	47	174	22	24
Other Expense	(3)			(1)		
Grant and Other Income		19	23			
Total Nonoperating Revenue (Expenses)	699	165	83	173	27	24
Income (Loss) Before Capital Contributions						
Income (Loss) Before Transfers	24,223	(837)	(962)	(37)	(267)	(98)
Transfers:						
Capital Contribution					19	
Transfers In				599		
Net Transfers	0	0	0	599	19	0
Change in Net Position	24,223	(837)	(962)	562	(248)	(98)
Net Position at Beginning of Year	686	8,525	5,131	6,836	2,241	1,201
Net Position at End of Year	\$ 24,909	\$ 7,688	\$ 4,169	\$ 7,398	\$ 1,993	\$ 1,103

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 751	\$ 3,680	\$ 15,104	\$ 4,583	\$ 5,907	\$ 9	\$ 287,733
	88	26		82	168	6,940
751	3,768	15,130	4,583	5,989	12,218	294,682
548	726	835	4,116	302	7,385	49,474
6	46	4	58		390	761
158	789	2,597	827	183	1,837	59,025
5	9	6,116	181	11	1,337	11,905
		523			14	5
35		4,584			420	554
	1,548			5,938	552	145,442
752	3,118	14,659	5,182	6,434	11,935	273,472
(1)	650	471	(599)	(445)	283	21,210
		201			17	274
		(89)			(33)	(126)
24	438	50	45	147	196	1,981
	(2)			(1)	(1)	(8)
24	436	162	45	146	179	2,163
23	1,086	633	(554)	(299)	462	23,373
			273		590	19
0	0	0	273	0	590	1,462
23	1,086	633	(281)	(299)	1,052	24,854
834	6,449	7,229	1,315	(28,027)	11,289	23,709
\$ 857	\$ 7,535	\$ 7,862	\$ 1,034	\$ (28,326)	\$ 12,341	\$ 48,563

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Self- Insurance	Information Services	Tele- communi- cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 89,328	\$ 403	\$ 3,108	\$ 555	\$ 7	\$ 184
Receipts from Interfund Services Provided	98,646	24,642	14,733	4,828	7,316	2,902
Payments to Suppliers and for Benefits and Claims	(165,373)	(4,473)	(10,146)	(2,245)	(2,087)	(2,438)
Payments for Employee Services	(984)	(18,279)	(6,675)	(1,576)	(3,827)	(404)
Payments for Interfund Services Used	(1,556)	(1,353)	(1,289)	(1,288)	(825)	(104)
Other Receipts (Payments)	8,061		9	13	6	4
Net Cash Provided (Used) by Operating Activities	28,122	940	(260)	287	590	144
Cash Flows from Capital and Related Financing Activities:						
Purchases of Capital Assets		(462)	(210)		(105)	
Construction in Progress				(258)		
Sales of Capital Assets		38	13		7	
Payments on Capital Lease Obligations		(119)	(138)			(69)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(543)	(335)	(258)	(98)	(69)
Cash Flows from Noncapital Financing Activities:						
Transfers In				599		
Grants and Other Noncapital Financing Activities			23			
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	23	599	0	0
Cash Flows from Investing Activities:						
Investment Income	767	119	51	174	21	25
Investment Expense	(3)			(1)		
Net Cash Provided (Used) by Investing Activities	764	119	51	173	21	25
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	28,886	516	(521)	801	513	100
Cash and Cash Equivalents at Beginning of Year	20,027	3,876	2,365	2,950	707	564
Cash and Cash Equivalents at End of Year	\$ 48,913	\$ 4,392	\$ 1,844	\$ 3,751	\$ 1,220	\$ 664
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 23,524	\$ (1,002)	\$ (1,045)	\$ (210)	\$ (294)	\$ (122)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense		427	500	240	33	67
Interest Expense		1	9			6
Decrease/(Increase) in Assets:						
Accounts Receivable	(1,156)		1			(4)
Due From Other Funds	(791)	(445)	(206)	131	442	(66)
Due From Component Units			13	38		
Due From Other Governments						
Inventory		(1)	24			191
Other Assets	3,055	(407)	(235)	(94)		
Restricted Net Pension Asset	(2)	(54)	(17)	(5)	(10)	(1)
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	98	2,039	481	166	337	39
Increase/(Decrease) in Liabilities:						
Accounts Payable	58	(123)	(67)	(42)	(1)	28
Accrued Liabilities	10	112	48	4	19	1
Compensated Absences Payable	36	22	122	12	(1)	4
Due To Other Funds	11	(27)	28	28	20	(1)
Due To Component Units						
Due To Other Governments	1				6	(1)
Unearned Revenue	1,678	198				
Policy Claim Liabilities	1,594					
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	6	200	84	19	39	3
Net Cash Provided (Used) by Operating Activities	\$ 28,122	\$ 940	\$ (260)	\$ 287	\$ 590	\$ 144
Noncash Investing, Capital, and Financing Activities:						
Gain (Loss) on Disposal of Capital Assets	\$	\$ 33	\$ 13	\$	\$ 5	\$
Capital Lease Obligations Entered Into		1,204				
Transfers In (Out) of Capital Assets						

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 413	\$ 1,093	\$ 2,438	\$ 17	\$ 1,441	\$ 2,739	\$ 101,726
328	2,586	13,107	4,705	4,552	8,573	186,918
(110)	(1,872)	(7,326)	(498)	(5,398)	(2,670)	(204,636)
(489)	(619)	(760)	(3,767)	(281)	(6,410)	(44,071)
(114)	(122)	(1,504)	(547)	(33)	(1,715)	(10,450)
	1	14	11		178	8,297
28	1,067	5,969	(79)	281	695	37,784
(69)		(741)			(941)	(2,528)
		474			17	(258)
		(4,944)			(73)	(5,343)
(69)	0	(5,211)	0	0	(997)	(7,580)
			273		589	1,461
						23
0	0	0	273	0	589	1,484
25	442	46	45	150	198	2,063
	(2)			(1)	(1)	(8)
25	440	46	45	149	197	2,055
(16)	1,507	804	239	430	484	33,743
566	10,835	25	1,007	3,252	4,632	50,806
\$ 550	\$ 12,342	\$ 829	\$ 1,246	\$ 3,682	\$ 5,116	\$ 84,549
\$ (1)	\$ 650	\$ 471	\$ (599)	\$ (445)	\$ 283	\$ 21,210
35		4,584			420	6,306
		506			14	536
(6)	(4)	(10)		(32)	39	(1,172)
23		259	133		(414)	(934)
(26)		181	1		14	221
					(26)	(26)
					(492)	(278)
(53)	(38)		18	6	13	2,265
(1)	(2)	(2)	(10)	(1)	(17)	(122)
46	15	71	307	24	527	4,150
(1)		(66)	(6)		43	(177)
3	3	2	(2)	3	17	220
5	15	(5)	38	5	18	271
(2)	(2)	(59)	(7)	4	169	162
		28	4			32
					(2)	4
			(3)		8	1,881
	412			714		2,720
6	18	9	47	3	81	515
\$ 28	\$ 1,067	\$ 5,969	\$ (79)	\$ 281	\$ 695	\$ 37,784
\$	\$	\$ 112	\$	\$	\$ (17)	\$ 146
		4,056			120	5,380

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2020
(Expressed in Thousands)**

	<u>Common School</u>	<u>Child's Own</u>	<u>Corrections</u>	<u>Other</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 130	\$ 315	\$ 933	\$ 1,070	\$ 2,448
Receivables:					
Due From Other Funds			119		119
Investment Income	384	1		2	387
Other	83	28			111
Total Receivables	467	29	119	2	617
Investments, at Fair Value:					
Pooled Investment Funds	265,270				265,270
Total Investments	265,270	0	0	0	265,270
Properties, at Cost	14,162			50	14,212
Other Assets				13	13
Total Assets	280,029	344	1,052	1,135	282,560
Liabilities					
Payables:					
Accounts Payable and Other Liabilities	20	147		39	206
Due To Other Funds			59	26	85
Total Liabilities	20	147	59	65	291
Net Position - Restricted for Others	\$ 280,009	\$ 197	\$ 993	\$ 1,070	\$ 282,269

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

Additions	Common School	Child's Own	Corrections	Other	Total
Contributions:					
From Clients and Inmates	\$	\$	\$ 7,815	\$ 1,615	\$ 9,430
Other	7,922				7,922
Total Contributions	7,922	0	7,815	1,615	17,352
Investment Income:					
<i>From Investing Activities</i>					
Net Increase (Decrease) in Fair Value of Investments	8,406				8,406
Real Estate	380				380
Pooled Interest and Dividends	5,038	5			5,043
Net Investment Income (Loss)	13,824	5	0	0	13,829
<i>From Security Lending Activities</i>					
Securities Lending Income	28				28
Escheated Property	137				137
Miscellaneous Income		717		37	754
Total Additions	21,911	722	7,815	1,652	32,100
Deductions					
Distribution to School Districts	12,695				12,695
Payments Made for Trust Purposes		715	8,147	1,498	10,360
Administrative Expenses				8	8
Total Deductions	12,695	715	8,147	1,506	23,063
Change in Net Position	9,216	7	(332)	146	9,037
Net Position at Beginning of Year	270,793	190	1,325	924	273,232
Net Position at End of Year	\$ 280,009	\$ 197	\$ 993	\$ 1,070	\$ 282,269



STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2020
 (Expressed in Thousands)

	Department of Revenue Tax Collections	Social Services Child Support	State Auditor Payroll Withholding	State Clerk of Courts	Other	Total
Assets						
Cash and Cash Equivalents	\$ 25,122	\$ 3,608	\$ 7,643	\$ 7,485	\$ 3,476	\$ 47,334
Receivables:						
Taxes Receivable, net	47,772					47,772
Interest and Dividends Receivable	10				1	11
Other	648				106	754
Total Receivables	48,430	0	0	0	107	48,537
Total Assets	\$ 73,552	\$ 3,608	\$ 7,643	\$ 7,485	\$ 3,583	\$ 95,871
Liabilities						
Payables:						
Accounts Payable and Other Liabilities	\$ 1,248	\$ 3,608	\$ 36	\$ 7,485	\$ 2,869	\$ 15,246
Due To Other Governments	72,304		7,607		714	80,625
Total Liabilities	\$ 73,552	\$ 3,608	\$ 7,643	\$ 7,485	\$ 3,583	\$ 95,871

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Department of Revenue - Tax Collections				
Assets:				
Cash and Cash Equivalents	\$ 1,655	\$ 433,178	\$ 409,711	\$ 25,122
Accounts Receivable	569	648	569	648
Taxes Receivable, net	45,856	47,785	45,869	47,772
Interest and Dividends Receivable		10		10
Total Assets	\$ 48,080	\$ 481,621	\$ 456,149	\$ 73,552
Liabilities:				
Accounts Payable and Other Liabilities	\$ 1,201	\$ 293	\$ 246	\$ 1,248
Due To Other Governments	46,879	481,328	455,903	72,304
Total Liabilities	\$ 48,080	\$ 481,621	\$ 456,149	\$ 73,552
Social Services - Child Support				
Assets:				
Cash and Cash Equivalents	\$ 2,526	\$ 133,479	\$ 132,397	\$ 3,608
Total Assets	\$ 2,526	\$ 133,479	\$ 132,397	\$ 3,608
Liabilities:				
Accounts Payable and Other Liabilities	\$ 2,526	\$ 133,479	\$ 132,397	\$ 3,608
Total Liabilities	\$ 2,526	\$ 133,479	\$ 132,397	\$ 3,608
State Auditor - Payroll Withholding				
Assets:				
Cash and Cash Equivalents	\$ 8,074	\$ 247,772	\$ 248,203	\$ 7,643
Total Assets	\$ 8,074	\$ 247,772	\$ 248,203	\$ 7,643
Liabilities:				
Accounts Payable and Other Liabilities	\$ 41	\$ 12,458	\$ 12,463	\$ 36
Due To Other Governments	8,033	235,314	235,740	7,607
Total Liabilities	\$ 8,074	\$ 247,772	\$ 248,203	\$ 7,643
State Clerk of Courts				
Assets:				
Cash and Cash Equivalents	\$ 6,659	\$ 15,262	\$ 14,436	\$ 7,485
Total Assets	\$ 6,659	\$ 15,262	\$ 14,436	\$ 7,485
Liabilities:				
Accounts Payable and Other Liabilities	\$ 6,659	\$ 15,262	\$ 14,436	\$ 7,485
Total Liabilities	\$ 6,659	\$ 15,262	\$ 14,436	\$ 7,485

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, 2020
(Expressed in Thousands)**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Other Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 1,472	\$ 83,857	\$ 81,853	\$ 3,476
Accounts Receivable	54	106	54	106
Interest and Dividends Receivable	1	1	1	1
Total Assets	\$ 1,527	\$ 83,964	\$ 81,908	\$ 3,583
Liabilities:				
Accounts Payable and Other Liabilities	\$ 737	\$ 82,882	\$ 80,750	\$ 2,869
Due To Other Governments	790	1,082	1,158	714
Total Liabilities	\$ 1,527	\$ 83,964	\$ 81,908	\$ 3,583
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 20,386	\$ 913,548	\$ 886,600	\$ 47,334
Accounts Receivable	623	754	623	754
Taxes Receivable, net	45,856	47,785	45,869	47,772
Interest and Dividends Receivable	1	11	1	11
Total Assets	\$ 66,866	\$ 962,098	\$ 933,093	\$ 95,871
Liabilities:				
Accounts Payable and Other Liabilities	\$ 11,164	\$ 244,374	\$ 240,292	\$ 15,246
Due To Other Governments	55,702	717,724	692,801	80,625
Total Liabilities	\$ 66,866	\$ 962,098	\$ 933,093	\$ 95,871

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2020
(Expressed in Thousands)

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 254,250	\$ 20,424	\$ 280,869	\$ 19,039	\$ 574,582
Receivables:					
Interest and Dividends	4,677	76	1,569	123	6,445
Primary Government			1,144		1,144
Other Governments			16,703		16,703
Loans and Notes, net	36,478		5,516	829	42,823
Other, net	642	2,571	43,177	468	46,858
Investments	123,106		43,478	481	167,065
Restricted Assets:					
Investments				2,536	2,536
Inventory	3,530	2,451	6,841		12,822
Other Assets	416	643	5,850	120	7,029
Total Current Assets	423,099	26,165	405,147	23,596	878,007
Investments	1,123,308		412,040	1,406	1,536,754
Assets Held for Resale				3,855	3,855
Restricted Assets:					
Cash and Cash Equivalents			31,238	2,602	33,840
Investments			160,735	704	161,439
Net Pension Asset	16	52	1,546		1,614
Other			30,027		30,027
Capital Assets:					
Land and Other Non-depreciable Assets	220	19,821	46,086		66,127
Property, Plant, and Equipment	10,925	77,195	2,033,786	24,124	2,146,030
Accumulated Depreciation	(6,066)	(18,134)	(816,068)	(5,023)	(845,291)
Construction in Progress		1,824	103,824		105,648
Total Capital Assets	5,079	80,706	1,367,628	19,101	1,472,514
Other Noncurrent Assets, net	389,528	8,934	70,618	8,090	477,170
Total Assets	1,941,030	115,857	2,478,979	59,354	4,595,220
Deferred Outflows of Resources					
Deferred Outflow Related to Pensions	901	2,943	80,241		84,085
Deferred Swap Outflow	9,401				9,401
Deferred Forward Contract Outflow	949				949
Deferred Outflow on Debt Refunding	2,879		11,846		14,725
Total Deferred Outflows of Resources	14,130	2,943	92,087	0	109,160
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	1,358	1,988	46,238	113	49,697
Payable to Primary Government	92		1,008		1,100
Escrow Payable	3,352				3,352
Bonds, Notes, and Leases Payable	51,582		34,295	503	86,380
Claims, Judgments, and Compensated Absences	337	758	14,182		15,277
Accrued Interest Payable	6,294		3,747	112	10,153
Unearned Revenue			26,200	3,260	29,460
Advances from Primary Government				1,130	1,130
Other Current Liabilities			18,962	551	19,513
Total Current Liabilities	63,015	2,746	144,632	5,669	216,062
Noncurrent Liabilities:					
Bonds, Notes, and Leases Payable	1,266,954	6,000	506,691	9,973	1,789,618
Claims, Judgments, and Compensated Absences	298	758	30,680		31,736
Federal Capital Contribution Refundable Advance			36,603		36,603
Advances from Primary Government				18,126	18,126
Other Noncurrent Liabilities	11,300		12,398	1,186	24,884
Total Noncurrent Liabilities	1,278,552	6,758	586,372	29,285	1,900,967
Total Liabilities	1,341,567	9,504	731,004	34,954	2,117,029
Deferred Inflows of Resources					
Deferred Inflow Related to Pensions	345	1,267	31,494		33,106
Deferred Inflow on Gain on Debt Refunding	2,758		216		2,974
Deferred Inflow on Swaps	331				331
Deferred Forward Contract Inflow	86				86
Total Deferred Inflows of Resources	3,520	1,267	31,710	0	36,497
Net Position					
Net Investment in Capital Assets	(951)	80,706	872,148	522	952,425
Restricted for:					
Debt Service	516,496		3,416	5,000	524,912
HOME and NSP Program	79,510				79,510
Higher Education - Expendable			258,324		258,324
Higher Education - Nonexpendable			485,391		485,391
Experiments		729			729
Mine Closure		1,521			1,521
Sanford Center for Science Education		83			83
Maintenance Support Facility		4,676			4,676
Indemnification		7,500			7,500
Pensions	572	1,728	50,293		52,593
Other	14,446				14,446
Unrestricted		11,086	138,780	18,878	168,744
Total Net Position	\$ 610,073	\$ 108,029	\$ 1,808,352	\$ 24,400	\$ 2,550,854

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Operating Revenue:					
Tuition and Fees (net of discounts and allowances for scholarships of Higher Education of \$45,557)	\$	\$	\$ 244,928	\$	\$ 244,928
Use of Money and Property	107,610			476	108,086
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$10,936)		278	105,625	3,774	109,677
Administering Programs	30,896	29,814	113,755	303	174,768
Other Revenue	8,618	127	83,214	52	92,011
Total Operating Revenue	147,124	30,219	547,522	4,605	729,470
Operating Expenses:					
Personal Services and Benefits	4,836	18,773	509,864		533,473
Travel	315	177	15,338	12	15,842
Contractual Services	8,045	8,199	110,624	1,765	128,633
Supplies and Materials	3,202	3,672	57,290	184	64,348
Grants and Subsidies	26,060		45,197	239	71,496
Other			3,968	451	4,419
Interest	37,045		101	430	37,576
Provisions for Loan Loss (Recovery)	4,081			(10)	4,071
Depreciation/Amortization	394	2,006	61,490	850	64,740
Total Operating Expenses	83,978	32,827	803,872	3,921	924,598
Operating Income (Loss)	63,146	(2,608)	(256,350)	684	(195,128)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets				745	745
Loss on Disposal of Assets		(325)	(2,930)		(3,255)
Investment Income		760	62,221	832	63,813
Interest Expense			(18,577)	(604)	(19,181)
Other Expense		(241)	(20,854)	(1,501)	(22,596)
State Aid from Primary Government			229,545		229,545
Federal Appropriation			5,881		5,881
Grant and Other Income			44,708		44,708
Total Nonoperating Revenue (Expenses)	0	194	299,994	(528)	299,660
Income (Loss) Before Capital Grants and Additions to Endowments	63,146	(2,414)	43,644	156	104,532
Capital Grants		2,926	6,967		9,893
Additions to Endowments			26,141		26,141
Change in Net Position	63,146	512	76,752	156	140,566
Net Position at Beginning of Year, as restated	546,927	107,517	1,731,600	24,244	2,410,288
Net Position at End of Year	\$ 610,073	\$ 108,029	\$ 1,808,352	\$ 24,400	\$ 2,550,854

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	Higher Education
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 244,545
Auxiliaries	55,039
Sales & Services - General	50,864
Federal Contracts & Grants	76,595
State Contracts & Grants	10,985
Private Contracts & Grants	24,497
Other Revenue and Additions	303
Loans Issued to Students	(2,096)
Loans Collected from Students	3,298
Student Loan Interest	612
Payments for Personal Services Expenditures	(452,176)
Payments for Travel Expenditures	(14,892)
Payments for Contractual Expenditures	(108,962)
Payments for Supply Expenditures and Non-Capitalized Equipment	(56,357)
Payments for Grant and Subsidy Expenditures	(46,236)
Payments for Other Expenditures	(146)
Foundation Activity	13,988
Net Cash Provided (Used) by Operating Activities	(200,139)
Cash Flows from Noncapital Financing Activities:	
General Fund Appropriations	229,545
School & Public Lands	3,145
Federal Fund Appropriations	7,576
Federal loan Disbursements	(144,370)
Federal Loan Receipts	144,370
Private Loan Disbursements	(1,273)
Private Loan Receipts	1,273
Federal Capital Contribution - Student Loan	(3,188)
Other Revenues & Additions	40,256
Payments for Other Expenditures	(9,190)
Foundation Activity	44,916
Net Cash Provided (Used) by Noncapital Financing Activities	313,060
Cash Flows from Capital and Related Financing Activities:	
Capital Grants & Contracts	5,203
Proceeds from Capital Debt	86,916
Revenue Bond Discounts and Related Costs	(7,895)
Sale of Capital Asset	5,504
Principal Paid on Capital Debt and Leases	(84,941)
Interest Paid on Capital Debt and Leases	(20,745)
Purchase of Capital Assets	(127,610)
Foundation Activity	5,579
Net Cash Provided (Used) by Capital and Related Financing Activities	(137,989)
Cash Flows from Investing Activities:	
Investment Income	8,280
Foundation Activity	5,103
Net Cash Provided (Used) by Investing Activities	13,383
Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year	(11,685)
Cash and Cash Equivalents at Beginning of Year	323,792
Cash and Cash Equivalents at End of Year	\$ 312,107

Continued on next page

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)**

	<u>Higher Education</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ (256,350)
Adjustments to Reconcile Operating Income (Loss):	
Depreciation Expense	61,490
Loan Cancellation Expense	561
Pension Adjustment	45,373
Foundation Activity	(50,600)
Decrease/(Increase) in Assets:	
Accounts Receivable - Dept	2,124
Interest Receivable	(56)
Notes Receivable	2,876
Due From Primary Govt	328
Due from Component Unit	358
Prepaid Expense and Deferred Charges	(345)
Increase/(Decrease) in Liabilities:	
Accounts Payable	(6,568)
Accrued Wages & Benefits	1,642
Due to Federal Sources	633
Due To Component Unit	(345)
Student Deposits	(127)
Compensated Absences	1,752
Other Accrued Liabilities	45
Agency Funds Held for Others	(30)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (200,139)</u></u>
Noncash Investing, Capital and Financing Activities:	
Transfers In (Out) of Capital Assets	\$ 283
Gain or (Loss) on Disposal of Capital Assets	(2,930)
Bond Proceeds Deposited Directly into an Escrow Account	4,507

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2020
(Expressed in Thousands)

	Business-type Activities					Total
	S.D. Economic Development Finance Authority	Value Added Finance Authority	S.D. Ellsworth Development Authority	S.D. Authority Captive Insurance Co.	S.D. Property and Casualty Captive Insurance Co.	
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 1,288	\$ 793	\$ 5,001	\$ 5,335	\$ 6,622	\$ 19,039
Receivables:						
Interest and Dividends	65	1		26	31	123
Loans and Notes, net	661	168				829
Other, net			466		2	468
Investments	481					481
Restricted Assets:						
Investments	2,536					2,536
Other Assets			45		75	120
Total Current Assets	5,031	962	5,512	5,361	6,730	23,596
Investments	1,406					1,406
Assets Held for Resale			3,855			3,855
Restricted Assets:						
Cash and Cash Equivalents	2,602					2,602
Investments	704					704
Capital Assets:						
Property, Plant, and Equipment			24,124			24,124
Accumulated Depreciation			(5,023)			(5,023)
Total Capital Assets	0	0	19,101	0	0	19,101
Other Noncurrent Assets, net	6,790	1,250	50			8,090
Total Assets	16,533	2,212	28,518	5,361	6,730	59,354
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	5		84	8	16	113
Bonds, Notes, and Leases Payable	420	83				503
Accrued Interest Payable	105	7				112
Unearned Revenue			3,260			3,260
Advances from Primary Government			1,130			1,130
Other Current Liabilities				114	437	551
Total Current Liabilities	530	90	4,474	122	453	5,669
Noncurrent Liabilities:						
Bonds, Notes, and Leases Payable	7,135	1,217	1,621			9,973
Advances from Primary Government			18,126			18,126
Other Noncurrent Liabilities	847			308	31	1,186
Total Noncurrent Liabilities	7,982	1,217	19,747	308	31	29,285
Total Liabilities	8,512	1,307	24,221	430	484	34,954
Net Position						
Net Investment in Capital Assets			522			522
Restricted for:						
Debt Service	5,000					5,000
Unrestricted	3,021	905	3,775	4,931	6,246	18,878
Total Net Position	\$ 8,021	\$ 905	\$ 4,297	\$ 4,931	\$ 6,246	\$ 24,400

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Business-type Activities					Total
	S.D. Economic Development Finance Authority	Value Added Finance Authority	S.D. Ellsworth Development Authority	S.D. Authority Captive Insurance Co.	S.D. Property and Casualty Captive Insurance Co.	
Operating Revenue:						
Use of Money and Property	\$ 431	\$ 45	\$	\$	\$	\$ 476
Sales and Services			2,675	214	885	3,774
Administering Programs			303			303
Other Revenue		4	48			52
Total Operating Revenue	431	49	3,026	214	885	4,605
Operating Expenses:						
Travel			12			12
Contractual Services	50		1,539	56	120	1,765
Supplies and Materials			184			184
Grants and Subsidies			239			239
Other			115	64	272	451
Interest	430					430
Provisions for Loan Loss (Recovery)		(10)				(10)
Depreciation/Amortization			850			850
Total Operating Expenses	480	(10)	2,939	120	392	3,921
Operating Income (Loss)	(49)	59	87	94	493	684
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets			745			745
Investment Income	274	1	12	252	293	832
Interest Expense		(13)	(591)			(604)
Other Expense	(1,500)				(1)	(1,501)
Total Nonoperating Revenue (Expenses)	(1,226)	(12)	166	252	292	(528)
Change in Net Position	(1,275)	47	253	346	785	156
Net Position at Beginning of Year	9,296	858	4,044	4,585	5,461	24,244
Net Position at End of Year	\$ 8,021	\$ 905	\$ 4,297	\$ 4,931	\$ 6,246	\$ 24,400

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
VALUE ADDED FINANCE AUTHORITY
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Value Added Finance Authority
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 4
Receipts from Loan Payments	255
Payments for Loans Originated	(360)
Net Cash Provided (Used) by Operating Activities	(101)
Cash Flows From Noncapital Financing Activities:	
Principal Paid on Capital Debt and Leases	(82)
Interest Paid on Capital Debt and Leases	(14)
Net Cash Provided (Used) by Noncapital Financing Activities	(96)
Cash Flows from Investing Activities:	
Investment Income	1
Net Cash Provided (Used) by Investing Activities	1
Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year	(196)
Cash and Cash Equivalents at Beginning of Year	989
Cash and Cash Equivalents at End of Year	\$ 793
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 59
Adjustments to Reconcile Operating Income (Loss):	
Bad Debt Expense	10
Decrease/(Increase) in Assets:	
Notes Receivable	(168)
Other Assets	(2)
Net Cash Provided (Used) by Operating Activities	\$ (101)



STATISTICAL SECTION



STATISTICAL SECTION

STATISTICAL SECTION

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

FINANCIAL TRENDS INFORMATION 176

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

Net Position by Component.....	176
Changes in Net Position.....	177
Fund Balances, Governmental Funds.....	178
Changes in Fund Balances, All Governmental Funds	179

REVENUE CAPACITY INFORMATION 180

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Sales Tax Revenue Payers by Industry	180
Taxable Sales by Industry	182

DEBT CAPACITY INFORMATION 183

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Ratios of Outstanding Long-Term Debt	183
Pledged-Revenue Coverage.....	184

DEMOGRAPHIC AND ECONOMIC INFORMATION 185

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Population	185
Total Personal Income	185
Unemployment Rate	186
Per Capita Personal Income	186
Nonfarm Wage and Salary Employment by Industry	187
Expanded and New Industries	187
Employment by Industry Type.....	188

OPERATING INFORMATION 189

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Full-Time Equivalent State Employees by Function of Government	189
Capital Asset Statistics by Function	190
Operating Indicators by Function	192

State of South Dakota
Net Position by Component
Last Ten Fiscal Years

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 4,259,851	\$ 4,126,405	\$ 4,051,612	\$ 3,961,256	\$ 3,804,409
Restricted	1,726,738	1,755,692	1,751,888	1,588,336	1,509,441
Unrestricted	586,958	363,208	283,343	267,296	254,579
Total Governmental Activities Net Position	\$ 6,573,547	\$ 6,245,305	\$ 6,086,843	\$ 5,816,888	\$ 5,568,429
Business-type Activities:					
Net Investment in Capital Assets	\$ 6,552	\$ 6,650	\$ 7,027	\$ 7,060	\$ 6,357
Restricted	14,758	5,821	6,782	5,085	5,481
Unrestricted	782,424	739,281	707,805	684,730	660,697
Total Business-type Activities Net Position	\$ 803,734	\$ 751,752	\$ 721,614	\$ 696,875	\$ 672,535
Primary Government:					
Net Investment in Capital Assets	\$ 4,266,403	\$ 4,133,055	\$ 4,058,639	\$ 3,968,316	\$ 3,810,766
Restricted	1,741,496	1,761,513	1,758,670	1,593,421	1,514,922
Unrestricted	1,369,382	1,102,489	991,148	952,026	915,276
Total Primary Government Net Position	\$ 7,377,281	\$ 6,997,057	\$ 6,808,457	\$ 6,513,763	\$ 6,240,964

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental Activities:					
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
Total Governmental Activities Net Position	\$ 5,515,754	\$ 5,302,962	\$ 4,992,788	\$ 4,752,834	\$ 4,540,602
Business-type Activities:					
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
Total Business-type Activities Net Position	\$ 633,381	\$ 593,057	\$ 551,046	\$ 524,992	\$ 504,858
Primary Government:					
Net Investment in Capital Assets	\$ 3,715,867	\$ 3,676,917	\$ 3,552,812	\$ 3,484,045	\$ 3,305,189
Restricted	1,543,936	1,384,052	1,242,436	1,115,257	1,146,387
Unrestricted	889,332	835,050	748,586	678,524	593,884
Total Primary Government Net Position	\$ 6,149,135	\$ 5,896,019	\$ 5,543,834	\$ 5,277,826	\$ 5,045,460

Source: South Dakota Comprehensive Annual Financial Reports (FY 2011-2020). 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
General Government	\$ 209,723	\$ 215,879	\$ 217,355	\$ 198,531	\$ 198,079	\$ 185,273	\$ 180,221	\$ 169,843	\$ 164,005	\$ 157,405
Education - Elementary, Secondary, and Vocational Schools	223,524	228,729	213,449	223,668	210,777	210,271	206,939	201,177	211,413	218,959
Education - State Support to Higher Education	229,545	213,843	210,972	206,253	232,245	192,950	219,341	176,294	171,701	185,757
Health, Human, and Social Services	1,544,824	1,552,490	1,500,037	1,503,967	1,423,411	1,406,586	1,380,648	1,367,355	1,354,764	1,354,829
Law, Justice, Public Protection, and Regulation	313,534	301,008	258,727	294,852	269,583	279,097	321,186	277,223	286,127	286,824
Agriculture and Natural Resources	157,010	155,789	144,690	161,412	153,087	140,921	152,666	144,245	130,279	151,116
Economic Resources	45,920	71,819	43,560	52,771	56,138	74,004	40,121	43,300	40,865	51,157
Transportation	676,547	533,336	455,118	459,424	561,536	507,300	473,323	537,497	482,400	508,548
Pandemic Response	116,299									
Intergovernmental - Payments to School Districts	563,878	559,484	547,119	516,880	421,666	404,909	393,606	394,857	375,008	412,310
Intergovernmental - Revenue										
Sharing	196,425	194,537	187,573	176,836	173,721	169,514	161,564	141,514	122,320	100,493
Unallocated Interest Expense	6,861	7,524	7,899	6,419	6,627	6,712	9,198	14,537	17,393	18,711
Unallocated Depreciation	53	53	53	53	53	53	53	53	53	58
Total Governmental Activities Expenses	4,284,143	4,034,491	3,786,552	3,801,066	3,706,923	3,577,590	3,538,866	3,467,895	3,356,328	3,446,167
Business-type Activities:										
Lottery	50,484	51,016	45,256	39,907	43,454	41,053	42,806	44,114	39,877	36,775
Clean Water State Revolving	13,516	11,662	12,345	9,638	8,290	9,673	9,879	10,898	16,406	11,109
Drinking Water State Revolving	9,349	8,222	10,314	7,511	9,031	8,651	9,352	10,337	10,936	11,964
Unemployment Insurance	241,343									
Other	30,696	55,331	55,571	60,920	60,352	56,081	66,042	81,648	92,096	100,406
Total Business-type Activities Expenses	345,388	126,231	123,486	117,976	121,127	115,458	128,079	146,997	159,315	160,254
Total Primary Government Expenses	\$ 4,629,531	\$ 4,160,722	\$ 3,910,038	\$ 3,919,042	\$ 3,828,050	\$ 3,693,048	\$ 3,666,945	\$ 3,614,892	\$ 3,515,643	\$ 3,606,421
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 272,984	\$ 260,567	\$ 258,406	\$ 242,343	\$ 236,003	\$ 244,728	\$ 227,851	\$ 212,529	\$ 194,439	\$ 170,598
Education - Elementary, Secondary, and Vocational Schools	8,750	10,442	10,112	11,136	10,016	8,489	7,687	7,888	6,147	5,843
Health, Human, and Social Services	34,115	39,525	31,807	39,584	41,741	39,058	36,597	38,098	33,030	36,256
Law, Justice, Public Protection, and Regulation	89,945	87,061	85,139	85,221	82,456	85,252	76,048	80,750	66,235	60,555
Agriculture and Natural Resources	84,795	82,993	86,130	85,226	82,891	76,994	77,514	72,972	69,331	67,815
Economic Resources	178	231	845	433	452	1,611	3,789	3,064	3,268	1,332
Transportation	16,519	15,279	14,723	15,927	14,755	9,007	6,979	6,682	7,514	7,776
Operating Grants and Contributions	1,918,543	1,589,862	1,520,834	1,553,460	1,475,671	1,493,542	1,582,641	1,588,413	1,670,046	1,838,312
Capital Grants and Contributions	16,761	3,378	2,342	3,886	7,045	21,946	1,516	1,046	1,608	3,945
Total Governmental Activities Program Revenues	2,442,590	2,089,338	2,010,338	2,037,216	1,951,030	1,980,627	2,020,622	2,011,442	2,051,618	2,192,432
Business-type Activities:										
Charges for Services:										
Lottery	177,306	179,644	170,099	156,814	160,728	152,362	148,323	151,414	143,078	144,460
Clean Water State Revolving	7,401	7,250	7,213	6,963	6,899	6,856	6,019	5,277	5,677	6,014
Drinking Water State Revolving	5,033	4,587	4,740	4,519	4,333	4,197	4,327	4,321	4,922	4,807
Unemployment Insurance	201,950									
Other	29,279	63,755	60,688	68,543	75,424	71,243	81,681	85,946	94,455	112,210
Operating Grants and Contributions	89,829	26,910	30,971	25,334	32,772	30,005	33,994	30,519	30,910	52,926
Capital Grants and Contributions	19	200	84	426	727	2,810				
Total Business-type Activities Program Revenues	510,817	282,346	273,795	262,599	280,883	267,473	274,344	277,477	279,042	320,417
Total Primary Government Program Revenues	\$ 2,953,407	\$ 2,371,684	\$ 2,284,133	\$ 2,299,815	\$ 2,231,913	\$ 2,248,100	\$ 2,294,966	\$ 2,288,919	\$ 2,330,660	\$ 2,512,849
Net (Expense)/Revenue										
Governmental Activities	\$ (1,841,553)	\$ (1,945,153)	\$ (1,776,214)	\$ (1,763,850)	\$ (1,755,893)	\$ (1,596,963)	\$ (1,518,244)	\$ (1,456,453)	\$ (1,304,710)	\$ (1,253,735)
Business-type Activities	165,429	156,115	150,309	144,623	159,756	152,015	146,265	130,480	119,727	160,163
Total Primary Government Net (Expense)/Revenue	\$ (1,676,124)	\$ (1,789,038)	\$ (1,625,905)	\$ (1,619,227)	\$ (1,596,137)	\$ (1,444,948)	\$ (1,371,979)	\$ (1,325,973)	\$ (1,184,983)	\$ (1,093,572)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Sales Taxes	\$ 1,149,732	\$ 1,089,336	\$ 1,025,111	\$ 991,155	\$ 905,475	\$ 871,402	\$ 858,001	\$ 802,700	\$ 779,002	\$ 741,455
Motor Fuel Taxes	184,949	184,027	183,441	183,795	184,105	151,901	136,395	139,048	130,864	130,542
Contractors Excise Taxes	132,043	118,873	112,518	106,834	104,979	101,678	93,746	94,967	90,636	66,518
Bank Card and Franchise Taxes	44,727	35,411	31,448	32,844	25,943	20,669	23,943	49,493	32,941	16,954
Other Taxes	385,180	376,813	382,375	371,864	360,917	331,649	311,397	299,726	297,750	266,415
Investment Earnings	91,816	96,270	72,379	109,684	14,997	47,130	142,003	130,881	29,925	143,106
Gain on Sale of Capital Assets	1,515	1,978	1,737	1,463	2,057	1,198	2,726	2,127	3,915	819
Miscellaneous	61,664	79,632	110,159	80,500	89,493	81,275	133,988	76,047	51,652	41,519
Special Items	(3,636)	(4,702)					17,619			
Transfers	121,805	125,977	125,570	120,283	120,602	113,558	102,937	104,426	100,257	107,750
Total Governmental Activities	2,169,795	2,103,615	2,044,738	1,998,422	1,808,568	1,720,460	1,822,755	1,699,415	1,516,942	1,515,078
Business-type Activities:										
Transfers	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)	(100,257)	(107,750)
Total Business-type Activities	(121,805)	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)	(100,257)	(107,750)
Total Primary Government	\$ 2,047,990	\$ 1,977,638	\$ 1,919,168	\$ 1,878,139	\$ 1,687,966	\$ 1,606,902	\$ 1,719,818	\$ 1,594,989	\$ 1,416,685	\$ 1,407,328
Change in Net Position										
Governmental Activities	\$ 328,242	\$ 158,462	\$ 268,524	\$ 234,572	\$ 52,675	\$ 123,497	\$ 304,511	\$ 242,962	\$ 212,232	\$ 261,343
Business-type Activities	43,624	30,138	24,739	24,340	39,154	38,457	43,328	26,054	19,470	52,413
Total Primary Government	\$ 371,866	\$ 188,600	\$ 293,263	\$ 258,912	\$ 91,829	\$ 161,954	\$ 347,839	\$ 269,016	\$ 231,702	\$ 313,756

Source: South Dakota Comprehensive Annual Financial Reports (FY 2011-2020). Previous years' amounts are not restated.

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

(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund:					
Non-Spendable	\$ 5,300	\$ 5,503	\$ 6,097	\$ 6,458	\$ 4,193
Restricted	3,382	3,300	3,300	3,300	8,384
Committed					
Assigned	136,363	74,156	60,691	54,835	54,516
Unassigned	381,326	294,225	268,052	249,087	242,449
Total General Fund	\$ 526,371	\$ 377,184	\$ 338,140	\$ 313,680	\$ 309,542
Other Governmental Funds:					
Non-Spendable	\$ 582,096	\$ 571,644	\$ 563,385	\$ 526,968	\$ 512,525
Restricted	1,098,864	1,087,753	1,080,962	1,033,158	893,833
Committed	51,243	41,816	36,863	38,940	43,652
Assigned	25,593	22,430	17,514	29,404	27,022
Unassigned	(8,359)	(4,036)	(11,758)	(5,742)	(5,048)
Total Other Governmental Funds	\$ 1,749,437	\$ 1,719,607	\$ 1,686,966	\$ 1,622,728	\$ 1,471,984

	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund:					
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
Total General Fund	\$ 318,140	\$ 320,317	\$ 317,753	\$ 291,067	\$ 287,303
Other Governmental Funds:					
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)
Total Other Governmental Funds	\$ 1,525,934	\$ 1,488,202	\$ 1,360,411	\$ 1,246,318	\$ 1,230,093

Source: South Dakota Comprehensive Annual Financial Reports (FY 2011-2020). Previous years' amounts are not restated.

State of South Dakota
Changes in Fund Balances, All Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Taxes:										
Sales and Use	\$ 1,129,007	\$ 1,062,456	\$ 1,025,607	\$ 990,332	\$ 905,203	\$ 876,138	\$ 857,559	\$ 802,700	\$ 779,002	\$ 741,455
Insurance Company	94,277	88,270	91,062	83,952	83,291	80,133	73,876	70,740	66,679	61,799
Liquor	19,231	19,919	17,135	15,994	17,580	16,356	15,988	15,835	14,519	14,953
Cigarette	45,885	45,501	49,729	52,149	52,081	52,776	51,616	51,940	50,704	46,700
Bank Franchise	44,693	34,706	31,462	32,800	25,412	20,669	23,943	49,493	32,941	16,954
Contractor's Excise	126,946	112,705	112,473	106,845	104,938	102,246	93,746	94,967	90,636	66,518
Severance	8,640	4,777	9,055	10,154	8,260	7,508	9,286	9,141	15,153	9,748
Other Tobacco	10,357	9,470	9,231	8,226	8,882	7,995	8,131	6,562	6,495	6,075
Motor Fuel and Vehicle	305,620	302,498	298,774	294,918	293,045	240,382	215,203	212,521	206,259	192,198
Other	86,123	90,396	90,854	90,251	81,993	78,434	73,688	72,018	68,807	65,482
Licenses, Permits, and Fees	312,714	307,301	304,754	301,216	302,156	281,742	267,628	252,420	225,803	202,449
Fines, Forfeits, and Penalties	18,697	15,070	13,347	14,400	12,647	14,516	10,781	16,189	13,490	12,142
Use of Money and Property	116,694	128,161	84,549	123,183	27,578	59,865	157,633	153,479	42,881	162,577
Sales and Services	41,564	53,192	44,973	44,916	39,797	42,531	39,712	37,679	34,290	32,499
Administering Programs	1,889,237	1,555,548	1,493,062	1,546,964	1,464,030	1,503,362	1,567,027	1,573,326	1,657,602	1,820,205
Tobacco Settlement	20,865	20,558	46,000	24,302	24,582	23,421	26,561	24,128	24,135	23,673
Other Revenue	78,640	95,092	106,339	80,380	87,874	77,614	129,147	65,272	42,676	40,008
Total Revenues	4,349,190	3,945,620	3,828,406	3,820,982	3,539,349	3,485,688	3,621,525	3,508,410	3,372,072	3,515,435
Expenditures:										
General Government	104,375	104,963	102,803	94,658	99,874	87,785	87,409	74,394	73,714	70,493
Education	1,015,113	999,426	977,720	977,833	859,072	804,348	835,894	782,276	778,707	832,936
Health, Human, and Social Services	1,523,558	1,531,129	1,516,592	1,487,068	1,428,259	1,435,850	1,387,821	1,364,933	1,351,100	1,350,402
Law, Justice, Public Protection, and Regulation	304,836	282,912	272,661	283,053	268,818	281,688	320,080	280,691	303,237	311,583
Agriculture and Natural Resources	164,876	155,168	161,734	173,111	155,006	143,466	148,596	139,861	138,598	155,064
Economic Resources	45,258	71,505	43,978	52,432	56,202	74,182	40,062	43,108	40,553	50,986
Transportation	788,580	614,680	575,332	600,346	655,752	554,536	582,939	604,048	625,661	576,777
Pandemic Response	116,299									
State Shared Revenue	196,425	194,537	187,573	176,836	173,721	169,514	161,564	141,514	122,320	100,493
Capital Outlay	13,912	28,163	8,182	1,023	1,017	2,038	2,541	387	4,773	4,381
Debt Service:										
Principal	14,280	14,407	14,962	15,583	16,415	17,272	20,973	30,059	25,622	22,225
Interest	6,510	7,234	7,563	8,647	9,177	9,261	10,206	13,896	16,219	17,504
Bond Issuance Costs	65		67	322	6	346	83	1,817		
Payment to Refunded Bond Escrow Agent							16,924	8,016		
Total Expenditures	4,294,087	4,004,124	3,869,167	3,870,912	3,723,319	3,580,286	3,615,092	3,485,000	3,480,504	3,492,844
Excess of Revenues Over (Under) Expenditures	55,103	(58,504)	(40,761)	(49,930)	(183,970)	(94,598)	6,433	23,410	(108,432)	22,591
Other Financing Sources (Uses):										
Capital Leases			1,322	32,048		1,125	20,350	12,605	23,770	19,465
Proceeds from Sale of Capital Assets	2,895	5,663	2,627	2,253	2,136	2,099	4,459	5,154	6,096	1,588
Insurance Proceeds	15	33	13	80	85		24		222	
Bonds Issued				44,305		13,410	4,500			9,505
Premiums on Bond Issuance				6,173		314				154
Proceeds of Refunding Bonds	7,130		1,405	1,405		10,408		169,645		801
Premiums on Refunding Bonds				206		1,657		9,026		24
Payments on Advance Refundings	(6,469)		(1,488)	(1,488)		(11,379)		(176,854)		(741)
Transfers In	289,409	283,840	298,786	261,279	274,598	271,301	262,172	254,094	270,315	237,968
Transfers Out	(169,066)	(159,347)	(174,720)	(142,563)	(155,397)	(158,782)	(167,866)	(150,699)	(171,982)	(135,374)
Net Other Financing Sources (Uses)	123,914	130,189	128,028	203,698	121,422	130,153	123,639	122,971	128,421	133,390
Net Change in Fund Balances	\$ 179,017	\$ 71,685	\$ 87,267	\$ 153,768	\$ (62,548)	\$ 35,555	\$ 130,072	\$ 146,381	\$ 19,989	\$ 155,981
Debt Service as a Percentage of Noncapital Expenditures	0.52%	0.57%	0.62%	0.69%	0.73%	0.79%	1.42%	1.63%	1.31%	1.21%

Source: South Dakota Comprehensive Annual Financial Reports (FY 2011-2020). Previous years' amounts are not restated.

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

Fiscal Year 2020				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,504	3.53%	\$ 414,827	1.74%
Mining	206	0.21%	74,930	0.31%
Construction	368	0.37%	30,204	0.13%
Manufacturing	5,180	5.22%	1,281,161	5.36%
Transportation and Public Utilities	2,750	2.77%	3,038,835	12.72%
Wholesale Trade	8,440	8.50%	1,773,771	7.43%
Retail Trade	42,777	43.09%	12,427,707	52.03%
Finance, Insurance, and Real Estate	1,994	2.01%	529,407	2.22%
Services	33,983	34.23%	4,311,839	18.05%
Public Administration	73	0.07%	3,169	0.01%
Total	99,275	100.00%	\$ 23,885,850	100.00%

Fiscal Year 2017				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,237	3.64%	\$ 348,540	1.68%
Mining	213	0.24%	63,973	0.31%
Construction	515	0.58%	31,077	0.15%
Manufacturing	4,370	4.91%	958,294	4.61%
Transportation and Public Utilities	2,546	2.86%	2,833,338	13.63%
Wholesale Trade	7,168	8.06%	1,438,813	6.92%
Retail Trade	35,687	40.10%	10,789,651	51.89%
Finance, Insurance, and Real Estate	2,122	2.38%	451,550	2.17%
Services	33,076	37.16%	3,873,304	18.62%
Public Administration	59	0.07%	3,920	0.02%
Total	88,993	100.00%	\$ 20,792,460	100.00%

Fiscal Year 2014				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,411	4.04%	\$ 287,680	1.44%
Mining	237	0.28%	118,587	0.59%
Construction	525	0.62%	31,241	0.16%
Manufacturing	3,820	4.53%	902,791	4.52%
Transportation and Public Utilities	2,728	3.23%	2,769,521	13.86%
Wholesale Trade	6,908	8.19%	1,514,416	7.58%
Retail Trade	31,494	37.34%	10,571,228	52.92%
Finance, Insurance, and Real Estate	2,172	2.58%	384,474	1.92%
Services	33,007	39.12%	3,396,424	17.00%
Public Administration	56	0.07%	2,029	0.01%
Total	84,358	100.00%	\$ 19,978,391	100.00%

Fiscal Year 2011				
	Number of Filers	Percent of Total	Taxable Sales	Percent of Total
Agriculture, Forestry, and Fishing	3,165	3.99%	\$ 224,548	1.27%
Mining	223	0.28%	95,566	0.54%
Construction	447	0.56%	19,479	0.11%
Manufacturing	3,306	4.17%	944,070	5.33%
Transportation and Public Utilities	3,297	4.16%	2,920,135	16.49%
Wholesale Trade	6,741	8.50%	1,300,644	7.34%
Retail Trade	29,017	36.59%	8,930,620	50.43%
Finance, Insurance, and Real Estate	2,121	2.67%	291,692	1.65%
Services	30,934	39.01%	2,980,187	16.83%
Public Administration	55	0.07%	2,082	0.01%
Total	79,306	100.00%	\$ 17,709,023	100.00%

Fiscal Year 2019			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,378	3.49%	\$ 405,756	1.78%
219	0.23%	70,449	0.31%
384	0.40%	27,292	0.12%
4,820	4.98%	1,144,740	5.03%
2,642	2.73%	3,008,229	13.21%
7,919	8.18%	1,696,169	7.45%
41,642	43.00%	11,646,177	51.14%
2,254	2.33%	496,573	2.18%
33,498	34.59%	4,271,983	18.76%
67	0.07%	4,942	0.02%
96,823	100.00%	\$ 22,772,310	100.00%

Fiscal Year 2016			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,202	3.77%	\$ 338,993	1.60%
210	0.25%	71,002	0.34%
475	0.56%	26,495	0.13%
4,076	4.80%	917,873	4.34%
2,625	3.09%	2,767,864	13.09%
7,117	8.38%	1,618,465	7.65%
32,455	38.19%	11,137,027	52.66%
2,135	2.51%	432,211	2.04%
32,618	38.38%	3,835,074	18.14%
55	0.07%	2,799	0.01%
84,968	100.00%	\$ 21,147,803	100.00%

Fiscal Year 2013			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,424	4.13%	\$ 253,605	1.34%
233	0.28%	102,408	0.54%
463	0.56%	25,832	0.14%
3,608	4.35%	778,735	4.12%
2,941	3.55%	2,556,524	13.54%
7,226	8.72%	1,403,736	7.43%
30,452	36.74%	10,162,245	53.81%
2,133	2.57%	367,556	1.95%
32,354	39.03%	3,231,543	17.11%
60	0.07%	4,082	0.02%
82,894	100.00%	\$ 18,886,266	100.00%

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

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

Fiscal Year 2012			
Number of Filers	Percent of Total	Taxable Sales	Percent of Total
3,274	4.05%	\$ 241,819	1.33%
218	0.27%	112,925	0.62%
469	0.58%	23,842	0.13%
3,399	4.20%	788,163	4.33%
3,034	3.75%	2,422,870	13.30%
7,186	8.88%	1,460,278	8.02%
29,963	37.02%	9,764,051	53.60%
2,116	2.61%	308,237	1.69%
31,216	38.57%	3,090,080	16.97%
56	0.07%	1,799	0.01%
80,931	100.00%	\$ 18,214,064	100.00%

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

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services, and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are fewer than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to June 1, 2016, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services. Beginning June 1, 2016, all items subject to the state sales tax will be taxed at 4.5% to conform to the HB 1182 passed during the 2016 Session. A use tax of the same rate as the sales tax rate was imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. An excise tax of the same rate as the sales tax rate was imposed on farm machinery and amusement device tax.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Taxable Sales by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 414,827	\$ 405,756	\$ 367,891	\$ 348,540	\$ 338,993
Mining	74,930	70,449	68,101	63,973	71,002
Construction	30,204	27,292	32,765	31,077	26,495
Manufacturing	1,281,161	1,144,740	1,065,841	958,294	917,873
Transportation and Public Utilities	3,038,835	3,008,229	2,938,739	2,833,338	2,767,864
Wholesale Trade	1,773,771	1,696,169	1,523,330	1,438,813	1,618,465
Retail Trade	12,427,707	11,646,177	11,100,575	10,789,651	11,137,027
Finance, Insurance, and Real Estate	529,407	496,573	476,306	451,550	432,211
Services	4,311,839	4,271,983	4,125,512	3,873,304	3,835,074
Public Administration	3,169	4,942	2,547	3,920	2,799
Totals	\$ 23,885,850	\$ 22,772,310	\$ 21,701,607	\$ 20,792,460	\$ 21,147,803
Direct Sales Tax Rate	4.50%	4.50%	4.50%	4.50%	4.50%

	Fiscal Year				
	2015	2014	2013	2012	2011
Taxable Sales by Industry					
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
Totals	\$ 20,598,908	\$ 19,978,391	\$ 18,886,266	\$ 18,214,064	\$ 17,709,023
Direct Sales Tax Rate	4.00%	4.00%	4.00%	4.00%	4.00%

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

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales on tangible personal property, services, and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are fewer than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to June 1, 2016, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services. Beginning June 1, 2016, all items subject to the state sales tax will be taxed at 4.5% to conform to the HB 1182 passed during the 2016 Session. A use tax of the same rate as the sales tax rate was imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. An excise tax of the same rate as the sales tax rate was imposed on farm machinery and amusement device tax.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Ratios of Outstanding Long-Term Debt
Last Ten Fiscal Years

(Dollars Expressed in Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities:					
Revenue Bonds	\$ 146,764	\$ 160,839	\$ 176,322	\$ 192,360	\$ 157,847
Trust Certificates					280
Capital Leases	133,352	136,417	139,181	145,681	116,289
Total Governmental Activities	280,116	297,256	315,503	338,041	274,416
Business-type Activities:					
Revenue Bonds	351,302	375,803	287,206	230,912	247,852
Total Business-type Activities	351,302	375,803	287,206	230,912	247,852
Total Primary Government	\$ 631,418	\$ 673,059	\$ 602,709	\$ 568,953	\$ 522,268
South Dakota Total Personal Income (r)	\$ 52,313,000	\$ 47,738,000	\$ 46,249,000	\$ 43,275,000	\$ 41,960,000
Debt as a Percentage of Personal Income	1.2%	1.4%	1.3%	1.3%	1.2%
South Dakota Population (in thousands)(r)	891	885	879	873	863
Long-Term Debt per Capita	\$ 708.66	\$ 760.52	\$ 685.68	\$ 651.72	\$ 605.18

	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
Total Governmental Activities	291,686	278,910	283,572	308,355	309,813
Business-type Activities:					
Revenue Bonds	263,818	207,448	212,523	222,705	174,218
Total Business-type Activities	263,818	207,448	212,523	222,705	174,218
Total Primary Government	\$ 555,504	\$ 486,358	\$ 496,095	\$ 531,060	\$ 484,031
South Dakota Total Personal Income (r)	\$ 41,548,000	\$ 39,872,000	\$ 38,109,000	\$ 37,659,000	\$ 36,742,000
Debt as a Percentage of Personal Income	1.3%	1.2%	1.3%	1.4%	1.3%
South Dakota Population (in thousands)(r)	854	849	842	833	823
Long-Term Debt per Capita	\$ 650.47	\$ 572.86	\$ 589.19	\$ 637.53	\$ 588.13

Source: Debt information obtained from the South Dakota Comprehensive Annual Financial Reports (FY 2011-2020)
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2020 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 has been revised for fiscal years 2011 through 2019.
Data for South Dakota Population has been revised for fiscal years 2011 through 2019.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue Bonds and Trust Certificates										
- Building Authority										
Revenue - Lease Payments	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646	\$ 15,052
Less: Operating Expenses										
Net Available Revenue	\$ 6,966	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646	\$ 15,052
Debt Service										
Principal	\$ 3,680	\$ 3,507	\$ 3,462	\$ 3,648	\$ 2,321	\$ 4,047	\$ 6,978	\$ 10,713	\$ 11,243	\$ 11,240
Interest	3,112	3,451	3,532	4,388	6,283	4,377	5,478	2,559	3,355	3,731
Total	\$ 6,792	\$ 6,958	\$ 6,994	\$ 8,036	\$ 8,604	\$ 8,424	\$ 12,456	\$ 13,272	\$ 14,598	\$ 14,971
Coverage	1.03	1.00	1.00	1.00	1.00	1.06	1.02	1.02	1.00	1.01
Revenue Bonds										
-Educational Enhancement Funding Corp.										
Revenue:										
Tobacco Settlement	\$ 20,832	\$ 20,024	\$ 46,015	\$ 22,815	\$ 25,156	\$ 23,306	\$ 26,326	\$ 23,914	\$ 24,359	\$ 22,908
Investment Earnings	341	462	257	102	68	13	7	1,079	1,202	1,098
Less: Operating Expenses								165	152	152
Net Available Revenue	\$ 21,173	\$ 20,486	\$ 46,272	\$ 22,917	\$ 25,224	\$ 23,319	\$ 26,333	\$ 24,828	\$ 25,409	\$ 23,854
Debt Service										
Principal	\$ 10,600	\$ 10,900	\$ 11,500	\$ 11,935	\$ 12,535	\$ 13,225	\$ 13,995	\$ 18,800	\$	\$
Interest	3,145	3,530	3,789	4,018	4,215	4,376	4,498	10,828	12,975	13,799
Total	\$ 13,745	\$ 14,430	\$ 15,289	\$ 15,953	\$ 16,750	\$ 17,601	\$ 18,493	\$ 29,628	\$ 12,975	\$ 13,799
Coverage	1.54	1.42	3.03	1.44	1.51	1.32	1.42	0.84	1.96	1.73
Revenue Bonds										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 36,697	\$ 30,004	\$ 27,944	\$ 28,764	\$ 28,998	\$ 26,637	\$ 25,502	\$ 24,394	\$ 29,078	\$ 43,202
Investment Income	5,752	6,637	4,605	4,181	4,192	3,900	3,988	3,402	3,494	3,259
Other Income	1,701	1,597	1,528	1,428	1,410	1,442	1,332	1,238	1,243	1,320
Less: Operating Expenses	1,698	2,288	3,737	2,348	982	1,294	1,080	2,476	1,304	982
Net Available Revenue	\$ 42,452	\$ 35,950	\$ 30,340	\$ 32,025	\$ 33,618	\$ 30,685	\$ 29,742	\$ 26,558	\$ 32,511	\$ 46,799
Debt Service										
Principal	\$ 13,130	\$ 12,505	\$ 10,125	\$ 9,875	\$ 9,290	\$ 7,580	\$ 7,415	\$ 6,110	\$ 4,320	\$ 3,665
Interest	10,304	9,293	7,862	6,821	7,088	6,663	5,361	5,578	4,063	3,188
Total	\$ 23,434	\$ 21,798	\$ 17,987	\$ 16,696	\$ 16,378	\$ 14,243	\$ 12,776	\$ 11,688	\$ 8,383	\$ 6,853
Coverage	1.81	1.65	1.69	1.92	2.05	2.15	2.33	2.27	3.88	6.83
Revenue Bonds										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 15,449	\$ 20,165	\$ 21,007	\$ 17,634	\$ 23,042	\$ 25,234	\$ 19,597	\$ 19,956	\$ 34,599	\$ 31,338
Investment Income	3,727	4,230	3,233	2,930	3,104	2,639	3,148	2,558	2,351	1,987
Other Income	1,050	921	955	916	899	885	909	929	1,064	1,034
Less: Operating Expenses	1,476	1,282	1,076	695	105	123	142	146	137	164
Net Available Revenue	\$ 18,750	\$ 24,034	\$ 24,119	\$ 20,785	\$ 26,940	\$ 28,635	\$ 23,512	\$ 23,297	\$ 37,877	\$ 34,195
Debt Service										
Principal	\$ 8,575	\$ 8,085	\$ 6,075	\$ 5,925	\$ 5,535	\$ 4,475	\$ 4,380	\$ 4,050	\$ 2,845	\$ 2,495
Interest	4,073	3,315	2,409	2,116	2,255	2,276	2,155	2,284	2,676	2,517
Total	\$ 12,648	\$ 11,400	\$ 8,484	\$ 8,041	\$ 7,790	\$ 6,751	\$ 6,535	\$ 6,334	\$ 5,521	\$ 5,012
Coverage	1.48	2.11	2.84	2.58	3.46	4.24	3.60	3.68	6.86	6.82

Source: Clean Water State Revolving Fund Financial Statements, Drinking Water State Revolving Fund Financial Statements, Education Enhancement Funding Corporation Annual Report, and Building Authority Lease Rental Schedules and Debt Service Schedules.

- Note:**
- (a) The Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and Drinking Water State Revolving Fund are considered to be blended component units of the State. The Revenue Bonds and Trust Certificates issued by these entities may not be or become: a lien, charge, or liability against the State.
 - (b) For the Educational Enhancement Funding Corporation, all turbo redemptions are excluded from this calculation.
 - (c) All funds are presented on an accrual basis except for the Building Authority Fund which is presented on a cash basis.

POPULATION
(Expressed in Thousands)

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2019r	328,240	0.5 %	21,427	0.4 %	885	0.7 %
2018r	326,688	0.5 %	21,350	0.4 %	879	0.7 %
2017r	324,986	0.6 %	21,267	0.4 %	873	1.2 %
2016r	322,941	0.7 %	21,175	0.4 %	863	1.1 %
2015r	320,635	0.7 %	21,083	0.5 %	854	0.6 %
2014r	318,301	0.7 %	20,983	0.5 %	849	0.8 %
2013r	315,994	0.7 %	20,870	0.6 %	842	1.1 %
2012r	313,831	0.7 %	20,751	0.5 %	833	1.1 %
2011r	311,557	0.7 %	20,641	0.5 %	824	1.0 %
2010r	309,322	0.8 %	20,536	0.7 %	816	1.1 %

Note: Midyear population estimates updated September 2020. Revised estimates for 2010 through 2019. With each new release of population estimates, the Census Bureau Revises estimates for years back to the last census.

r = Revised Estimates

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

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2020

TOTAL PERSONAL INCOME
(Dollars Expressed in Millions)

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2019r	\$ 18,542,262	3.9 %	\$ 1,146,515	3.5 %	\$ 47,738	3.2 %
2018r	17,839,255	5.3 %	1,107,630	5.0 %	46,249	6.4 %
2017r	16,937,582	4.9 %	1,055,029	3.2 %	43,457	3.3 %
2016r	16,151,881	2.8 %	1,022,336	1.3 %	42,049	1.1 %
2015r	15,717,140	4.9 %	1,009,286	3.4 %	41,571	4.3 %
2014r	14,982,715	5.7 %	975,637	4.4 %	39,872	4.6 %
2013r	14,175,503	1.3 %	934,446	1.1 %	38,109	1.2 %
2012r	13,998,383	5.1 %	924,061	5.7 %	37,659	2.5 %
2011r	13,315,478	6.2 %	874,230	7.4 %	36,742	9.4 %
2010r	12,541,995	4.1 %	814,191	3.7 %	33,596	5.7 %

Note: Revised estimates reflect the revision of the National Income and Product Accounts (NIPA's), and newly available state and local data. Revised estimates for 2010 through 2019.

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 2020

UNEMPLOYMENT RATE

YEAR	SOUTH DAKOTA	UNITED STATES
2019	3.3%	3.7%
2018	3.1%	3.9%
2017	3.2%	4.4%
2016	3.0%	4.9%
2015	3.1%	5.3%
2014	3.4%	6.2%
2013	3.8%	7.4%
2012	4.3%	8.1%
2011	4.7%	8.9%
2010	5.0%	9.6%

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

PER CAPITA PERSONAL INCOME

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2019r	\$ 56,490	3.5 %	\$ 53,509	3.1 %	\$ 53,962	2.5 %
2018r	54,606	4.8 %	51,879	4.6 %	52,633	5.7 %
2017r	52,118	4.2 %	49,609	2.8 %	49,787	2.2 %
2016r	50,015	2.0 %	48,280	0.9 %	48,724	0.1 %
2015r	49,019	4.1 %	47,872	3.0 %	48,678	3.7 %
2014r	47,071	4.9 %	46,497	3.8 %	46,957	3.8 %
2013r	44,860	0.6 %	44,775	0.5 %	45,243	0.1 %
2012r	44,605	4.4 %	44,532	5.1 %	45,179	1.3 %
2011r	42,739	5.4 %	42,353	6.8 %	44,612	8.4 %
2010r	40,547	3.2 %	39,647	3.0 %	41,163	4.5 %

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

r = Revised Estimates

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

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2020.

NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY¹
(Expressed in Thousands)

	2020p	2019r	2018r	2017r	2016r	2015r	2014r	2013r	2012r	2011r
Natural Resources/Mining/Construction	26.7	24.6	24.0	23.4	23.7	23.1	22.2	21.4	21.1	21.1
Manufacturing	42.8	44.8	44.4	43.1	42.2	42.6	42.3	41.5	41.2	39.2
Trade/Transportation/Utilities	82.9	86.0	86.5	87.0	88.0	87.3	85.6	83.5	82.8	81.6
Wholesale Trade	20.9	21.2	20.8	20.8	21.0	21.0	20.6	19.8	19.3	18.8
Retail Trade	49.1	51.2	52.3	53.0	53.7	52.9	51.9	51.1	51.0	50.2
Trans/Warehousing/Utility	12.9	13.7	13.5	13.3	13.3	13.4	13.1	12.6	12.5	12.6
Information	5.3	5.5	5.6	5.7	5.8	5.9	6.0	6.0	6.2	6.4
Financial Activities	29.1	29.0	29.2	29.3	29.3	29.7	29.7	29.7	28.6	28.1
Professional/Business Svcs.	33.3	33.2	32.3	31.5	31.4	30.8	30.5	29.7	29.3	28.9
Educational/Health Services	71.4	73.5	72.5	71.5	70.3	69.1	68.3	68.0	67.1	65.3
Leisure and Hospitality	41.2	47.3	47.3	47.0	46.7	46.2	45.4	44.7	44.3	43.4
Other Services (Except Public Administration)	15.6	16.9	16.7	16.7	16.6	16.3	16.1	16.2	16.0	15.7
Government	76.1	79.9	79.5	79.1	78.4	77.8	77.8	77.3	77.5	78.0
TOTAL	507.3	526.8	524.6	521.4	520.4	516.1	509.5	501.5	496.9	489.3
% Change in Nonfarm Employment	-3.7%	0.4%	0.6%	0.2%	0.8%	1.3%	1.6%	0.9%	1.6%	21.2%

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

¹ Based on North American Industry Classification System (NAICS)

p = Preliminary Data

r = Revised Data

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

EXPANDED AND NEW INDUSTRIES
(Dollars Expressed in Millions)

	EXPANSIONS		NEW		TOTAL	
	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT
2019	372	\$ 324.2	0	\$ 0.0	372	\$ 324.2
2018	304	423.3	6	26.1	310	449.4
2017	207	387.8	4	9.3	211	397.1
2016	163	256.6	2	0.6	165	257.2
2015	330	406.5	2	3.4	332	409.9
2014	352	459.4	8	16.3	360	475.7
2013	283	278.6	8	204.7	291	483.3
2012	406	403.3	3	0.0	409	403.3
2011	367	276.5	4	0.9	371	277.4
2010	323	111.2	12	0.3	335	111.5

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

Source: Governor's Office of Economic Development

State of South Dakota

Employment by Industry Type

2020 as Compared to 2011

June 2020 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	74,300	17.4%
2	Health Care and Social Assistance	63,700	14.9%
3	Retail Trade	49,500	11.6%
4	Manufacturing	43,200	10.1%
5	Leisure and Hospitality	42,900	10.1%
6	Professional and Business Services	33,600	7.9%
7	Mining, Logging, and Construction	29,800	7.0%
8	Financial Activities	29,400	6.9%
9	Wholesale Trade	21,100	5.0%
10	Other Services	15,400	3.6%
11	Transportation, Warehousing, and Utilities	12,400	2.9%
12	Educational Services	6,000	1.4%
13	Information	5,300	1.2%
Total Nonfarm Employment		426,600	100.0%

Sources: June, 2020 Current Employment Statistics (CES) data for all nonfarm workers, not seasonally adjusted.

Labor Market Information Center, SD Dept. of Labor & Regulation in cooperation with U.S. Bureau of Labor Statistics. Downloaded: 12/15/2020

Notes: Due to confidentiality issues, employment numbers of the ten largest employers is not available. The categories presented are intended to provide alternative information regarding employment.

June 2011 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	80,000	19.2%
2	Health Care and Social Assistance	58,400	14.0%
3	Retail Trade	50,700	12.1%
4	Leisure and Hospitality	46,500	11.1%
5	Manufacturing	39,500	9.5%
6	Professional and Business Services	29,300	7.0%
7	Financial Activities	28,300	6.8%
8	Mining, Logging, and Construction	23,300	5.6%
9	Wholesale Trade	19,100	4.6%
10	Other Services	16,000	3.8%
11	Transportation, Warehousing, and Utilities	12,700	3.0%
12	Educational Services	7,000	1.7%
13	Information	6,500	1.6%
Total Nonfarm Employment		417,300	100.0%

Sources: June, 2011 Current Employment Statistics (CES) data for all nonfarm workers, not seasonally adjusted.

Labor Market Information Center, SD Dept. of Labor & Regulation in cooperation with U.S. Bureau of Labor Statistics. Downloaded: 12/15/2020

Notes: Due to confidentiality issues, employment numbers of the ten largest employers is not available. The categories presented are intended to provide alternative information regarding employment.

State of South Dakota
Full-Time Equivalent State Employees by Function of Government
Last Ten Fiscal Years
(excluding Higher Education)

Function of State Government:	Fiscal Year				
	2020	2019	2018	2017	2016
General Government	1,024	1,020	1,028	1,020	1,018
Health, Human, and Social Services	2,905	2,913	2,958	2,991	2,936
Law, Justice, Public Protection, and Regulation	2,137	2,143	2,129	2,130	2,186
Agriculture and Natural Resources	927	944	944	948	939
Transportation	991	997	1,000	998	976
Education	178	178	177	180	176
Economic Resources	71	125	125	124	156
State Total	8,233	8,320	8,361	8,391	8,387

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
State Total	8,476	8,440	8,411	8,305	8,525

Source: State's Budget System RB16 - June 30, 2020 *does not take into consideration reorganization*

Note:

(a) A full-time equivalent employee, or FTE, represents one full-time position, or a number of part-time or seasonal positions.

**State of South Dakota
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year			
	2020	2019	2018	2017
General Government				
Vehicles	2,897	3,012	2,948	2,908
Land (Acres)	762,538	761,475	761,465	760,743
Equipment	1,359	1,406	1,382	1,386
Buildings	24	24	22	22
Infrastructure	0	0	0	0
Health, Human, and Social Services				
Vehicles	7	7	7	7
Land (Acres)	642	644	584	710
Equipment	653	689	665	650
Buildings	81	81	84	89
Infrastructure	0	0	0	0
Law, Justice, Public Protection, and Regulation				
Vehicles	297	358	361	361
Land (Acres)	1,413	1,413	1,512	1,504
Equipment	1,246	1,263	1,196	1,180
Buildings	137	137	135	157
Infrastructure	0	0	0	0
Agriculture and Natural Resources				
Vehicles	353	366	369	378
Land (Acres)	363,285	363,221	363,222	362,876
Equipment	1,667	1,715	1,668	1,647
Buildings	129	128	120	96
Infrastructure	0	0	0	0
Transportation				
Vehicles	1,197	1,295	1,301	1,281
Land (Acres)	3,199	3,182	3,177	3,199
Land, ROW Roads	\$ 108,226,917	\$ 107,257,048	\$ 103,939,192	\$ 97,004,207
Land Improvements, Roads	\$ 529,014,507	\$ 529,014,507	\$ 527,033,832	\$ 527,033,832
Equipment	4,109	4,257	4,066	3,917
Buildings	209	207	203	199
Infrastructure				
-Roads: Lane Miles	8,847	8,847	8,850	8,850
-Bridges: Number of	1,802	1,795	1,796	1,796
-Railroads: Track Miles	530	530	530	530
Education				
Vehicles	0	0	0	0
Land (Acres)	187	187	284	284
Equipment	76	81	81	86
Buildings	32	32	32	34
Infrastructure	0	0	0	0
Economic Resources				
Vehicles	0	0	0	0
Land (Acres)	6	6	6	0
Equipment	1	1	1	3
Buildings	0	0	0	0
Infrastructure	0	0	0	0

Source: Survey conducted by BFM of the department's finance personnel and the Fixed Asset System.

Fiscal Year					
2016	2015	2014	2013	2012	2011
2,987	2,904	2,929	2,862	2,852	2,949
760,806	760,806	760,806	760,804	760,828	760,828
1,427	1,406	1,367	1,388	1,406	1,296
23	22	19	15	17	17
0	0	0	0	0	0
7	7	7	8	8	8
763	799	799	777	710	710
667	651	604	610	590	554
89	92	93	48	47	47
0	0	0	0	0	0
332	317	320	339	324	320
1,504	1,510	1,510	1,484	1,387	2,066
1,090	1,047	940	932	826	762
156	159	156	71	74	74
0	0	0	0	0	0
389	392	373	373	377	365
361,821	360,938	360,323	360,137	360,039	360,039
1,617	1,576	1,509	1,490	1,457	1,357
76	73	65	55	52	52
0	0	0	0	0	0
1,287	1,279	1,250	1,183	1,206	1,268
3,213	3,217	3,206	3,294	3,498	3,618
\$ 95,308,778	\$ 93,472,606	\$ 92,796,015	\$ 92,689,993	\$ 89,954,671	\$ 86,389,686
\$ 523,392,571	\$ 520,147,538	\$ 514,620,856	\$ 512,129,195	\$ 512,129,195	\$ 512,410,674
3,806	3,661	3,415	3,211	3,081	3,043
193	183	175	115	109	104
8,861	8,862	8,850	8,850	8,858	8,858
1,795	1,799	1,796	1,798	1,799	1,805
530	530	530	530	513	513
0	0	0	0	0	0
284	184	77	77	77	45
78	25	24	17	11	15
27	27	27	26	22	22
0	0	0	0	0	0
0	0	0	1	2	2
0	0	0	0	0	0
3	47	49	45	42	48
0	1	1	0	0	0
0	0	0	0	0	0

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

General Government	Fiscal Year		
	2020	2019	2018
Executive Management			
Bureau of Finance and Management			
Complete Governors Budget Book	Annual	Annual	Annual
Finalize State Operating Budget	Annual	Annual	Annual
Bureau of Information and Telecommunications			
SDPB Local Production (Hours)	3,068	3,237	3,239
Radio Calls through Digital Network	27,376,199	25,879,566	27,038,877
Bureau of Human Resources			
Health: Employees, COBRA, Retirees/Dependents	12,897 / 14,204	13,073 / 14,311	13,240 / 14,179
Bureau of Administration			
Pieces of Mail Handled/Year	6,594,534	6,783,673	7,254,250
Total Miles Driven	32,786,517	37,538,989	37,677,337
Revenue			
Total Active Business Licenses	91,793	89,842	85,147
Vehicles Registered	1,509,538	1,527,593	1,533,549
Misc. Special Tax Licenses	5,878	6,059	6,757
Lottery			
Licensed Lottery Retailers--Instant Only	13	13	13
Licensed Lottery Retailers--On-line	614	616	636
Legislature			
Auditor General			
Audits Performed	57	56	53
Audits Reviewed (IPA reports)	352	345	316
School and Public Lands			
Apportion Common School Interest Fund and Income to School Districts (Thousands)	\$ 12,695	\$ 12,112	\$ 11,282
Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (Thousands)	\$ 3,412	\$ 2,813	\$ 2,642
Secretary of State			
Business and Secured Transaction Filings	127,036	122,122	125,600
State Treasurer			
Cash Receipts (Thousands)	\$ 6,971,719	\$ 5,432,711	\$ 5,205,064
Unclaimed Property - Claims Paid	6,467	4,624	5,822
State Auditor			
Vouchers Audited	257,420	285,516	281,596
Warrants Written	236,466	239,860	250,707
Health, Human, and Social Services			
Social Services			
Medicaid Enrolled/Month	115,731	116,709	118,338
Long Term Care Services - Clients Served	3,487	3,694	3,723
Health			
Public Health Investigations	11,716	28,087	21,187
Labor			
State Labor Force	466,631	463,061	457,835
Unemployment Rate	4.80%	2.90%	3.30%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.040%	0.040%
Budget Compared to Benefits	0.860%	0.840%	0.860%
Veterans Benefits and Services			
South Dakota Veteran Population	67,119	65,893	66,811
State Veterans' Home			
Average Daily Census	98	96	94
Human Services			
People with Developmental Disabilities Served	3,012	3,031	3,105
People with Mental Illness Served	18,047	18,189	17,866
People with Substance Abuse Issues Served	11,693	11,361	12,351
People Receiving Vocational Rehabilitation Services	4,753	5,174	5,581

Fiscal Year						
2017	2016	2015	2014	2013	2012	2011
Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual
3,110	3,271	3,760	3,735	3,656	2,056	2,456
24,549,762	29,858,306	27,888,987	26,319,746	26,968,003	26,052,239	24,122,503
13,264 / 13,730	13,242 / 13,418	13,328 / 13,360	13,413 / 13,426	13,296 / 13,305	13,234 / 13,008	13,372 / 12,488
7,448,095	7,536,209	7,720,306	7,719,049	8,047,767	8,631,113	8,991,825
38,898,000	38,344,195	38,848,323	38,241,658	38,739,712	38,755,956	37,663,512
84,242	82,640	80,779	80,236	81,047	80,130	78,399
1,484,111	1,519,080	1,425,379	1,258,147	1,402,128	1,081,516	1,156,109
6,663	6,612	5,228	5,372	5,430	5,333	5,332
13	13	12	12	12	12	13
632	610	608	600	597	591	584
54	54	46	56	49	73	59
351	333	326	322	338	327	356
\$ 10,196	\$ 10,227	\$ 9,969	\$ 8,774	\$ 7,422	\$ 7,433	\$ 8,274
\$ 2,410	\$ 2,267	\$ 2,104	\$ 1,500	\$ 1,991	\$ 1,957	\$ 1,629
112,454	121,302	120,807	151,658	100,492	92,608	90,291
\$ 5,197,293	\$ 4,955,107	\$ 4,917,575	\$ 4,883,829	\$ 4,621,725	\$ 4,667,076	\$ 4,435,684
3,162	5,127	4,500	10,024	3,973	2,992	4,619
279,250	288,653	290,861	297,649	289,083	291,219	293,522
257,678	270,702	298,293	306,344	318,863	400,307	433,121
119,619	118,674	117,346	115,328	116,128	115,731	114,405
3,702	3,867	3,977	4,051	4,053	4,138	4,276
16,999	13,224	13,750	13,875	12,618	10,386	10,379
455,475	453,175	450,900	450,660	446,990	444,805	444,980
2.90%	2.80%	3.50%	3.70%	4.30%	4.50%	4.90%
0.040%	0.040%	0.040%	0.040%	0.040%	0.042%	0.053%
0.860%	0.860%	0.870%	0.890%	0.870%	0.900%	1.120%
72,000	72,000	75,000	75,000	75,000	72,000	72,000
94	96	121	113	118	130	129
3,092	3,103	3,104	3,078	3,032	2,970	2,899
17,169	17,194	16,653	16,142	16,110	15,572	14,915
12,003	12,297	11,525	11,579	12,305	14,307	14,893
5,608	5,484	5,299	5,798	6,166	6,477	6,224

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

	Fiscal Year		
	2020	2019	2018
Law, Justice, Public Protection, and Regulation			
Corrections			
Adult System ADP (Average Daily Population)	3,772	3,902	3,949
Avg. Daily Population on Supervision	3,186	2,951	2,573
Juvenile Institutional and Placement ADP	191	197	231
Unified Judicial System			
Felony Offenses Filings	13,476	12,527	12,259
Class One Misdemeanor Filings	19,725	20,828	22,144
Class Two Misdemeanor Filings	92,764	104,426	115,784
Attorney General			
New Cases Opened/Closed/Pending (Thousands)	1.3 / 1.6 / 2.3	1.1 / 1.9 / 2.0	1.4 / 1.7 / 2.3
Investigations Conducted by DCI	1,277	819	935
Public Safety			
Patrol of Public Highways (Percentage)	63%	60%	59%
Patrol of Public Highways (Hours)	N/A	N/A	N/A
Driver Licenses Issued	169,997	163,658	196,733
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,072	3,141	3,148
Assigned Strength of the Air Guard	1,055	1,055	1,051
Appraiser Program			
New / Renewed Licenses	5 / 402	14 / 410	14 / 387
Revenue Financial Services			
Banking Institutions Examined	N/A	N/A	N/A
Dealer, Broker & Investment Advisor			
Agents Licensed	107,764	104,188	100,956
Renewed & Issued Insurance			
Appointments/Licenses	403,025	366,307	360,232
Revenue Boards and Commissions			
New & Renewed Licenses Issued	5,280	6,396	6,939
Public Utilities Commission			
Dockets Opened	128	180	183
Agriculture and Natural Resources			
Agriculture			
Wildfires Suppressed: (Fires/Acres)	324 / 3,404	259 / 4,413	731 / 65,659
Dairy Inspections	378	458	434
Marketing Consultations	N/A	N/A	N/A
Insect & Disease Individual Assists	1,599	1,072	412
Game, Fish and Parks			
Total Park Visitations	11,255,067	7,298,423	7,646,131
Acres of Walk-In Areas	1,200,000	1,270,000	1,355,000
Environment and Natural Resources			
Dollars Awarded/Number of Grants and Loans	189.6 M / 112	155.0 M / 70	66.1 M / 66
Total Number of Regulated Facilities	N/A	29,463	29,225
Petroleum Release Compensation			
Petroleum Release Cases Initiated	36	34	30
Abandoned Tank Site Cases Initiated	35	36	39
Transportation			
Transportation			
Percent of Non-interstate State Highway System			
Main Lane Pavement Mileage Rated Good or Better on Condition Index	87	88	86
Percent of Interstate Pavement in Excellent			
Condition Based on Condition Index	50	56	50
Education			
Student K-12 Public School Fall Enrollment	136,119	135,317	133,861
Economic Resources			
Tourism and State Development			
Capital Investment Reported (Millions)	N/A	N/A	\$ 400.9
New Jobs Created (Calendar Year)	N/A	N/A	1,138
Tourism's Impact on South Dakota Economy (Billions)	\$ 2.75	\$ 2.65	\$ 2.64

Source: State's Budget System and/or survey of department finance personnel.
N/A= Not Applicable

Fiscal Year							
2017	2016	2015	2014	2013	2012	2011	
3,844	3,613	3,610	3,645	3,637	3,565	3,479	
2,480	2,345	2,315	2,297	2,473	2,418	2,452	
316	482	650	649	688	526	459	
11,512	10,800	10,392	9,413	6,856	7,225	6,456	
21,884	22,055	20,979	20,518	22,720	21,690	19,929	
114,231	114,445	112,323	105,213	111,461	117,594	112,853	
1.0 / 2.0 / 2.0	2.1 / 1.8 / 2.1	1.9 / 2.0 / 1.9	2.2 / 2.9 / 1.5	1.2 / 2.2 / 1.6	.85 / 2.1 / 1.5	1.0 / 1.3 / 2.5	
963	1,063	1,062	1,077	1,013	1,012	902	
55%	59%	54%	60%	45%	46%	45%	
N/A	N/A	N/A	N/A	N/A	N/A	131,508	
196,780	203,012	198,279	156,731	198,733	201,766	198,871	
3,163	3,130	3,165	3,204	3,220	3,266	3,420	
1,037	1,040	1,050	1,044	1,030	1,038	1,057	
19 / 378	36 / 410	11 / 380	10 / 368	20 / 399	15 / 383	11 / 381	
N/A	N/A	N/A	542	534	563	562	
96,156	96,262	91,545	86,131	81,567	79,886	77,038	
326,870	295,526	282,241	269,568	286,078	243,465	270,412	
6,688	7,161	6,708	7,102	7,137	7,517	6,853	
152	154	193	240	265	238	143	
748 / 74,228	614 / 17,359	642 / 53,145	451 / 11,421	1,253 / 148,604	1,267 / 123,484	468 / 7,100	
635	604	500	520	713	831	956	
N/A	N/A	N/A	N/A	390	375	375	
317	305	279	288	491	354	307	
7,729,787	7,509,840	7,605,595	8,115,000	8,091,937	7,682,751	7,469,331	
1,331,000	1,392,000	1,389,734	1,270,000	1,277,000	1,271,743	1,300,000	
121.6 M / 91	77.5 M / 106	118.3 M / 113	78.9M / 95	88.8M / 108	96.4M / 129	119.1M / 155	
29,108	29,186	28,359	28,740	27,820	27,331	26,679	
42	55	60	45	120	95	62	
45	57	62	100	81	45	36	
83	82	90	89	88	93	88	
50	45	53	46	45	53	33	
132,520	130,936	129,772	128,924	127,169	125,152	123,629	
\$ 257.2	\$ 400.0	\$ 475.0	\$ 300.0	\$ 400.0	\$ 282.0	\$ 118.0	
163	3,000	3,300	4,000	3,000	4,248	4,462	
\$ 2.46	\$ 2.36	\$ 1.99	\$ 1.98	\$ 1.95	\$ 1.86	\$ 1.76	



