

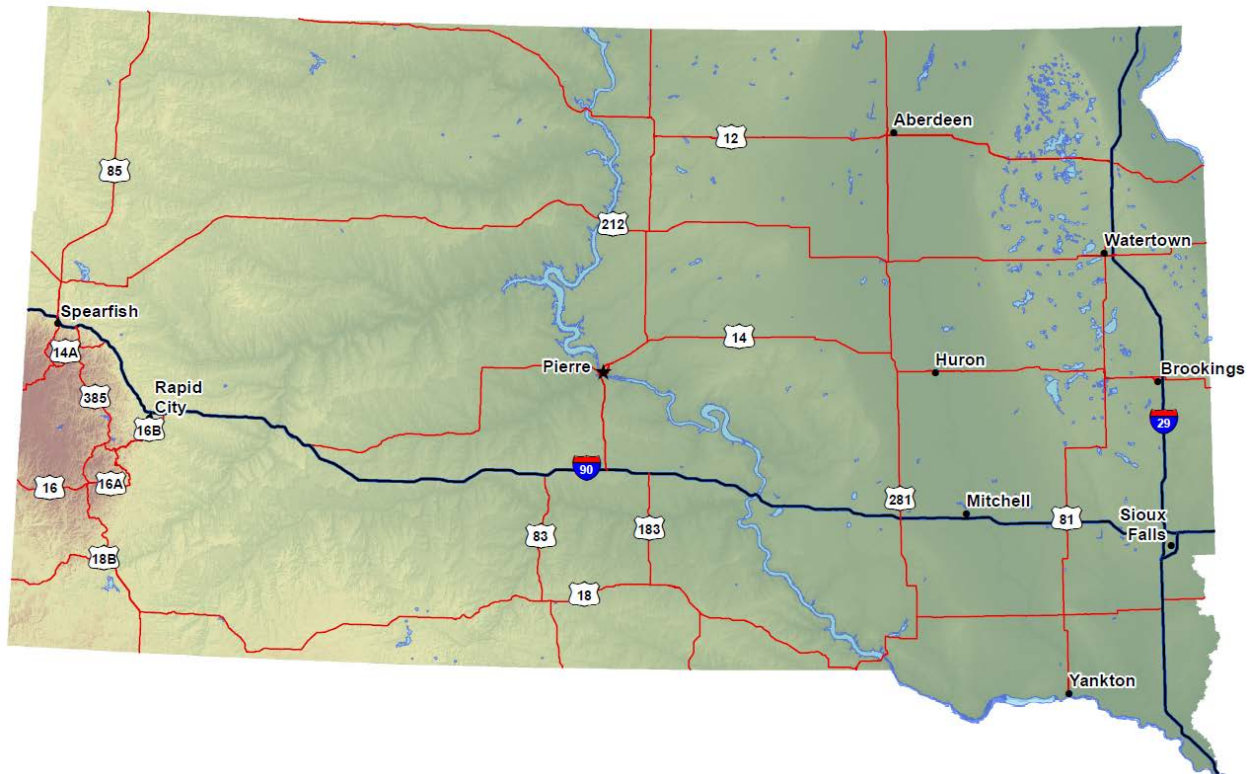
South Dakota

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR
ENDED JUNE 30, 2019**

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019*



KRISTI NOEM, GOVERNOR

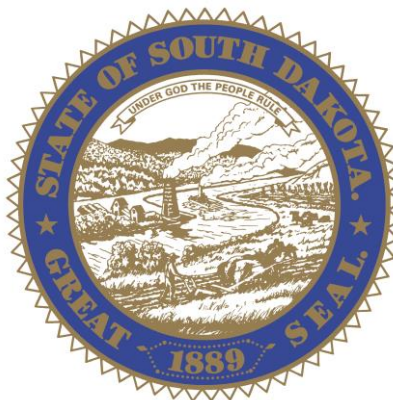
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ACKNOWLEDGEMENTS

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

December 20, 2019

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 33rd *Comprehensive Annual Financial Report* covering operations for the fiscal year ending June 30, 2019. 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, without the use of financial gimmicks.

South Dakota's economy remains strong. Employment grew 1.9% or 8,200 jobs in fiscal year 2019, the strongest growth in the past 10 years. South Dakota's unemployment rate of 3.0% continues to outpace the United States total unemployment rate of 3.6%. Nonfarm income experienced robust growth of 5.4% in calendar year 2018, further contributing to South Dakota's strong economic growth.

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

Sincerely,

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

Kristi Noem

Governor of South Dakota

South Dakota



GREAT FACES. GREAT PLACES. ©

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INTRODUCTORY SECTION



INTRODUCTORY SECTION



DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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December 20, 2019

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 33rd *Comprehensive Annual Financial Report* (CAFR) for the State of South Dakota (the State) for the fiscal year ended June 30, 2019.

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, 2019, 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 2019 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 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.

All the State's major governmental funds are either annually appropriated by the South Dakota Legislature (General Fund, Transportation, and Social Services Federal funds) or are continuously appropriated by state law (Dakota Cement Trust and Education Enhancement Trust funds).

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 three 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 2019 was the 129th 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 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%

The combined accrual basis balance of these two reserve accounts for fiscal year 2019 was \$189.1 million. The Budget Reserve increased from \$132.4 million to \$145.1 million, while the General Revenue Replacement Fund remained unchanged at \$44.0 million. The \$12.7 million increase from the prior year was a result of spending \$17.0 million less than appropriated and \$2.3 million higher than expected revenues, offset by a \$6.6 million legislatively approved transfer to the General Fund for emergency special appropriations. The combined reserve balance of \$189.1 million is approximately 11.26% of the fiscal year 2019 General Fund total expenditures.

- **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 33rd consecutive year South Dakota has received an unmodified opinion on its CAFR.

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% (est.)

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

- **Internal Controls.** The State has robust internal controls designed to provide reasonable assurance the State is meeting its operational, reporting, and compliance objectives. This fact has been proven time and again that South Dakota is a leader in operational efficiencies, while maintaining sound safeguards of its assets and resources. The State Board of Internal Control 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 the consulting firm PwC 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.

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 2019, the Lottery generated \$129.5 million of income (before transfers) and provided \$129.4 million in transfers to other funds that improve the quality of life in South Dakota. Since its inception in 1987, the Lottery has distributed \$2.9 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 the 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 an 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. As a result, future unfunded actuarial accrued liabilities are expected only in significant economic downturns and are expected to be temporary until eliminated by corrective actions during the following legislative session.

In fiscal year 2019, SDRS experienced a 4.87% (time-weighted) market return, or 1.63% less than the assumed rate of return of 6.50%. Plan investments at fair value in fiscal year 2019 were \$12.3 billion compared to \$6.6 billion in fiscal year 2010.

As previously stated, as of June 30, 2019, SDRS is fully funded with an actuarial value funded ratio and a fair value funded ratio of 100.1%. 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, and 2019 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)

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

Employment growth is an important indicator of the State's economic health. South Dakota's nonfarm employment declined 1.9% in 2009 and 0.2% in 2010 but rebounded with an average growth rate of 1.0% from 2011 through 2018. This compares to the United States nonfarm employment growth of -4.3% in 2009, -0.7% in 2010, and average growth of 1.7% from 2011 through 2018.

In fiscal year 2019, nonfarm employment in South Dakota grew 1.9% compared to the national growth rate of 1.7% over the same period. Employment sectors that experienced growth in fiscal year 2019 in South Dakota include: mining, logging, and construction; manufacturing; transportation and utilities; wholesale trade; professional and business services; education and health services; and other services and government. The employment sectors that experienced decreases include: information; retail trade; financial activities; and leisure and hospitality.

The unemployment rate in South Dakota remained low through fiscal year 2019 and remains among the lowest in the nation due to steady economic growth. In September 2019, South Dakota's unemployment rate was 3.0%, which is 0.6% lower than the U.S. unemployment rate of 3.6% for the same month.

Income growth is another important indicator of the State's economic health. In calendar year 2018, which is the most recent annual data that is available, South Dakota's nonfarm personal income grew 5.4%, slightly less than the U.S. growth rate of 5.6%. However, over the past five years (2014 to 2018), South Dakota's average annual growth of nonfarm personal income has been 5.2%, slightly higher than the national average growth rate of 4.8% over the same period. In 2018, the other Plains region states of Iowa, Kansas, Minnesota, Missouri, Nebraska, and North Dakota

experienced nonfarm income growth rates of 5.7%, 5.4%, 5.6%, 4.9%, 5.8%, and 5.6%, respectively. South Dakota's per capita personal income was \$52,216 in 2018, 4.3% less than the U.S. average per capita income of \$54,446. In 2018, farm income in South Dakota was \$1.5 billion, which is down from record levels that were experienced from 2011 through 2014. From 2011 through 2014, farm income averaged \$3.0 billion per year, with 2011 having the highest farm income on record in South Dakota at \$3.6 billion. This compares to the previous five-year average farm income level (2005 through 2009) of \$1.6 billion.

The outlook for South Dakota's economy is for steady growth over the next two years, slightly weaker than what has been experienced the past year. As of October 2019, South Dakota's nonfarm employment levels were 8,200 jobs, or 1.8% higher when compared to a year earlier. In addition, the unemployment rate in South Dakota is currently at 3.0%, lower than the U.S. unemployment rate of 3.6% as of October 2019.

MAJOR INITIATIVES

Governor Noem's first year in office has seen many of her plans come to fruition. With the support of the Legislature, Governor Noem has developed comprehensive funding packages to help kickstart the South Dakota economy, improve public safety, preserve pheasant hunting, build transportation and infrastructure, and revitalize our rural areas.

Listed below are some of the major initiatives Governor Noem has implemented in her first year of office.

Combatting Meth for a Safer South Dakota. The use of methamphetamine has increased in recent years within the borders of South Dakota. This drug has devastating impacts on individuals and families. To combat meth, Governor Noem introduced a comprehensive meth campaign funding package in the 2019 Legislative Session that focused on three key areas: education, enforcement, and treatment. Senate Bill 180 appropriated one-time funds of \$1.4 million and the General Appropriations Act (Senate Bill 181) appropriated \$0.3 million in on-going funds to develop and sustain a methamphetamine prevention media campaign with the goal of educating South Dakotans on the horrible truths of this drug. Additionally, \$0.7 million was included in the General Appropriations Act for a middle school substance abuse prevention program. To help our law enforcement combat the trafficking and use of meth, Senate Bill 181 included \$0.2 million in funding for additional Division of Criminal Investigation agents that will specialize in methamphetamine interdiction investigations. To complete the three-prong approach, on-going funding of \$1.5 million was appropriated to enhance meth treatment programs in South Dakota.

Second Century Pheasant Habitat Initiative. For the past century, generations have enjoyed pheasant hunting in South Dakota and Governor Noem aims to make the second century of pheasant hunting for the next generation even better than the first. To ensure this great South Dakota tradition continues, efforts to enhance pheasant habitat are needed. Senate Bill 176 of the 2019 Legislative Session provided \$1.5 million in funding for the protection and enhancement of wildlife habitat across South Dakota. This funding was granted to the Second Century Initiative Habitat Fund held within the South Dakota Community Foundation and will be matched dollar for dollar with private contributions. The program will focus on a short-term working lands conservation program as an alternative to cropping marginal lands. This public-private partnership will improve and create more wildlife habitat, allowing the next generation of outdoor enthusiasts to continue to enjoy the great hunting activities in South Dakota.

Connecting South Dakota. 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, Senate Bill 180 of the 2019 Legislative Session appropriated \$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 a good first step in equipping the next generation for the jobs of the future.

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, 2018. This was the third 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 of 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, Darcy McGuigan, Amanda Werre, Lori Sears, Dominique Ruppelt, Mark Edwardson, Amy Juso, Lacey Walz, Brian Englund, Jacob Harris, Travis Rinehart, Randi Olson, Tiffany Ripperda, 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, 2018

Christopher P. Morill

Executive Director/CEO

*SOUTH DAKOTA
FY2019 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 Late Honorable Steven L. Zinter
Associate 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
FY2019 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

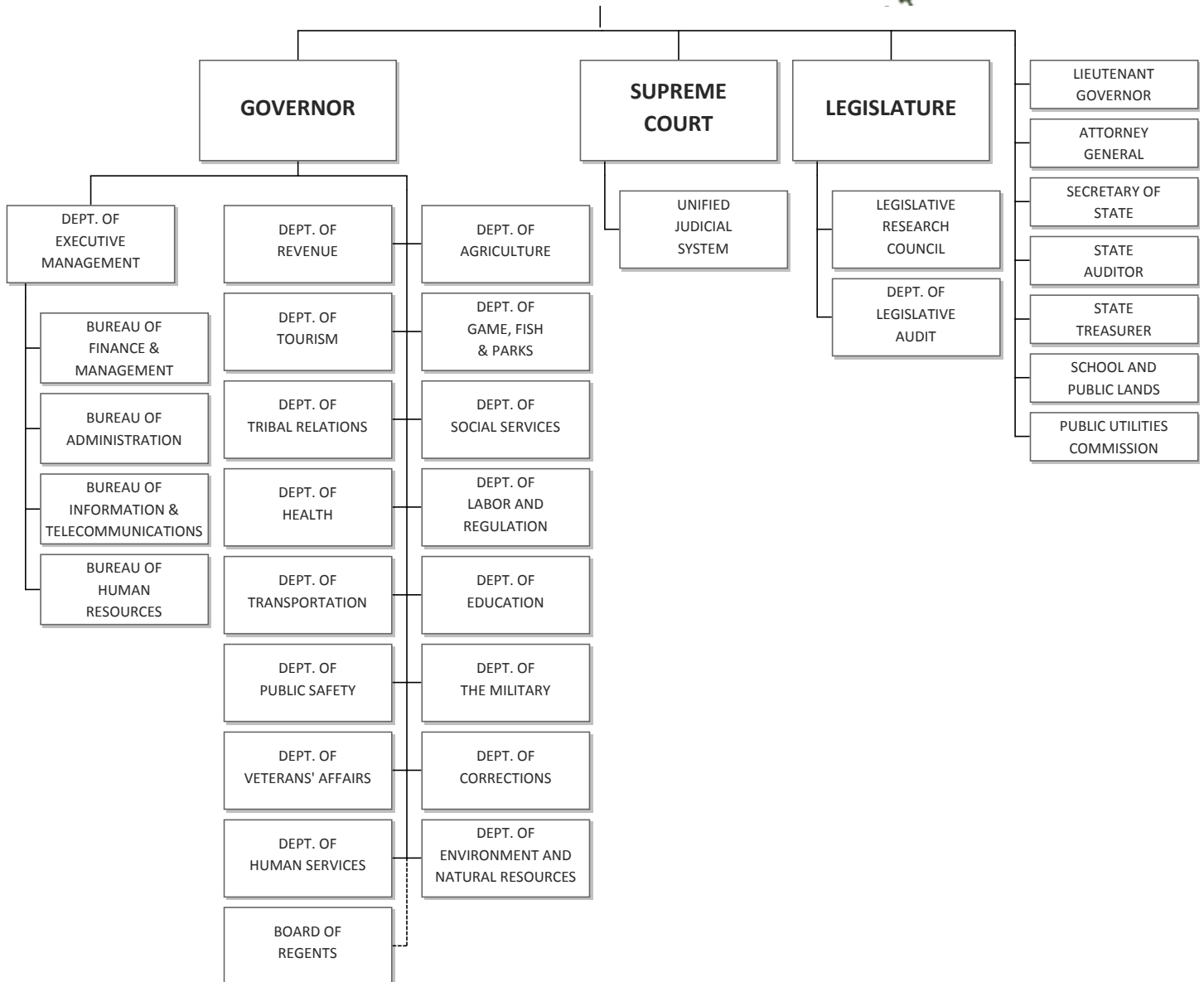
Transportation

EDUCATION

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

ECONOMIC RESOURCES

Tourism
Economic Development
Tribal Relations







FINANCIAL SECTION



FINANCIAL SECTION



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

MARTIN L. GUINDON, CPA
 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, 2019, 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	11.3%	12.3%
Fund financial statements:		
Aggregate discretely presented component units:		
South Dakota Housing Development Authority	40.7%	13.1%
South Dakota Ellsworth Development Authority	.6%	.8%

Foundations of Higher Education	16.4%	8.3%
Aggregate remaining fund information:		
Unemployment Insurance Fund	.9%	1.5%
South Dakota Retirement System	89.4%	35.7%

* 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 32, the budgetary comparison schedules on pages 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 173 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 20, 2019 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.



Martin L. Guindon, CPA
Auditor General

December 20, 2019



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, 2019. 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 \$7.0 billion (reported as net position). Of this amount, \$5.9 billion is restricted for specific uses or invested in capital assets. The remaining \$1.1 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 \$188.6 million, or 2.8% from the prior fiscal year. Net position of Governmental Activities increased by \$158.5 million, or 2.6%, while net position of Business-type Activities increased by \$30.1 million, or 4.2% over the prior fiscal year.
- Discretely presented component units reported total net position of \$2.4 billion, an increase of \$88.8 million, or 3.8% from the prior fiscal year.

Fund Financial Statements

- The State's governmental funds reported combined ending fund balances of \$2.1 billion, an increase of \$71.7 million, or 3.5% from the prior fiscal year. Of the \$2.1 billion in combined ending fund balance, \$577.1 million is non-spendable and \$1.1 billion is restricted by outside sources or enabling legislation. Another \$41.8 million is committed by state law and \$96.6 million has been assigned for various specific purposes. The remaining \$290.2 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 \$290.2 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 \$377.2 million. This includes total budget reserves of \$189.1 million, comprised of the Budget Reserve and the General Revenue Replacement Fund of \$145.1 million and \$44.0 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 strong investment earnings and transfers into these funds exceeded statutory disbursements. After transferring a combined amount of \$39.9 million to the General Fund, these funds closed the fiscal year with a combined ending fund balance of \$1.1 billion, an increase of \$30.4 million.
- Proprietary funds reported net position at fiscal year-end of \$775.5 million, an increase of \$13.9 million, or 1.8% 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, 2019, totaled \$673.1 million, an increase of \$70.3 million from the last fiscal year-end. The increase represents the net difference between new issuances, payments, and the refunding and defeasance of outstanding debt.
- The South Dakota Conservancy District issued \$96.4 million in tax-exempt revenue bonds for Business-Type Activities of the primary government.
- The South Dakota Building Authority issued \$47.3 million revenue bonds for Higher Education, a discretely presented component unit of the State. A portion of 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
 - 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, 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 (e.g., Lottery Fund) are used to account for activities that largely involve customers outside of state government and are reported as Business-type Activities in the Government-wide Financial Statements.
- Internal service funds (e.g., Fleet and Travel Management) are used to account for activities that largely involve other state agencies. The internal service fund activities are consolidated with the Governmental Activities in the Government-wide Financial Statements because those services predominantly benefit Governmental rather than Business-type Activities.

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The Basic Financial Statements are followed by a section of Required Supplementary Information. This section includes Budgetary Comparison Schedules; 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, 2019 were \$8.3 billion, while total liabilities and deferred inflows of resources were \$1.3 billion, resulting in combined net position (Governmental and Business-type Activities) of \$7.0 billion, a 2.8% 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
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	
Current and Other Assets	\$ 2,609,791	\$ 2,466,810	\$ 1,129,999	\$ 1,004,351	\$ 3,739,790	\$ 3,471,161	7.7%
Capital Assets	4,324,690	4,228,204	6,651	7,029	4,331,341	4,235,233	2.3%
Total Assets	6,934,481	6,695,014	1,136,650	1,011,380	8,071,131	7,706,394	4.7%
Deferred Outflows of Resources	173,633	211,080	12,293	14,076	185,926	225,156	(17.4)%
Current and Other Liabilities	403,569	342,073	18,018	13,728	421,587	355,801	18.5%
Noncurrent Liabilities	422,859	439,910	378,296	289,219	801,155	729,129	9.9%
Total Liabilities	826,428	781,983	396,314	302,947	1,222,742	1,084,930	12.7%
Deferred Inflows of Resources	36,381	37,268	877	895	37,258	38,163	(2.4)%
Net Position:							
Net Investment in Capital Assets	4,126,405	4,051,612	6,650	7,027	4,133,055	4,058,639	1.8%
Restricted	1,755,692	1,751,888	5,821	6,782	1,761,513	1,758,670	0.2%
Unrestricted	363,208	283,343	739,281	707,805	1,102,489	991,148	11.2%
Total Net Position	\$ 6,245,305	\$ 6,086,843	\$ 751,752	\$ 721,614	\$ 6,997,057	\$ 6,808,457	2.8%
Percent of Total Primary Government							
Net Position	89.3%	89.4%	10.7%	10.6%	100.0%	100.0%	

In fiscal year 2019, Governmental Activities accounted for 89.3% of the State's total net position, and Business-type activities accounted for 10.7%, relatively unchanged from the prior fiscal year.

Net Investment in Capital Assets

The largest component of the State's net position, \$4.1 billion or 59.1%, reflects investments in capital assets (land, land improvements, buildings, equipment, vehicles, infrastructure, intangible assets, and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. This represents a \$74.4 million, or 1.8% increase in the State's investment in capital assets from the prior fiscal year. This increase is primarily attributed to continued construction of infrastructure (highways and bridges) without the issuance of related debt. For more information please refer to the *Capital Assets and Debt Administration* section of this document and *Note 6. Capital Assets* in the Notes to the Financial Statements. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

Total restricted net position at year-end was \$1.8 billion, or 25.2% of total net position, an increase of \$2.8 million, or 0.2% from the prior fiscal year. The net position is subject to restrictions either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws/regulations of other governments, or 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 (\$549.0 million) or expendable (\$255.4 million), and the third trust fund (Dakota Cement Trust) is restricted for education (\$332.1 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 \$625.1 million of restricted net position is restricted for highways (\$214.5 million), pensions (\$137.1 million), agriculture and natural resources (\$81.7 million), economic development (\$47.2 million), railroads (\$26.9 million), and debt service (\$24.2 million), with the remaining amount for other purposes.

Unrestricted Net Position

The remaining net position balance, \$1.1 billion, or 15.7% 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 \$248.4 million within the Clean Water State Revolving Fund and \$199.3 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$117.0 million within the Revolving Economic Development and Initiative Fund, \$129.4 million for unemployment insurance claims, and \$9.0 million for revolving loan programs.

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

- *Budget Reserve (\$145.1 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, 2019 was \$145.1 million, an increase of \$12.7 million from the prior fiscal year. This transfer into the Budget Reserve as required by law was the result of \$17.0 million of underspent general fund budgets and \$2.3 million higher than expected revenues offset by a \$6.6 million legislatively approved transfer to the General Fund to fund emergency special appropriations in FY19.

- *General Revenue Replacement Fund (\$44.0 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. The fiscal year 2019 beginning and ending balance in the GRRF remained unchanged at \$44.0 million.

The unrestricted net position increased by \$111.3 million, or 11.2% during the fiscal year. A significant portion of this increase is attributed to increases of \$12.7 million in the Budget Reserve (as discussed above), \$5.5 million in the Clean Water State Revolving, and \$2.9 million in the Drinking Water State Revolving funds. For analysis on these two funds, please see the *Financial Analysis of the State’s Funds* section in this document. Additionally, the Unemployment Insurance Fund reported a \$7.7 million increase in net position because the payments for unemployment benefit claims were lower than expected causing the unemployment insurance tax rates and investment income to exceed the claim payments. Most of the remainder is attributed to small changes in unassigned fund balance in the General Fund as discussed later in the MD&A.

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 2019:

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

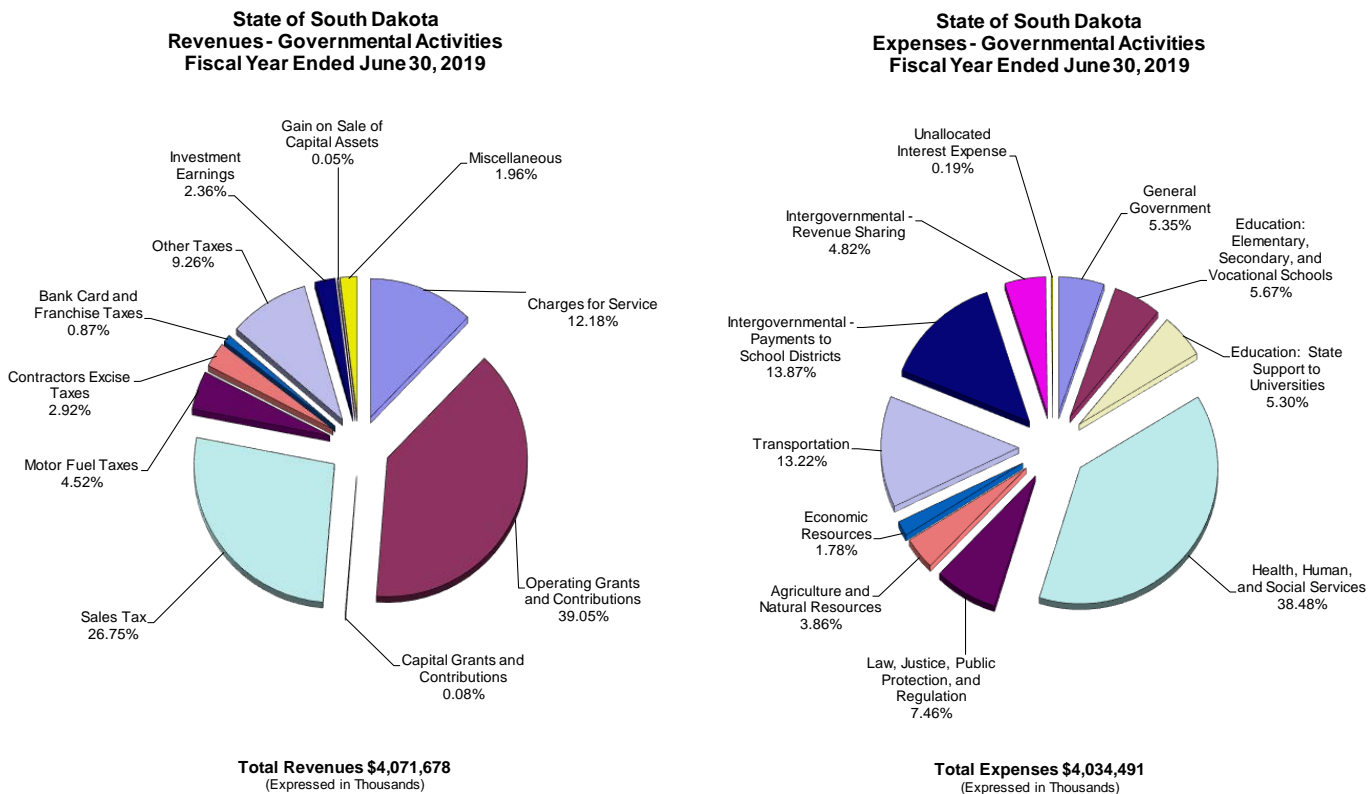
	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	
Revenues:							
Program Revenues:							
Charges for Service	\$ 496,098	\$ 487,162	\$ 255,236	\$ 242,740	\$ 751,334	\$ 729,902	2.9%
Operating Grants and Contributions	1,589,862	1,520,834	26,910	30,971	1,616,772	1,551,805	4.2%
Capital Grants and Contributions	3,378	2,342	200	84	3,578	2,426	47.5%
General Revenues:							
Sales Taxes	1,089,336	1,025,111			1,089,336	1,025,111	6.3%
Motor Fuel Taxes	184,027	183,441			184,027	183,441	0.3%
Contractors Excise Taxes	118,873	112,518			118,873	112,518	5.6%
Bank Card and Franchise Taxes	35,411	31,448			35,411	31,448	12.6%
Other Taxes	376,813	382,375			376,813	382,375	(1.5)%
Investment Earnings	96,270	72,379			96,270	72,379	33.0%
Gain on Sale of Capital Assets	1,978	1,737			1,978	1,737	13.9%
Miscellaneous	79,632	110,159			79,632	110,159	(27.7)%
Total Revenues	4,071,678	3,929,506	282,346	273,795	4,354,024	4,203,301	3.6%
Program Expenses:							
General Government	215,879	217,355			215,879	217,355	(0.7)%
Education – Elementary, Secondary, and Vocational Schools	228,729	213,449			228,729	213,449	7.2%
Education – State Support to Higher Education	213,843	210,972			213,843	210,972	1.4%
Health, Human, and Social Services	1,552,490	1,500,037			1,552,490	1,500,037	3.5%
Law, Justice, Public Protection, and Regulation	301,008	258,727			301,008	258,727	16.3%
Agriculture and Natural Resources	155,789	144,690			155,789	144,690	7.7%
Economic Resources	71,819	43,560			71,819	43,560	64.9%
Transportation	533,336	455,118			533,336	455,118	17.2%
Intergovernmental – Payments to School Districts	559,484	547,119			559,484	547,119	2.3%
Intergovernmental – Revenue Sharing	194,537	187,573			194,537	187,573	3.7%
Unallocated Interest Expense	7,524	7,899			7,524	7,899	(4.7)%
Unallocated Depreciation	53	53			53	53	0.0%
Lottery			51,016	45,256	51,016	45,256	12.7%
Clean Water State Revolving			11,662	12,345	11,662	12,345	(5.5)%
Drinking Water State Revolving			8,222	10,314	8,222	10,314	(20.3)%
Other			55,331	55,571	55,331	55,571	(0.4)%
Total Expenses	4,034,491	3,786,552	126,231	123,486	4,160,722	3,910,038	6.4%
Excess (Deficiency) Before Transfers	37,187	142,954	156,115	150,309	193,302	293,263	
Special Items - Impairment of Capital Asset	(4,702)				(4,702)		
Transfers	125,977	125,570	(125,977)	(125,570)			
Change in Net Position	158,462	268,524	30,138	24,739	188,600	293,263	
Net Position – Beginning	6,086,843	5,818,319	721,614	696,875	6,808,457	6,515,194	
Net Position – Ending	\$ 6,245,305	\$ 6,086,843	\$ 751,752	\$ 721,614	\$ 6,997,057	\$ 6,808,457	
Percent Change in Total Net Position from prior year		2.6%		4.2%		2.8%	

Governmental Activities:

The State's net position for Governmental Activities at the end of fiscal year 2019 was \$6.2 billion. This represents an increase of 2.6% or \$158.5 million from the prior fiscal year.

The \$158.5 million increase in the State's net position for Governmental Activities was the result of the net effect of the following: (1) \$4.1 billion revenues (an increase from the prior fiscal year of \$142.2 million); less (2) \$4.0 billion expenses (an increase from the prior fiscal year of \$247.9 million); less \$4.7 million for special items; plus (3) net transfers of \$126.0 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, 2019:



This fiscal year, the State received 44.3% of its revenues from taxes (sales, motor fuel, contractors excise, bank card, bank franchise, and other taxes), and 39.1% from federal grants and contributions. Charges for service accounted for 12.2%.

In fiscal year 2019, health, human, and social services (taking care of people) accounted for 38.5% of the State's expenses, followed by 24.8% to education (K-12 and post-secondary), 13.2% to transportation (constructing and maintaining roads and bridges), and 7.5% for law, justice, public protection, and regulation (protecting people).

Significant changes in revenues include a \$70.6 million increase in sales, use, and contractors excise tax of which about \$33.0 million is estimated as unavailable revenue. This \$70.6 million increase is due to a steadily growing economy with low unemployment rates and a change in the method of estimating unavailable revenue. Another significant increase in revenues includes a \$69.0 million increase in federal grants and contributions attributed to increases in the Medicaid program and transportation funding. All of these increases are further discussed in General Fund, Transportation, and Social Services Federal fund analysis of the *Financial Analysis of the State's Funds* section in this document.

A large share of the increase in expenses is attributed to an increase in noncash pension expenses in accounting for the State's proportionate share of the South Dakota Retirement Systems. Other significant changes in expenses include an increase of \$78.2 million in Transportation and \$52.5 million increase in Health Human and Social Services functions of government. These increases are further explained in the Transportation and Social Services 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 2019 was \$751.8 million, an increase of \$30.1 million due to total revenues exceeding total expenses and transfers out. Although net position for Business-type Activities only accounts for roughly 10.7% of the total net position, Business-type Activities provided \$126.0 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 \$2.1 billion, an increase of \$71.7 million during the fiscal year. Of this amount, approximately 27.5%, or \$577.1 million of the combined ending fund balance is non-spendable; either due to its form or legal constraints. The non-spendable portion is predominately made up of the Education Enhancement Trust, the Health Care Trust, and the Permanent funds to be held as permanent investments. Approximately 52.0%, or \$1.1 billion of the combined ending fund balance is restricted by outside sources or enabling legislation. Another 2.0%, or \$41.8 million of the combined balance is committed by state law and 4.6%, or \$96.6 million, has been assigned internally for specific purposes. The remaining \$290.2 million, or 13.9% is reported as unassigned in accordance with GASB Statement 54. Certain resources within the \$290.2 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, 2019
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total	% of Total Fund Balance
Nonspendable	\$ 5,503	\$ 18,229	\$ 1,235	\$	\$ 403,607	\$ 148,573	\$ 577,147	27.5%
Restricted	3,300	207,688		332,142	196,285	351,638	1,091,053	52.0%
Committed						41,816	41,816	2.0%
Assigned	74,156		1,419			21,011	96,586	4.6%
Unassigned	294,225					(4,036)	290,189	13.9%
Total Fund Balances	\$ 377,184	\$ 225,917	\$ 2,654	\$ 332,142	\$ 599,892	\$ 559,002	\$ 2,096,791	
% Change from prior year	11.5%	11.1%	20.4%	2.1%	3.0%	(2.6)%	3.5%	

The following governmental funds are major funds and had significant impact on the State's financial position during fiscal year 2019:

General Fund (\$377.2 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
	FY2019	FY2018			Change	FY2019	
Revenue:				Expenditures:			
Taxes:				Current:			
Sales and Use Tax	\$ 1,044,574	\$ 1,007,828	3.7%	General Government	\$ 62,172	\$ 54,582	13.9%
Contractor's Excise Tax	112,682	112,399	0.3%	Education (all)	803,868	791,413	1.6%
Insurance Company Tax	78,553	82,004	(4.2)%	Health, Human, and Social Services	551,478	549,527	0.4%
Cigarette Excise Tax	40,501	44,729	(9.5)%	Law, Justice, Public Protection, and Regulation	167,051	162,849	2.6%
Bank Tax	34,706	31,461	10.3%	Agriculture and Natural Resources	17,122	17,291	(1.0)%
Tourism Tax	25,141	24,340	3.3%	Economic Resources	29,170	25,556	14.1%
Alcohol Beverage Tax	19,919	17,135	16.3%	State Shared Revenue Paid			
Mineral Tax	4,777	9,055	(47.2)%	to Other Governments	47,967	43,150	11.2%
Other	11,987	10,986	9.1%	Total Expenditures	<u>\$ 1,678,828</u>	<u>\$ 1,644,368</u>	2.1%
Licenses, Permits, and Fees	12,247	11,634	5.3%				
Fines, Forfeits, and Penalties	551	693	(20.5)%				
Use of Money and Property	29,458	1,180	2396.4%				
Sales and Services	22,183	23,124	(4.1)%				
Administering Programs	8						
Unclaimed Property Remittance	53,285	60,508	(11.9)%				
Other Revenue	14,742	10,498	40.4%				
Total Revenue	<u>\$ 1,505,314</u>	<u>\$ 1,447,574</u>	4.0%	Transfers Out:			
				Governor's Office Special Revenue Fund	\$ 5,000	\$	
Transfers In:				Radio Communication Fund	4,621		
South Dakota Lottery Fund	\$ 123,016	\$ 117,570	4.6%	Building Authority	3,345	1,615	107.1%
Securities and Insurance Fund	56,798	55,890	1.6%	Vocational Education Facilities Fund	2,327	2,329	(0.1)%
Education Enhancement Trust Fund	21,335	20,430	4.4%	Labor Fund	1,849	1,621	14.1%
Dakota Cement Trust Fund	12,683	12,443	1.9%	Public Safety - Emergency Management Fund	1,051		
South Dakota Gaming Commission Fund	5,660	6,041	(6.3)%	All Other Transfers Out	3,779	3,365	12.3%
Health Care Trust Fund	5,520	5,415	1.9%	Total Transfers Out	<u>\$ 21,972</u>	<u>\$ 8,930</u>	146.1%
All Other Transfers In	9,454	12,285	(23.0)%				
Total Transfers In	<u>\$ 234,466</u>	<u>\$ 230,074</u>	1.9%				

The General Fund experienced an increase in revenues of \$57.7 million or 4.0% from the prior fiscal year. A majority of this increase is attributed to a \$37.0 million increase in sales, use, and contractors excise tax (3.3% increase) and a \$28.3 million increase in investment and interest income. These increases are due to a steady growing South Dakota economy, low unemployment, increasing construction activity, as well as strong investment returns. These increases were offset by a \$7.2 million decrease in unclaimed escheat property attributed to decreased dormant property.

The General Fund expenditures increased only 2.1% from the prior fiscal year. A majority of that \$34.5 million increase was attributed to higher state support payments to K-12 school districts. This increase in education expenditures is attributed to increased student numbers, an increase in target teacher salary, and property tax valuations being lower than projected.

At the end of the fiscal year, the total fund balance of the General Fund was \$377.2 million, an increase of \$39.0 million, or 11.6% from the prior fiscal year.

Significant changes in the General Fund balance include the following:

- Assigned ending fund balance of \$74.2 million increased by \$13.5 million, or 22.2% from the prior fiscal year. This increase is the result of small increases in encumbrances and legislatively approve budget carryovers.
- Unassigned ending fund balance of \$294.2 million increased by \$26.2 million, or 9.8% from the prior fiscal year. Most of this increase is attributed to increases in the Budget Reserve as previously discussed.

It is important to note that some of this unassigned fund balance has other restricting factors that may limit or decrease its availability for general appropriations because it either has another purpose as intended by state law or has internally imposed limitations. Those limitations on the unassigned fund balance include: \$145.1

million in the Budget Reserve and \$44.0 million in the General Revenue Replacement Fund, which is created by state law and to be used only to address emergency situations without having to raise taxes or cut spending.

Additionally, \$75.9 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, \$131.1 million was recognized as revenue in the General Fund in fiscal year 2019 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2020. This revenue was budgeted for and will be used in fiscal year 2020 cash basis operations.

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 4.4% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve and GRRF) represents 17.5% of that same amount or 21.9% in total.

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

Transportation (\$225.9 million). The Transportation Fund is a major special revenue fund that accounts for the construction and maintenance of the State's highways and bridges, and funds public transportation. Its revenue is comprised of federal grants, state motor fuel taxes, and state motor vehicle excise taxes. All revenues of the Transportation Fund are used and expended under the direction of the State's Department of Transportation. The total fund balance at the end of the current fiscal year for this fund was \$225.9 million, an increase of \$22.7 million, or 11.2% from the prior fiscal year.

Total revenues for the Transportation Fund increased by \$47.3 million or 7.9% from the prior fiscal year while total expenditures increased by \$33.0 million, or 5.6%. These increases are the result of an increase in federally supported highway construction projects let 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 (\$2.7 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 \$2.7 million, relatively unchanged from the prior fiscal year.

Total program revenue of \$634.7 million increased by \$12.8 million, or 2.1% and expenditures of \$634.0 million increased by \$12.7 million, or 2.0% from the prior fiscal year. These increases are predominantly attributed to an increase in the federal FMAP rate in the Medicaid program and national Medicaid funding policy changes covering more services for Indian Health Service eligible individuals with 100% federal funds.

Dakota Cement Trust Fund (\$332.1 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 \$12.7 million to the General Fund in fiscal year 2019 and \$12.4 million in fiscal year 2018.

The fund balance in the Dakota Cement Trust Fund at June 30, 2019, was \$332.1 million and is restricted for education. This is an increase of \$6.7 million from the previous fiscal year. The increase resulted primarily from strong net investment income of \$20.5 million which exceeded the statutory required transfer to the General Fund.

Education Enhancement Trust Fund (\$599.9 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 \$21.3 million to the General Fund in fiscal year 2019 and \$20.4 million in fiscal year 2018.

The fund balance in the Education Enhancement Trust Fund at June 30, 2019, was \$599.9 million, an increase of \$17.7 million from the prior fiscal year. The increase resulted from strong net investment income of \$34.8 million and a \$6.4 million transfer in from the Tobacco Securitization Fund, which exceeded the statutory required transfer out to the General Fund.

Proprietary Funds

The State’s proprietary funds are presented on the accrual basis of accounting and include the State’s enterprise and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2019:

Lottery Fund (\$6.2 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 \$6.2 million, an increase of \$0.1 million in comparison with the prior fiscal year. Pursuant to state law, the State Lottery Fund distributed approximately \$123.0 million to the General Fund, \$6.2 million to the State Capital Construction Fund, and \$0.2 million to the Department of Social Services. For financial reporting purposes the \$6.2 million transfer to the State Capital Construction Fund is reported as a \$3.9 million transfer to the Water and Environment Fund, \$1.3 million transfer to the Ethanol Fuel Fund, and a \$1.0 million transfer to the Transportation Fund.

The State Lottery produced income (before transfers) in the amount of \$129.5 million on total revenue of \$179.6 million, compared to the previous fiscal year’s income (before transfers) of \$124.9 million on total revenue of \$170.0 million. In fiscal year 2019, on-line ticket sales realized an increase of \$2.7 million which was bolstered primarily by a Mega Millions jackpot of \$1.586 billion in October 2018. In addition, Mega Millions had jackpots of \$530 million and \$522 million and Powerball had jackpots of \$768 million and \$687 million that were won during fiscal year 2019. Growth in fiscal year 2019 instant ticket sales of \$2.1 million were the result of continuing to research the types of instant ticket games that appeal to players and growth in sales in the \$5 and \$10 ticket price points. Video Lottery revenue continued to see growth of \$4.8 million in fiscal year 2019 which can be attributed to the continued introduction of line game terminals in video lottery establishments. These new terminals are producing more net income than the legacy machines.

Clean Water State Revolving Fund (\$248.4 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.

During the fiscal year total assets increased by \$59.0 million or 13.0% and total liabilities increased by \$52.9 million or 24.2%. Those increases are mainly attributed to bond issuance. 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.

At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net position of \$248.4 million, an increase of \$5.5 million, or 2.3% in comparison to the prior fiscal year. This small increase resulted primarily from the operating revenue, federal grant revenues, and interest income exceeding total expenses.

Drinking Water State Revolving Fund (\$199.4 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.

During the fiscal year total assets increased by \$41.3 million or 15.4% and total liabilities increased by \$38.1 million or 51.2%. Those increases are mainly attributed to bond issuance. 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.

At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net position of \$199.4 million, an increase of \$2.9 million, or 1.5% in comparison with the prior fiscal year. This small increase resulted primarily from the operating revenue, federal grant revenues, and interest income exceeding total expenses.

Budgetary Highlights - General Fund

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

The original budget is defined as the first complete appropriated budget, adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. Any such transaction that is authorized as a legislative or executive change before the beginning of the fiscal year is included in the original budget, regardless of the effective date of the document loaded on the accounting system. The original budget also includes employee compensation allocations and any actual appropriation amounts carried forward by law from prior 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 \$2.7 million net increase in appropriations. The net increase is comprised of two separate appropriation types: emergency special appropriations and net general bill adjustment appropriations (both increases and decreases). The net increase was due to actual sales and use tax, contractors excise tax, and lottery revenues exceeding previous estimates, and legislatively approved transfer from the Budget Reserve to the General Fund.

Increases to the General Fund Budget

Emergency Specials. During the 2019 Legislative Session, the Legislature approved emergency special appropriations to the General Fund of \$29.2 million in fiscal year 2019. They consisted of the following:

- \$7.4 million was appropriated from the General Fund to the Department of Corrections for the Jameson Prison Annex Expansion.
- \$6.0 million was appropriated from the General Fund to the Department of Human Services for Health Care Innovation Grants.
- \$4.3 million was appropriated from the General Fund to various state agencies for budget adjustments in Emergency and Disaster Fund, Veteran's Bonus Program, rural healthcare recruitment program, tax refunds for the elderly and disabled, Elm Lake Dam, horse racing funds and Palisades State Park.
- \$3.8 million was appropriated from the General Fund to the Department of the Military for the National Guard Readiness Center.
- \$1.8 million was appropriated from the General Fund to the Governor's office of Economic Development for the Readiness and Environmental Protection Integration Program.
- \$1.7 million was appropriated from the General Fund to the Department of Public Safety for the Metrology Lab.
- \$1.0 million was appropriated from the General Fund to the Bureau of Finance and Management for the Second Century Pheasant Habitat Fund.
- \$0.9 million was appropriated from the General Fund to the Department of Agriculture for costs related to fighting wildfires in the State, and \$2.3 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 fighting wild fires and 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.

General Bill Increases. The 2019 Legislature approved general bill adjustments that increased the General Fund original budget by \$4.2 million during fiscal year 2019. This increase consisted of the following:

- \$2.7 million increase in appropriation to the Department of Human Services for programs in administration, developmental disabilities, South Dakota Developmental Center, long term services and supports, and rehabilitation services.
- \$1.0 million increase in appropriation to the Bureau of Finance and Management related to employee compensation and billing pools.
- \$0.5 million total increase in appropriations to various state agencies for other increases.

Decreases to the General Fund Budget

General Bill Decreases. The 2019 Legislature approved general bill adjustments that decreased the General Fund original budget by \$30.7 million during fiscal year 2019. These decreases consisted of the following:

- \$23.7 million decrease in appropriation to the Department of Social Services for programs in medical services, children’s services, and behavioral health.
- \$6.5 million decrease in appropriation to the Department of Education for programs in state aid to general education.
- \$0.5 million total decrease in appropriations to other state agencies.

The net effect of the emergency special appropriations and general bill adjustments resulted in a \$2.7 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 \$71 million below final budgeted estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State’s capital assets are capitalized at historic cost. The State’s investment in capital assets for its Governmental and Business-type Activities as of June 30, 2019 is \$4.3 billion (net of accumulated depreciation). This investment in capital assets 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	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Land	\$ 122,832	\$ 121,501	\$ 295	\$ 295	\$ 123,127	\$ 121,796
Land Improvements	67,627	60,410	924	924	68,551	61,334
Land Improvements - Roads	636,272	630,973			636,272	630,973
Buildings	687,905	679,181	8,591	8,591	696,496	687,772
Equipment	251,679	239,856	3,993	3,825	255,672	243,681
Intangible Assets – Software	127,406	118,492	2,620	2,620	130,026	121,112
Vehicles	178,801	172,715			178,801	172,715
Infrastructure	4,239,596	4,056,800			4,239,596	4,056,800
Construction in Progress	331,002	368,445	235	154	331,237	368,599
Total Capital Assets	6,643,120	6,448,373	16,658	16,409	6,659,778	6,464,782
Accumulated Depreciation	(2,318,430)	(2,220,169)	(10,007)	(9,380)	(2,328,437)	(2,229,549)
Total Capital Assets, Net	\$ 4,324,690	\$ 4,228,204	\$ 6,651	\$ 7,029	\$ 4,331,341	\$ 4,235,233

The most significant capital asset the State reported in fiscal year 2019 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 \$2.5 billion (net of accumulated depreciation), which is 58.3% of total net capital assets.

The State's investment in capital assets (net of accumulated depreciation) increased \$96.1 million or 2.3% 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. All three rating agencies have since reaffirmed the 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, 2019, 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 one notch lower than the State's ICR.

SDBA did not issue any new long-term indebtedness for the primary government in fiscal year 2019. SDBA issued revenue bonds for Higher Education in the amount of \$47.3 million. Proceeds from these bonds will be used for the construction of the SDSU Raven Precision Agriculture Center and the renovation of the USD DakotaDome. Additionally, a portion of these bonds are being used for refunding of certain prior issued bonds. Net proceeds of \$16.5 million were used to call the refunding. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from Higher Education's Statement of Net Position. The completed refunding produced \$2.0 million actual 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 2019.

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, 2019, 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 2019, SDCD issued \$57.3 million in tax-exempt revenue bonds for CWSRF and \$39.1 million in tax-exempt revenue bonds for the 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	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Revenue Bonds:						
South Dakota Building Authority	\$ 79,055	\$ 83,002	\$	\$	\$ 79,055	\$ 83,002
Educational Enhancement Funding Corporation	81,784	93,320			81,784	93,320
South Dakota Conservancy District			375,803	287,208	375,803	287,208
Capital Leases:	136,417	139,181			136,417	139,181
Total	\$ 297,256	\$ 315,503	\$ 375,803	\$ 287,208	\$ 673,059	\$ 602,711

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

Nonfarm employment in South Dakota increased during fiscal year 2019 and continues to expand at a steady pace. In fiscal year 2019, nonfarm employment in the State increased 1.9%, or 8,100 jobs. The unemployment rate in South Dakota remained among the lowest in the nation in fiscal year 2019. South Dakota’s unemployment rate was 2.9% in June 2019, while the U.S. unemployment rate was 3.7% the same month. In calendar year 2018, the most recent annual data that is available, South Dakota’s nonfarm personal income grew 5.4%, lower than the U.S. growth rate of 5.6%. South Dakota’s per capita personal income increased to \$52,216 in 2018, less than the United States average per capita personal income of \$54,446.

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, 2019
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 833,503	\$ 350,804	\$ 1,184,307
Receivables, net	537,733	503,792	1,041,525
Due From Component Units	3,068	32	3,100
Due From Primary Government			0
Internal Balances	5,581	(5,581)	0
Investments	1,168,275	258,537	1,426,812
Securities Held as Escheat Property	920		920
Inventory	24,112	2,271	26,383
Advances to Component Units	1,255	19,032	20,287
Other Assets	12,004	10	12,014
Assets Held for Resale			0
Restricted Assets:			
Cash and Cash Equivalents	3,302	22	3,324
Investments	19,559	407	19,966
Net Pension Asset	479	10	489
Other		663	663
Capital Assets:			
Land and Other Non-depreciable Assets	769,376	295	769,671
Infrastructure, net	2,523,583		2,523,583
Property, Plant, and Equipment, net	700,729	6,121	706,850
Construction in Progress	331,002	235	331,237
Total Assets	6,934,481	1,136,650	8,071,131
Deferred Outflows of Resources			
Deferred Outflow Related to Pensions	169,822	4,087	173,909
Deferred Swap Outflow			0
Deferred Forward Contract Outflow			0
Deferred Outflow on Debt Refunding	3,811	8,206	12,017
Total Deferred Outflows of Resources	173,633	12,293	185,926
Liabilities			
Accounts Payable and Other Liabilities	336,350	9,263	345,613
Due To Primary Government			0
Due To Component Units	1,472		1,472
Accrued Interest Payable	626	6,677	7,303
Unearned Revenue	65,121	2,078	67,199
Noncurrent Liabilities:			
Due Within One Year	71,620	26,223	97,843
Due In More Than One Year	351,239	352,073	703,312
Total Liabilities	826,428	396,314	1,222,742
Deferred Inflows of Resources			
Deferred Inflow Related to Pensions	36,381	877	37,258
Deferred Forward Contract Inflow			0
Deferred Inflow on Gain on Debt Refunding			0
Deferred Inflow on Swaps			0
Total Deferred Inflows of Resources	36,381	877	37,258
Net Position			
Net Investment in Capital Assets	4,126,405	6,650	4,133,055
Restricted for:			
Education	345,606		345,606
Highways	214,453		214,453
Railroads	26,868		26,868
Law, Justice, Public Protection, and Regulation	19,709		19,709
Agriculture and Natural Resources	81,652		81,652
Game and Fish	8,006		8,006
Parks and Recreation	5,894		5,894
Health and Public Assistance	19,784		19,784
Economic Development	47,204		47,204
Debt Service	24,158		24,158
Capital Projects	315		315
HOME and NSP Program			0
Energy Conservation Programs	12,078		12,078
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds Held as Permanent Investments:			
Expendable	255,288		255,288
Nonexpendable	548,990		548,990
Pensions	133,920	3,220	137,140
Maintenance Support Facility			0
Experiments			0
Mine Closure			0
Sanford Center for Science Education			0
Other Purposes	11,767	2,601	14,368
Unrestricted	363,208	739,281	1,102,489
Net Position	\$ 6,245,305	\$ 751,752	\$ 6,997,057

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

Component Units			
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
\$ 245,510	\$ 17,772	\$ 271,104	\$ 17,848
457,190	4,341	137,065	9,902
		1,472	
1,132,196		401,099	2,196
3,288	2,350	7,423	
448	8,522	19,313	113
			3,855
		52,688	32
		169,543	5,811
4	10	344	
		23,291	
220	19,821	45,348	
4,912	42,821	1,156,866	19,951
	17,911	99,145	
1,843,768	113,548	2,384,701	59,708
1,320	3,934	121,300	
2,011			
161			
3,123		8,711	
6,615	3,934	130,011	0
6,910	1,974	51,774	951
66		3,034	
6,589		3,916	116
		37,965	2,395
47,008	604	65,834	2,041
1,240,770	6,604	597,437	29,961
1,301,343	9,182	759,960	35,464
293	783	25,977	
6			
1,372		252	
442			
2,113	783	26,229	0
(1,053)	80,553	814,467	376
453,168		3,717	5,000
78,523			
		220,463	
		451,185	
1,030	3,160	95,667	
	3,831		
	1,794		
	1,489		
	50		
15,259	7,500		
	9,140	143,024	18,868
\$ 546,927	\$ 107,517	\$ 1,728,523	\$ 24,244

STATE OF SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 215,879	\$ 260,567	\$ 15,769	\$
Education - Elementary, Secondary, and Vocational Schools	228,729	10,442	183,937	
Education - State Support to Higher Education	213,843			
Health, Human, and Social Services	1,552,490	39,525	947,516	1,466
Law, Justice, Public Protection, and Regulation	301,008	87,061	56,193	
Agriculture and Natural Resources	155,789	82,993	44,215	
Economic Resources	71,819	231	8,035	
Transportation	533,336	15,279	334,197	1,912
Intergovernmental - Payments to School Districts	559,484			
Intergovernmental - Revenue Sharing	194,537			
Unallocated Interest Expense	7,524			
Unallocated Depreciation	53			
Total Governmental Activities	4,034,491	496,098	1,589,862	3,378
Business-type Activities:				
Lottery	51,016	179,644	891	
Clean Water State Revolving	11,662	7,250	9,976	
Drinking Water State Revolving	8,222	4,587	6,612	
Revolving Economic Development and Initiative	860	879	4,084	
Unemployment Insurance	26,403	31,085	3,675	
Second Injury	549	3,523	99	
State Fair	4,436	4,073	105	200
Federal Surplus Property	2,746	2,520	38	
Rural Rehabilitation	249	352	298	
Prison Industries	3,253	3,607	41	
S.D. Trust Company Captive Insurance Co.	33	(91)	27	
Professional and Licensing	9,138	9,616	673	
Banking and Insurance	4,502	5,437	323	
Other	3,162	2,754	68	
Total Business-type Activities	126,231	255,236	26,910	200
Total Primary Government	\$ 4,160,722	\$ 751,334	\$ 1,616,772	\$ 3,578
Component Units:				
Housing Authority	\$ 78,457	\$ 106,946	\$ 28,132	\$
Science and Technology Authority	28,546	272	30,500	
Higher Education	824,615	446,288	155,589	14,301
Nonmajor	8,307	4,434	509	4,425
Total Component Units	\$ 939,925	\$ 557,940	\$ 214,730	\$ 18,726

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
\$ 60,457	\$	\$ 60,457				
(34,350)		(34,350)				
(213,843)		(213,843)				
(563,983)		(563,983)				
(157,754)		(157,754)				
(28,581)		(28,581)				
(63,553)		(63,553)				
(181,948)		(181,948)				
(559,484)		(559,484)				
(194,537)		(194,537)				
(7,524)		(7,524)				
(53)		(53)				
(1,945,153)	0	(1,945,153)				
	129,519	129,519				
	5,564	5,564				
	2,977	2,977				
	4,103	4,103				
	8,357	8,357				
	3,073	3,073				
	(58)	(58)				
	(188)	(188)				
	401	401				
	395	395				
	(97)	(97)				
	1,151	1,151				
	1,258	1,258				
	(340)	(340)				
0	156,115	156,115				
(1,945,153)	156,115	(1,789,038)				
			\$ 56,621	\$ 2,226	\$	\$
				2,226		
					(208,437)	
						1,061
			56,621	2,226	(208,437)	1,061
1,089,336		1,089,336				
184,027		184,027				
118,873		118,873				
35,411		35,411				
376,813		376,813				
96,270		96,270		773	(1,760)	461
		0			213,843	
1,978		1,978			4,345	621
79,632		79,632				
		0			19,077	
(4,702)		(4,702)				
125,977	(125,977)	0				
2,103,615	(125,977)	1,977,638	0	773	235,505	1,082
158,462	30,138	188,600	56,621	2,999	27,068	2,143
6,086,843	721,614	6,808,457	490,306	104,518	1,701,455	22,101
\$ 6,245,305	\$ 751,752	\$ 6,997,057	\$ 546,927	\$ 107,517	\$ 1,728,523	\$ 24,244

**STATE OF SOUTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019
(Expressed in Thousands)**

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Assets							
Cash and Cash Equivalents	\$ 335,682	\$ 142,170	\$ 1,399	\$ 140	\$ 734	\$ 302,572	\$ 782,697
Restricted Cash	3,300					2	3,302
Investments				331,367	619,092	217,816	1,168,275
Restricted Investments						19,559	19,559
Securities Held as Escheat Property	920						920
Receivables from:							
Taxes, net	172,487	17,402				3,011	192,900
Interest and Dividends	3,517	828	1	715	1,531	2,115	8,707
Other Funds	50,751	1,923	15			6,836	59,525
Component Units	2,267						2,267
Other Governments	1,500	92,072	15,822			100,882	210,276
Loans and Notes, net		6,271				66,374	72,645
Other, net	13,420	511	13,188			19,742	46,861
Inventory	3,112	17,990	57			2,218	23,377
Advances to Component Units						1,255	1,255
Other Assets		239	1,178			1,417	5,225
Total Assets	\$ 589,347	\$ 279,406	\$ 31,660	\$ 332,222	\$ 621,357	\$ 743,799	\$ 2,597,791
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts Payable and Other Liabilities	\$ 115,472	\$ 46,883	\$ 27,592	\$ 80	\$ 130	\$ 53,352	\$ 243,509
Payable to:							
Other Funds	2,879	1,730	1,006		21,335	34,396	61,346
Component Units	53	39	144			1,204	1,440
Other Governments	18,953	2,775	67			65,985	87,780
Claims, Judgments, and Compensated Absences	181	44	27			48	300
Unearned Revenue	35,991	2,018	170			15,767	53,946
Total Liabilities	173,529	53,489	29,006	80	21,465	170,752	448,321
Deferred Inflows of Resources:							
Unavailable Revenue	38,634					14,045	52,679
Total Deferred Inflows of Resources	38,634	0	0	0	0	14,045	52,679
Fund Balances:							
Nonspendable	5,503	18,229	1,235		403,607	148,573	577,147
Restricted	3,300	207,688		332,142	196,285	351,638	1,091,053
Committed						41,816	41,816
Assigned	74,156		1,419			21,011	96,586
Unassigned	294,225					(4,036)	290,189
Total Fund Balances	377,184	225,917	2,654	332,142	599,892	559,002	2,096,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 589,347	\$ 279,406	\$ 31,660	\$ 332,222	\$ 621,357	\$ 743,799	\$ 2,597,791

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, 2019
(Expressed in Thousands)**

Total Fund Balances - Governmental Funds		\$ 2,096,791
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	\$ 1,099,563	
Infrastructure	4,239,595	
Other Capital Assets	1,193,569	
Accumulated Depreciation	<u>(2,240,175)</u>	
Total Capital Assets		4,292,552
Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds.		
		445
Deferred outflows of resources are not reported in the governmental funds:		
Related to Pension	157,558	
Related to Debt Refunding	<u>3,811</u>	
Total Deferred Outflows of Resources		161,369
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.		
		23,709
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	(160,839)	
Accrued Interest on Bonds	(626)	
Capital Leases	(119,310)	
Compensated Absences	(55,467)	
Pollution Remediation	<u>(12,246)</u>	
Total Long-Term Liabilities		(348,488)
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	52,679	
Related to Pensions	<u>(33,752)</u>	
Total Deferred Inflows of Resources		<u>18,927</u>
Net Position of Governmental Activities		<u>\$ 6,245,305</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, 2019
(Expressed in Thousands)**

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Revenue:							
Taxes	\$ 1,372,840	\$ 295,058	\$	\$	\$	\$ 102,800	\$ 1,770,698
Licenses, Permits, and Fees	12,247	12,610				282,444	307,301
Fines, Forfeits, and Penalties	551					14,519	15,070
Use of Money and Property	29,458	8,077	42	20,546	34,794	35,244	128,161
Sales and Services	22,183	410				30,599	53,192
Administering Programs	8	327,172	625,409			602,959	1,555,548
Tobacco Settlement						20,558	20,558
Other Revenue	68,027	1,021	9,208			16,836	95,092
Total Revenue	1,505,314	644,348	634,659	20,546	34,794	1,105,959	3,945,620
Expenditures:							
Current:							
General Government	62,172			1,186	2,151	39,454	104,963
Education	30,541					195,558	226,099
Education - Payments to School Districts	559,484						559,484
Education - State Support to Higher Education	213,843						213,843
Health, Human, and Social Services	551,478		634,044			345,607	1,531,129
Law, Justice, Public Protection, and Regulation	167,051	19,862				95,999	282,912
Agriculture and Natural Resources	17,122					138,046	155,168
Economic Resources	29,170					42,335	71,505
Transportation		606,113				8,567	614,680
State Shared Revenue Paid to Other Governments	47,967					146,570	194,537
Capital Outlay						28,163	28,163
Debt Service:							
Principal						14,407	14,407
Interest						7,234	7,234
Total Expenditures	1,678,828	625,975	634,044	1,186	2,151	1,061,940	4,004,124
Excess of Revenues Over (Under) Expenditures	(173,514)	18,373	615	19,360	32,643	44,019	(58,504)
Other Financing Sources (Uses):							
Proceeds from Sale of Capital Assets	64	3,543				2,056	5,663
Insurance Proceeds		32				1	33
Transfers In	234,466	5,368			6,371	37,635	283,840
Transfers Out	(21,972)	(4,657)	(166)	(12,683)	(21,335)	(98,534)	(159,347)
Net Other Financing Sources (Uses)	212,558	4,286	(166)	(12,683)	(14,964)	(58,842)	130,189
Net Change in Fund Balances	39,044	22,659	449	6,677	17,679	(14,823)	71,685
Fund Balances at Beginning of Year	338,140	203,258	2,205	325,465	582,213	573,825	2,025,106
Fund Balances at End of Year	\$ 377,184	\$ 225,917	\$ 2,654	\$ 332,142	\$ 599,892	\$ 559,002	\$ 2,096,791

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, 2019
(Expressed in Thousands)**

Net Change in Fund Balances - Governmental Funds **\$ 71,685**

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	\$ 223,203	
Depreciation Expense	(117,080)	
Excess of Capital Outlay Over Depreciation Expense		106,123

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (5,047)

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	14,407	
Capital Lease Payments	2,805	
Total Long-Term Debt Repayment		17,212

Internal service funds are used by management to charge costs of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported in governmental activities. (16,236)

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. 24,655

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.

Bond Refunding Costs	(57)	
Bond Premium	661	
Total Amounts Related to Bond Issuance		604

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	48	
(Increase) Decrease in Compensated Absences	(492)	
(Increase) Decrease in Net Pension Costs	(34,849)	
(Increase) Decrease in Pollution Remediation	(539)	
Total Additional Expenditures		(35,832)

Special Item - Impairment of Capital Asset (4,702)

Change in Net Position of Governmental Activities **\$ 158,462**

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, 2019
(Expressed in Thousands)

Assets	Business-type Activities - Enterprise Funds					Governmental
	Lottery	Major		Nonmajor	Total	Internal Service Funds
		Clean Water State Revolving	Drinking Water State Revolving			
Current Assets:						
Cash and Cash Equivalents	\$ 9,707	\$ 60,675	\$ 34,268	\$ 246,154	\$ 350,804	\$ 50,806
Receivables:						
Interest and Dividends	87	3,463	2,100	803	6,453	308
Other Funds				303	303	8,787
Component Units				32	32	801
Other Governments		736	466	355	1,557	166
Loans and Notes, net		20,107	10,103	7,376	37,586	
Other, net	5,075			1,596	6,671	5,621
Investments		73,728	37,636		111,364	
Inventory				2,271	2,271	735
Advances to Component Units		1,036			1,036	
Other Assets	1			9	10	6,779
Total Current Assets	14,870	159,745	84,573	258,899	518,087	74,003
Restricted Assets:						
Restricted Cash	22				22	
Restricted Investments	407				407	
Net Pension Asset	2			8	10	34
Other	663				663	
Investments		88,592	58,581		147,173	
Capital Assets:						
Land and Other Non-depreciable Assets				295	295	
Property, Plant, and Equipment	4,542			11,587	16,129	109,576
Accumulated Depreciation	(4,179)			(5,829)	(10,008)	(78,253)
Construction in Progress				235	235	815
Total Capital Assets	363	0	0	6,288	6,651	32,138
Advances to Component Units		17,996			17,996	
Other Noncurrent Assets		246,996	166,610	37,878	451,484	
Total Assets	16,327	513,329	309,764	303,073	1,142,493	106,175
Deferred Outflows of Resources						
Deferred Outflow Related to Pensions	539	108	165	3,275	4,087	12,264
Deferred Amount from Refunding of Bonds		6,293	1,913		8,206	
Total Deferred Outflows of Resources	539	6,401	2,078	3,275	12,293	12,264
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	4,432	108	920	4,527	9,987	4,677
Payable to:						
Other Funds	5,554	1	2	306	5,863	1,245
Component Units					0	32
Escrow Payable	86				86	
Bonds, Notes, and Leases Payable		15,300	9,201		24,501	4,722
Claims, Judgments, and Compensated Absences	158	38	54	642	892	24,905
Accrued Interest Payable		4,717	1,960		6,677	
Unearned Revenue	229			1,849	2,078	11,175
Total Current Liabilities	10,459	20,164	12,137	7,324	50,084	46,756
Noncurrent Liabilities:						
Bonds, Notes, and Leases Payable		251,064	100,238		351,302	12,383
Claims, Judgments, and Compensated Absences	137	34	47	553	771	32,908
Other Noncurrent Liabilities					0	54
Total Noncurrent Liabilities	137	251,098	100,285	553	352,073	45,345
Total Liabilities	10,596	271,262	112,422	7,877	402,157	92,101
Deferred Inflows of Resources						
Deferred Inflow Related to Pensions	116	23	35	703	877	2,629
Total Deferred Inflows of Resources	116	23	35	703	877	2,629
Net Position						
Net Investment in Capital Assets	363			6,287	6,650	15,032
Restricted for:						
Pensions	425	85	130	2,580	3,220	9,669
Other	663			1,938	2,601	
Unrestricted	4,703	248,360	199,255	286,963	739,281	(992)
Total Net Position	\$ 6,154	\$ 248,445	\$ 199,385	\$ 297,768	\$ 751,752	\$ 23,709

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, 2019
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major				Total	Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor		
Operating Revenue:						
Licenses, Permits, and Fees	\$ 1,551	\$	\$	\$ 17,599	\$ 19,150	\$
Use of Money and Property		5,653	3,666	2,269	11,588	9
Sales and Services	178,064	1,597	921	8,715	189,297	238,864
Administering Programs				124	124	
Assessments				34,608	34,608	
Other Revenue	29			528	557	6,660
Total Operating Revenue	179,644	7,250	4,587	63,843	255,324	245,533
Operating Expenses:						
Personal Services and Benefits	2,057	352	741	12,478	15,628	44,339
Travel	165	12	10	971	1,158	845
Contractual Services	9,692	744	822	9,333	20,591	57,276
Supplies and Materials	1,036			4,465	5,501	14,026
Grant and Other	88	2,627	3,102	672	6,489	4
Interest		7,927	3,110		11,037	502
Depreciation/Amortization	270			364	634	6,832
Lottery Prizes	37,705				37,705	
Insurance Claims				26,920	26,920	142,882
Total Operating Expenses	51,013	11,662	7,785	55,203	125,663	266,706
Operating Income (Loss)	128,631	(4,412)	(3,198)	8,640	129,661	(21,173)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets				2	2	277
Loss on Disposal of Assets					0	(32)
Investment Income	891	6,637	4,230	9,171	20,929	3,135
Other Expense	(3)		(437)	(128)	(568)	(31)
Grant and Other Income		3,339	2,382	170	5,891	104
Total Nonoperating Revenue (Expenses)	888	9,976	6,175	9,215	26,254	3,453
Income (Loss) Before Capital Contributions and Transfers	129,519	5,564	2,977	17,855	155,915	(17,720)
Capital Contributions and Transfers:						
Capital Contributions				200	200	
Transfers In				5,049	5,049	1,484
Transfers Out	(129,422)	(44)	(84)	(1,476)	(131,026)	
Net Capital Contributions and Transfers	(129,422)	(44)	(84)	3,773	(125,777)	1,484
Change in Net Position	97	5,520	2,893	21,628	30,138	(16,236)
Net Position at Beginning of Year	6,057	242,925	196,492	276,140	721,614	39,945
Net Position at End of Year	\$ 6,154	\$ 248,445	\$ 199,385	\$ 297,768	\$ 751,752	\$ 23,709

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, 2019
(Expressed in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major					Internal Service Funds
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 179,794	\$ 1,666	\$ 967	\$ 59,462	\$ 241,889	\$ 86,722
Receipts from Interfund Services Provided				2,981	2,981	152,408
Receipts from Federal Agencies				131	131	
Receipts from Loan Payments		28,855	17,598	12,092	58,545	
Payments to Suppliers and for Benefits and Claims	(9,752)	(1,955)	(975)	(39,615)	(52,297)	(206,608)
Payments for Employee Services	(1,845)	(335)	(636)	(11,772)	(14,588)	(41,504)
Payments for Interfund Services Used	(889)			(1,977)	(2,866)	(9,572)
Payments for Lottery Prizes	(36,247)				(36,247)	
Payments for Principal Forgiveness		(1,413)	(2,745)		(4,158)	
Payments for Loans Originated		(33,960)	(22,403)	(12,486)	(68,849)	
Other Receipts (Payments)	(150)	(11)	(9)	223	53	5,989
Net Cash Provided (Used) by Operating Activities	130,911	(7,153)	(8,203)	9,039	124,594	(12,565)
Cash Flows From Capital and Related Financing Activities:						
Capital Contributions				200	200	
Purchases of Capital Assets				(175)	(175)	(1,614)
Construction in Progress				(81)	(81)	(666)
Sales of Capital Assets				2	2	662
Payments on Capital Lease Obligations					0	(5,651)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	(54)	(54)	(7,269)
Cash Flows From Noncapital Financing Activities:						
Transfers In				5,048	5,048	1,463
Transfers Out	(130,825)	(44)	(84)	(1,487)	(132,440)	
Received (Paid) on Interfund Borrowing					0	(229)
Issuance of Bonds		66,368	45,256		111,624	
Principal Payments on Bonds and Notes		(12,505)	(8,085)		(20,590)	
Bond Issuance Costs		(362)	(247)		(609)	
Interest Payments on Bonds and Notes		(7,983)	(2,392)		(10,375)	
Receipts for Administering Program		2,932	2,161		5,093	
Grants and Other Noncapital Financing Activities		216	105	29	350	80
Net Cash Provided (Used) by Noncapital Financing Activities	(130,825)	48,622	36,714	3,590	(41,899)	1,314
Cash Flows From Investing Activities:						
Investment Income	856	5,427	3,662	9,023	18,968	3,065
Investment Expense	(3)			(19)	(22)	(12)
Purchase of Investment Securities		(84,564)	(43,147)		(127,711)	
Proceeds from the Sale and Maturity of Investments		67,705	26,380		94,085	
Net Cash Provided (Used) by Investing Activities	853	(11,432)	(13,105)	9,004	(14,680)	3,053
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	939	30,037	15,406	21,579	67,961	(15,467)
Cash and Cash Equivalents at Beginning of Year	8,790	30,638	18,862	224,575	282,865	66,273
Cash and Cash Equivalents at End of Year	\$ 9,729	\$ 60,675	\$ 34,268	\$ 246,154	\$ 350,826	\$ 50,806

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
	Major					Activities
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 128,631	\$ (4,412)	\$ (3,198)	\$ 8,640	\$ 129,661	\$ (21,173)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	270			364	634	6,833
Bad Debt Expense				60	60	
Interest Expense		7,927	3,110		11,037	509
Bond Issuance Costs		362	247		609	
Miscellaneous Nonoperating Items	10				10	
Decrease/(Increase) in Assets:						
Accounts Receivable	53			(93)	(40)	(2,505)
Interest, Dividends & Penalties Receivable		264	178	(33)	409	
Loans and Notes Receivable		(11,022)	(8,650)	(968)	(20,640)	
Due From Other Funds				(48)	(48)	27
Due From Component Units				(10)	(10)	(67)
Due From Other Governments		69	46	(115)	0	(44)
Inventory				(248)	(248)	15
Other Assets	11			64	75	(3,144)
Other Restricted Assets	23				23	
Restricted Net Pension Asset	5	1	2	27	35	101
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	167	18	57	673	915	2,599
Increase/(Decrease) in Liabilities:						
Accounts Payable	1,694	(358)	(42)	827	2,121	(362)
Accrued Liabilities	18	(2)	14	47	77	(11)
Compensated Absences Payable	35	(1)	38	(31)	41	114
Due To Other Funds	2			33	35	10
Due To Component Units					0	(11)
Due To Other Governments				(18)	(18)	(26)
Unearned Revenue	55			(97)	(42)	282
Escrow Payable	3				3	
Policy Claim Liabilities					0	4,316
Other Liabilities	(54)			(32)	(86)	
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	(12)	1	(5)	(3)	(19)	(28)
Net Cash Provided (Used) by Operating Activities	\$ 130,911	\$ (7,153)	\$ (8,203)	\$ 9,039	\$ 124,594	\$ (12,565)
Noncash Investing, Capital, and Financing Activities:						
Gain (Loss) on Disposal of Capital Assets	\$	\$	\$	\$	\$	\$ 245
Capital Lease Obligations Entered Into						5,180
Transfers In (Out) of Capital Assets						21

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, 2019
(Expressed in Thousands)

	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 7,488	\$ 2,755	\$ 20,386
Receivables:			
Employer	2,781		
Employee	3,051		
Benefits	79		
Unsettled Investment Sales	340,573		
Taxes Receivable, net			45,856
Due From Other Funds		129	
Investment Income	37,862	512	1
Other		88	623
Total Receivables	384,346	729	46,480
Investments, at Fair Value:			
Fixed Income	4,352,121		
Equities	5,934,119		
Real Estate	1,086,738		
Private Equity	971,931		
Pooled Investment Funds		256,014	
Total Investments	12,344,909	256,014	0
Due From Brokers - Futures Transactions			
Properties, at Cost	2,061	14,201	
Accumulated Depreciation	(607)		
Other Assets	18	12	
Total Assets	12,738,215	273,711	\$ 66,866
Liabilities			
Payables:			
Accounts Payable and Other Liabilities	1,670	253	\$ 11,164
Due To Other Funds	64	226	
Due To Other Governments			55,702
Compensated Absences Payable	382		
Unsettled Investment Purchases	263,300		
Total Liabilities	265,416	479	\$ 66,866
Net Position			
Restricted for Pension Benefits	12,472,799		
Restricted for Others		273,232	
Total Net Position	\$ 12,472,799	\$ 273,232	

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, 2019
(Expressed in Thousands)

	South Dakota Retirement System Pension Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Employee	\$ 127,455	\$
Employer	127,572	
From Clients and Inmates		9,832
Other		8,840
Total Contributions	255,027	18,672
Investment Income:		
<i>From Investing Activities</i>		
Net Increase (Decrease) in Fair Value of Investments	314,248	7,456
Interest	142,442	
Dividends	132,256	
Real Estate	44,798	807
Pooled Interest and Dividends		5,635
Total Investment Activity Income	633,744	13,898
Less Investment Activity Expenses	(50,978)	
Net Investment Income (Loss)	582,766	13,898
<i>From Security Lending Activities</i>		
Securities Lending Income	1,155	6
Securities Lending Expenses	(346)	
Escheated Property		75
Miscellaneous Income		848
Total Additions	838,602	33,499
Deductions		
Benefits	572,352	
Refunds of Contributions	24,073	
Distribution to School Districts		12,112
Payments Made for Trust Purposes		10,794
Administrative Expenses	5,097	5
Total Deductions	601,522	22,911
Change in Net Position	237,080	10,588
Net Position at Beginning of Year	12,235,719	262,644
Net Position at End of Year	\$ 12,472,799	\$ 273,232

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



NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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 <http://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, 2019, there was \$30,954,742 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 Dakota Cement Trust Fund was created with the proceeds from the sale of the State Cement Plant which is invested by The South Dakota Investment Council. Transfers from this fund are made to the General Fund for the support of education in South Dakota.

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

The State reports the following major proprietary funds:

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

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

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

In addition, the State reports the following fund types:

Governmental Funds:

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

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

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

The Permanent Fund administered by 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, 2019, totaled \$20,496,306. The encumbrance amount is broken down by major fund and nonmajor fund below:

Fund	Amount Encumbered
Major Fund:	
General Fund	\$ 6,582,142
Transportation	6,025,740
Non-Major:	
Non-Major Total	7,888,424
Total	\$ 20,496,306

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, 2019. 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, 2019, the commodities inventory was reported in the amount of \$347,661.

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 \$9.8 million, as of June 30, 2019. 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, 2019, the amount of certificate of deposits and deposits in cash being held by the Lottery was \$428,052 and is included in restricted cash and investments on the balance sheet. The amount of \$5,928,311 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, 2019, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement has no effect on the State.

GASB Statement 88, Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement has affected Higher Education and South Dakota Housing Development Authority which are reported as major discretely presented component units, and the related changes were implemented into Note 14 of the Notes to the Financial Statements.

This statement has no other effect on the State.

For the fiscal year ended June 30, 2019, 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 beginning net position balance for The South Dakota Housing Development Authority, decreased by \$363,430 due to early implementation of GASB 91. This restatement will have the same effect on the government-wide financial statements.

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

Restatements – Component Units

The beginning net position balance reported for Higher Education, reported as a major discretely presented component unit, decreased by \$525,722 for errors in the reporting of receivables, liabilities, capital assets, and other miscellaneous reporting errors in prior years. This restatement will have the same effect on the government-wide financial statements. This restatement will also affect the beginning balance in Note 6 of the Notes to the 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 \$17,303,117 for deficit cash balances that existed in various state funds at June 30, 2019, 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, 2019, the securities, for which cost at the time of acquisition is not readily available, have a market value of \$919,918, 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 77% of the Cash Flow Portfolio) and discretely presented component units (comprising 23% 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, 2019, pledged collateral for all depositories equaled at least 100 percent of the total public deposits in excess of depository insurance. As a result, none of the Cash Flow Portfolio's certificates of deposit were 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, 2019, 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 \$15,807,559.

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 days basis. At June 30, 2019, 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 \$591,491.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2019, 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 \$124,317.

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, 2019, the fair value of securities on loan was \$330,517,309, and the collateral held on the same date was \$337,674,981. 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, 2019, 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 \$286,206,163 in guaranteed investment contracts, Federal agency bonds, U.S. Treasury bonds, and U.S. Treasury notes not held in their name at June 30, 2019.

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	\$ 42,616	5.58	\$ 91,423	6.32	\$ 17,391	6.32	\$ 111,592	0.36
U.S. Treasury Bills			660,001	0.14	1,363	0.24		
U.S. Treasury STRIPS	67,464	7.72	231,083	7.72	43,923	7.72		
U.S. Agencies	193,925	2.26	54,122	7.11	10,286	7.11	8,451	0.30
Investment Grade Corporates	656,845	2.66	385,260	4.51	70,543	4.49		
High-yield Corporates			466,509	2.96	1,698	4.51		
High-yield Bond Mutual Fund					56,750	3.30		
Agency Mortgage-backed Securities	99,030	3.93	335,864	4.26	64,241	4.20		
Non-agency Mortgage-backed Securities			793,174	0.74	72,562	0.86		
Municipal Bonds					46,986	4.85		
Investment Agreements							145,809	6.66
Total	\$ 1,059,880		\$ 3,017,436		\$ 385,743		\$ 265,852	
Portfolio Modified Duration		3.14		2.64		4.13		3.81

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, 2% in A-rated, 1% in Baa1 or Baa2, and 0.5% in individual holdings of corporate securities rating Baa3. 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, 2019, 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	\$ 452,321	\$ 1,646,057	\$ 446,963	\$ 8,575
Aa	141,001	111,488	37,548	
A	405,123	147,305	37,047	
Baa	93,513	164,508	28,030	145,809
Ba		232,962	7,621	
B		272,914	7,893	
Caa		224,204	14,786	
Ca		146,415	11,418	
C		5,776	629	
Unrated		306,524	95,732	
Total	\$ 1,091,958	\$ 3,258,153	\$ 687,667	\$ 154,384

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, 2019, are as follows (Expressed in Thousands):

Currency	Retirement Portfolio			Trust Portfolios		
	Equities U.S. Dollar Fair Value	Cash U.S. Dollar Fair Value	Total	Equities U.S. Dollar Fair Value	Cash U.S. Dollar Fair Value	Total
	Fair Value	Fair Value		Fair Value	Fair Value	
Australian Dollar	\$ 24,403	\$ 178	\$ 24,581	\$ 371	\$ 60	\$ 431
Brazilian Real		5	5			
British Pound	223,269	3,752	227,021	18,696	105	18,801
Canadian Dollar	87,372	432	87,804	7,291	135	7,426
Danish Kroner	15,135		15,135	1,173		1,173
Euro	358,515	9,444	367,959	29,695	123	29,818
Hong Kong Dollar	17,634	114	17,748	2,399		2,399
Japanese Yen	198,614	1,882	200,496	11,298	158	11,456
South Korean Won	87,092		87,092	8,871		8,871
Norwegian Krone	1,750		1,750			
Singapore Dollar	989		989			
Swedish Krona	15,624		15,624	1,757	11	1,768
Swiss Franc	211,814		211,814	21,889		21,889
Thai Baht	1,156		1,156			
Total Fair Value	\$ 1,243,367	\$ 15,807	\$ 1,259,174	\$ 103,440	\$ 592	\$ 104,032

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, 2019, was \$184,620,363. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2019, was \$2,058,668,636. The total fair value of global equity investments and high-yield fixed income investments managed by outside managers was \$61,584,998 and \$7,077,318, 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, 2019.

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 the SDIC's derivatives are classified as investment derivatives.

Futures Contracts

A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells 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, 2019, 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, 2019, was \$134,120,946.

At June 30, 2019, 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 2019	Long	4,325	\$100,000 par value 6% U.S. Treasury note	\$ 553,464,844
S&P 500 Index Future Due September 2019	Short	11,185		\$ (1,646,571,813)

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, 2019, the net change in fair value from foreign currency forward contracts was \$420,894. At June 30, 2019, the foreign currency forward contracts outstanding were as follows:

<u>Description</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Fair Value (U.S. Dollars)</u>
Forward Sale	\$ (20,770,519) CHF	08/07/2019	\$ (800,553)

Credit Risk

SDIC is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2019, 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 SDIC is exposed to interest rate risk on its 10-year U.S. Treasury Note futures contract. As interest rates increase, the value of the futures contract decreases.

Foreign Currency Risk

SDIC is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is (\$800,553).

Fair Value Measurement

Investments are reported at fair value as of June 30, 2019 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, 2019, (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	\$ 42,616	\$	\$ 42,616	\$
U.S. Treasury STRIPS	67,464		67,464	
U.S. Agencies	193,925		193,925	
Investment Grade Corporates	656,845		656,845	
Agency Mortgage-backed Securities	99,030		99,030	
Total Fixed Income Securities	1,059,880	0	1,059,880	0
Total Investments by Fair Value Level	1,059,880	\$ 0	\$ 1,059,880	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	241,188			
Total Investments Measured at the NAV	241,188			
Total Investments Measured at the Fair Value	\$ 1,301,068			

Retirement Portfolio:

	Retirement Portfolio			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasuries	\$ 91,423	\$	\$ 91,423	\$
U.S. Treasury Bills	660,001		660,001	
U.S. Treasury STRIPS	231,083		231,083	
U.S. Agencies	54,122		54,122	
Investment Grade Corporates	385,260		385,260	
High Yield Corporates	466,509		466,509	
Agency Mortgage-backed Securities	335,864		335,864	
Non-Agency Mortgage-backed Securities	793,174		793,174	
Total Fixed Income Securities	3,017,436	0	3,017,436	0
Equity Securities				
Domestic Stock	4,014,625	4,014,049	576	
Depository Receipts	53,900	53,900		
ETF - Exchange Traded Funds	425,658	425,658		
International Stock	1,243,367	1,243,367		
Stock Warrants	372		372	
Total Equity Securities	5,737,922	5,736,974	948	0
Alternative Investments				
Real Estate Funds	700			700
Total Alternative Investments	700	0	0	700
Total Investments by Fair Value Level	8,756,058	\$5,736,974	\$ 3,018,384	\$ 700
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	1,321,674			
Emerging Markets Small Cap Equity Mutual Funds	61,585			
Alternative Investments				
Multi Strategy Hedge Funds	129,699			
Real Estate Funds	1,086,038			
Private Equity Funds	971,931			
Other Funds	7,077			
Total Alternative Investments	2,194,745			
Total Investments Measured at the NAV	3,578,004			
Total Investments Measured at the Fair Value	12,334,062			
Plus: Cash Held by Fund Managers	15,753			
Less: G/L on FX Transactions	(827)			
Less: Accrued Monthly Interest	(4,076)			
Total	\$ 12,344,912			
Investment Derivative Instruments				
Foreign Exchange Forward Contracts	\$ 801	\$	\$ 801	
Total Investment Derivative Instruments	\$ 801	\$ 0	\$ 801	

Trust Portfolios:

	Trust Portfolios			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Fixed Income Securities				
U.S. Treasuries	\$ 17,391	\$	\$ 17,391	\$
U.S. Treasury Bills	1,363		1,363	
U.S. Treasury STRIPS	43,923		43,923	
U.S. Agencies	10,286		10,286	
Investment Grade Corporates	70,543		70,543	
High Yield Corporates	1,698		1,698	
Agency Mortgage-backed Securities	64,241		64,241	
Non-Agency Mortgage-backed Securities	72,562		72,562	
Municipal Bonds	46,986		46,986	
Total Fixed Income Securities	328,993	0	328,993	0
Equity Securities				
Domestic Stock	335,734	335,734		
Depository Receipts	11,031	11,031		
ETF - Exchange Traded Funds	11,625	11,625		
International Stock	103,441	103,441		
Total Equity Securities	461,831	461,831	0	0
Total Investments by Fair Value Level	790,824	\$ 461,831	\$ 328,993	\$ 0
Investments Measured at the Net Asset Value (NAV)				
Short-term Investment Funds	383,985			
High Yield Bond Mutual Funds	56,750			
Alternative Investments				
Real Estate Funds	108,196			
Private Equity Funds	75,996			
Other Funds	429			
Total Alternative Investments	184,621			
Total Investments Measured at the NAV	625,356			
Total Investments Measured at the Fair Value	\$ 1,416,180			

Other Funds:

	Other Funds			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasuries	\$ 131,946	\$	\$ 131,946	\$
U.S. Agencies	8,451		8,451	
Total Fixed Income Securities	140,397	0	140,397	0
Total Investments by Fair Value Level	\$ 140,397	\$ 0	\$ 140,397	\$ 0

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, 2019.

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, 2019.

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, 2019, (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)	\$ 241,188	\$	Daily	0 days
Investments Measured at the Net Asset Value (NAV)	\$ 241,188			

Investments Measured at the NAV

	<u>Fair Value</u>	Trust Portfolios		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 383,986	\$	Daily	0 days
High Yield Bond Mutual Funds (b)	56,750		Daily	1 day
Alternative Investments				
Real Estate Funds (c)	108,196	94,612		
Private Equity Funds (d)	75,996	45,091		
Other Funds (e)	429			
Total Alternative Investments	184,621			
Investments Measured at the Net Asset Value (NAV)	\$ 625,357			

Investments Measured at the NAV

	<u>Fair Value</u>	Retirement Portfolio		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Short-term Investment Funds (a)	\$ 1,321,674	\$	Daily	0 days
Mutual Funds (f)	61,585		Daily	1 day
Alternative Investments				
Multi Strategy Hedge Funds (g)	129,699		Monthly	5-30 days
Real Estate Funds (c)	1,086,038	948,076		
Private Equity Funds (d)	971,931	531,579		
Other Funds (e)	7,077			
Total Alternative Investments	2,194,745			
Investments Measured at the Net Asset Value (NAV)	\$ 3,578,004			
Real Estate Funds (Level 3)	\$ 700			

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 15 (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 11 (Trust Portfolios) and 36 (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 5 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, 2019, 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, 2019, investments in the amount of \$2,138,350 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 fifty percent of individual securities will not exceed two years from the date of purchase or deposit. The Housing Development Authority assumes that its callable investments will not be called. The Housing Development Authority invests in mortgage pass-through securities issued by GNMA, FNMA, and FHLMC. Because prepayments of mortgages underlying these securities affect the principal and interest payments received by these securities, the securities are considered highly sensitive to interest rate risk.

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

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

As of June 30, 2019, 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	\$ 101,252	\$ 15,981	\$ 64,383	\$ 20,720	\$ 168
U.S. Treasury Notes	2,079	1,645	434		
U.S. Agencies	1,021,300	6,174	49,302	31,136	934,688
Certificates of Deposit	12,370	4,213	8,157		
Mutual Funds	234,423	234,423			
Municipal Bonds	441	100	256	85	
State Obligations	2,763	582	1,754	427	
Total	\$ 1,374,628	\$ 263,118	\$ 124,286	\$ 52,368	\$ 934,856

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, 2019, the Economic Development Finance Authority investments had the following ratings:

Moody's Rating	Fair Value
Aaa	\$ 202,120
Aa	388,330
Total Fair Value	\$ 590,450

As of June 30, 2019, 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	\$ 234,423	17.2%
Certificates of Deposit	NR	7,034	0.5%
U.S. Agencies	Aaa	31,846	2.3%
U.S. Treasuries	Aaa	101,252	7.4%
State and Municipal Securities	A2 to Aaa	2,763	0.2%
Mortgage-backed Securities:			
GNMA	NR	589,310	43.1%
FNMA	NR	383,367	28.1%
FHLMC	NR	16,626	1.2%
		\$ 1,366,621	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, 2019, 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, 2019, 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	\$ (514)
2015 E-2	25,000	12/17/2015	66.4% of LIBOR plus 0.22%	22yr MMD plus 0.87%	11/01/2037	Aa1	111
2016 E-1	50,000	11/01/2016	2.21%	66.4% of LIBOR plus 0.23%	05/01/2037	Aa1	(1,497)
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	332

* 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 table on the prior page represent the termination payments that would have been due had the swaps been terminated as of June 30, 2019. A positive fair value represents money due the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

Swap Risks

Credit Risk

The terms of the swaps expose the Housing Development Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure to its counterparties when the swap positions have a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral thresholds are based on the prevailing ratings, as determined by Moody's and Standard & Poor's, of each counterparty, in the case of the counterparties, or hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2019, 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, 2019, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.20% per annum, while the weighted average interest rate on the swaps was 1.30% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the one-month taxable LIBOR rate.

Termination Risk

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

Amortization Risk

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

Tax Risk

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

Concentration Risk

The total outstanding bonds associated with swaps will be limited to thirty percent (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 \$150,000,000.

Swap Payments and Associated Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2019, (Expressed in Thousands):

Year-end June 30	Variable-rate Bond		Interest Rate	Total
	Principal	Interest	Swap – Net	
2020	\$	\$ 2,322	\$ (692)	\$ 1,630
2021		2,322	(692)	1,630
2022		2,323	(692)	1,631
2023		2,323	(692)	1,631
2024		2,323	(693)	1,630
2025-2029	3,720	11,548	(3,441)	11,827
2030-2034	43,245	8,084	(2,404)	48,925
2035-2039	28,035	1,536	(458)	29,113
Total	\$ 75,000	\$ 32,781	\$ (9,764)	\$ 98,017

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, 2019.

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 the Authority by the counterparty, while a negative fair value represents money payable by the Authority. Outstanding forward sales contracts as of June 30, 2019, 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	\$ 1,000,000	05/10/2019	08/13/2019	4.00%	\$ (7,344)	A2
GNMA II	1,000,000	05/20/2019	08/21/2019	3.50%	(13,594)	A2
Bank of New York Mellon						
FNMA	1,000,000	06/19/2019	09/12/2019	4.00%	(1,875)	A1
GNMA II	1,000,000	06/19/2019	09/19/2019	3.50%	(4,531)	A1
FNMA	1,000,000	06/26/2019	09/12/2019	3.50%	(1,406)	A1
FNMA	(1,000,000)	06/26/2019	09/12/2019	4.00%	1,172	A1
GNMA II	1,000,000	06/26/2019	09/19/2019	3.50%	(2,344)	A1
Bank of Oklahoma						
GNMA II	1,800,000	05/15/2019	07/22/2019	3.50%	(19,969)	A3
FNMA	1,400,000	05/23/2019	07/15/2019	4.00%	(6,945)	A3
GNMA II	2,000,000	06/05/2019	08/21/2019	3.50%	(8,203)	A3
FNMA	1,000,000	06/24/2019	09/12/2019	3.50%	(234)	A3
GNMA II	(3,900,000)	06/26/2019	07/22/2019	3.50%	4,875	A3
ED&F Man Capital Markets						
GNMAII	1,000,000	05/10/2019	07/22/2019	3.50%	(13,672)	Not rated
GNMAII	1,200,000	05/17/2019	07/22/2019	3.50%	(14,766)	Not rated
GNMAII	1,000,000	05/28/2019	08/21/2019	3.50%	(9,805)	Not rated
GNMAII	700,000	06/13/2019	08/21/2019	3.50%	(2,707)	Not rated
Daiwa Capital Markets						
FNMA	1,000,000	05/31/2019	07/15/2019	4.00%	(2,656)	Not rated
GNMAII	1,200,000	05/31/2019	08/21/2019	3.50%	(7,313)	Not rated
FNMA	700,000	06/13/2019	09/12/2019	4.00%	(766)	Not rated
Jefferies						
FNMA	1,200,000	05/15/2019	08/13/2019	4.00%	(6,563)	Baa3
FNMA	600,000	06/06/2019	08/13/2019	4.00%	(938)	Baa3
GNMAII	2,000,000	06/10/2019	08/21/2019	3.50%	(9,375)	Baa3
GNMAII	2,200,000	06/14/2019	08/21/2019	3.50%	(8,938)	Baa3
FNMA	1,600,000	06/14/2019	09/12/2019	4.00%	(3,000)	Baa3
GNMAII	2,000,000	06/24/2019	09/19/2019	3.50%	(5,000)	Baa3
Piper Jaffray						
FNMA	1,200,000	05/21/2019	08/13/2019	4.00%	(8,810)	Not rated
	\$ 24,900,000				\$ (154,707)	

Fair Value Measurement

Investments are reported at fair value as of June 30, 2019, 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 Finance Authority investments within the fair value hierarchy as of June 30, 2019, (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	\$ 103,546	\$	\$ 103,546	\$
U.S. Agencies	1,021,085		1,021,085	
Money Market Mutual Funds	234,423	234,423		
Municipal Bonds	440		440	
Certificates of Deposit	12,370		12,370	
State Obligations	2,763		2,763	
Total Investments by Fair Value Level	<u>\$ 1,374,627</u>	<u>\$ 234,423</u>	<u>\$ 1,140,204</u>	<u>\$ 0</u>
Hedging Derivative Instruments				
Interest Rate Swaps	\$ (1,569)	\$	\$ (1,569)	\$
Forward MBS Contracts	(155)		(155)	
Total Hedging Derivative Instruments	<u>\$ (1,724)</u>	<u>\$ 0</u>	<u>\$ (1,724)</u>	<u>\$ 0</u>

For the Finance Authority, First National Bank serves as trustee uses a pricing service, ICE Data Pricing and Referencing, LLC., to value investments. ICE Data Pricing and Referencing, LLC. 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								
	General Fund	Trans- portation Fund	Social Services Federal Fund	Dakota Cement Trust Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Internal Service Funds	Total
Taxes Receivable	\$185,482	\$ 17,426	\$	\$	\$	\$ 3,011	\$	\$ 205,919
Allowance	(12,995)	(24)						(13,019)
Accounts Receivable	19,104	895	13,188			19,874	5,621	58,682
Allowance	(5,684)	(384)				(132)		(6,200)
Due From Other Governments	1,500	92,072	15,822			100,882	166	210,442
Interest Receivable	3,517	828	1	715	1,531	2,115	308	9,015
Current Loans and Notes		493				5,658		6,151
Allowance						(50)		(50)
Non-current Loans and Notes		5,778				61,348		67,126
Allowance						(582)		(582)
Due From Fiduciary Funds	185						64	249
Receivables, net	\$191,109	\$117,084	\$ 29,011	\$ 715	\$ 1,531	\$ 192,124	\$6,159	\$ 537,733

Business-type Activities					
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	Total
Accounts Receivable	\$ 5,089	\$	\$	\$ 3,421	\$ 8,510
Allowance	(14)			(1,825)	(1,839)
Due From Other Governments		736	466	355	1,557
Interest Receivable	87	3,463	2,100	803	6,453
Current Loans Receivable		20,107	10,103	7,543	37,753
Allowance				(167)	(167)
Noncurrent Loans Receivable		246,996	166,610	39,464	453,070
Allowance				(1,586)	(1,586)
Due From Fiduciary Funds				41	41
Receivables, net	\$ 5,162	\$271,302	\$ 179,279	\$ 48,049	\$ 503,792

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								
	General Fund	Trans- portation Fund	Social Services Federal Fund	Dakota Cement Trust Fund	Educational Enhancement Trust	Non-major Governmental Funds	Internal Service Funds	Total
Payroll and Withholdings	\$ 14,087	\$ 5,130	\$ 1,928	\$	\$	\$ 9,447	\$ 2,456	\$ 33,048
Accounts Payable	52,413	41,753	5,031	80	130	25,249	2,042	126,698
Medicaid and CHIP Claims	23,289		20,633			18,656		62,578
Due to Other Governments	1,891	2,775	67			30,772	125	35,630
Bank Tax Refund	9,895							9,895
Shared Revenue Distribution	17,062					35,213		52,275
Claims Payable							16,117	16,117
Due to Fiduciary Funds	109							109
Total	\$ 118,746	\$ 49,658	\$ 27,659	\$ 80	\$ 130	\$ 119,337	\$ 20,740	\$ 336,350

Business-type Activities					
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	Total
Payroll and Withholdings	\$ 129	\$ 21	\$ 34	\$ 744	\$ 928
Accounts Payable	3,875	87	56	3,490	7,508
Due to Fiduciary Funds				20	20
Escrow Payable	86				86
Other Liabilities	428			293	721
Total	\$ 4,518	\$ 108	\$ 90	\$ 4,547	\$ 9,263

5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2019, is as follows (Expressed in Thousands):

A. Interfund Receivables and Payables

Due To	Due From											Total
	General Fund	Transportation Fund	Social Services Federal Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Lottery Fund	Clean Water State Revolving	Drinking Water State Revolving	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$		\$	\$ 21,335	\$ 24,513	\$ 4,669	\$	\$	\$ 45	\$ 4	\$ 185	\$50,751
Transportation Fund	2				1,531	182			1	207		1,923
Social Services Federal Fund					15							15
Non-major Governmental Funds	304	448	243		5,033	614			67	127		6,836
Non-major Enterprise Funds	1	4			189					68	41	303
Internal Service Funds	2,463	1,278	763		3,115	89	1	2	173	839	64	8,787
Fiduciary Funds	109								20			129
Total	\$ 2,879	\$ 1,730	\$ 1,006	\$ 21,335	\$ 34,396	\$ 5,554	\$ 1	\$ 2	\$ 306	\$ 1,245	\$ 290	\$68,744

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; and 3) other payables existing between funds.

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	\$	\$ 54	\$	\$ 15,446	\$ 4,988	\$ 1,484	\$ 21,972
Transportation Fund	3,590			1,067			4,657
Social Services Federal Fund				166			166
Dakota Cement Trust Fund	12,683						12,683
Education Enhancement Trust Fund	21,335						21,335
Non-major Governmental Funds	73,348	4,349	6,371	14,405	61		98,534
Lottery Fund	123,016	965		5,441			129,422
Clean Water State Revolving Fund				44			44
Drinking Water State Revolving Fund				84			84
Non-major Enterprise Funds	494			982			1,476
Total	\$ 234,466	\$ 5,368	\$ 6,371	\$ 37,635	\$ 5,049	\$ 1,484	\$ 290,373

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 2019 (Expressed in Thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 121,501	\$ 3,681	\$ 2,350	\$ 122,832
Land Improvements	9,807	465		10,272
Land & Improvements - Roads	630,973	5,299		636,272
Construction in Progress	368,445	193,281	230,724	331,002
Total Capital Assets Not Being Depreciated	1,130,726	202,726	233,074	1,100,378
Capital Assets Being Depreciated:				
Land Improvements	50,603	7,475	723	57,355
Buildings	679,181	10,315	1,591	687,905
Equipment	239,856	19,450	7,627	251,679
Intangible Assets - Software	118,492	14,189	5,275	127,406
Vehicles	172,715	13,676	7,590	178,801
Infrastructure	4,056,800	190,093	7,297	4,239,596
Total Capital Assets Being Depreciated	5,317,647	255,198	30,103	5,542,742
Less Accumulated Depreciation:				
Land Improvements	15,837	2,302	326	17,813
Buildings	242,088	17,228	1,132	258,184
Equipment	148,891	14,782	6,693	156,980
Intangible Assets - Software	68,443	9,830	5,270	73,003
Vehicles	90,832	12,002	6,397	96,437
Infrastructure	1,654,078	67,768	5,833	1,716,013
Total Accumulated Depreciation	2,220,169	123,912	25,651	2,318,430
Total Capital Assets Being Depreciated, Net	3,097,478	131,286	4,452	3,224,312
Total Governmental Activities, Net	\$ 4,228,204	\$ 334,012	\$ 237,526	\$ 4,324,690

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Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 295	\$	\$	\$ 295
Construction in Progress	154	81		235
Total Capital Assets Not Being Depreciated	449	81	0	530
Capital Assets Being Depreciated:				
Land Improvements	924			924
Buildings	8,591			8,591
Equipment	3,825	175	7	3,993
Intangible Assets - Software	2,620			2,620
Total Capital Assets Being Depreciated	15,960	175	7	16,128
Less Accumulated Depreciation:				
Land Improvements	660	14		674
Buildings	3,527	157		3,684
Equipment	3,191	197	7	3,381
Intangible Assets - Software	2,002	266		2,268
Total Accumulated Depreciation	9,380	634	7	10,007
Total Capital Assets Being Depreciated, Net	6,580	(459)		6,121
Total Business-type Activities, Net	\$ 7,029	\$ (378)	\$ 0	\$ 6,651

Depreciation was charged to the function of government as follows:

Governmental Activities	Amount
Unallocated	\$ 53
General Government	11,504
Health, Human, and Social Services	8,600
Law, Justice, Public Protection, and Regulation	10,529
Agriculture and Natural Resources	5,094
Transportation	83,850
Education	4,281
Economic Resources	1
Total Governmental Activities	\$123,912
Business-type Activities	
Enterprise Funds	\$ 634

B. Component Units

Capital Assets for component units consisted of the following for fiscal year 2019 (Expressed in Thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Higher Education*:				
Capital Assets Not Being Depreciated:				
Land	\$ 29,074	\$ 1,878	\$ 13	\$ 30,939
Construction in Progress, as restated	108,050	111,970	124,985	95,035
Works of Art and Historical Treasures	9,293	501		9,794
Total Capital Assets Not Being Depreciated, as restated	146,417	114,349	124,998	135,768
Capital Assets Being Depreciated:				
Land Improvements	54,067	7,581	341	61,307
Infrastructure	82,811	3,142	306	85,647
Buildings, as restated	1,344,815	124,604	8,117	1,461,302
Equipment and Other Assets, as restated	276,423	13,225	4,026	285,622
Total Capital Assets Being Depreciated, as restated	1,758,116	148,552	12,790	1,893,878
Less Accumulated Depreciation:				
Land Improvements	22,884	2,897	229	25,552
Infrastructure	30,341	2,890	49	33,182
Buildings, as restated	440,399	38,384	5,972	472,811
Equipment and Other Assets, as restated	219,405	13,460	3,930	228,935
Total Accumulated Depreciation, as restated	713,029	57,631	10,180	760,480
Total Capital Assets Being Depreciated, Net, as restated	1,045,087	90,921	2,610	1,133,398
Total Higher Education Capital Assets, Net, as restated	1,191,504	205,270	127,608	1,269,166
* 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	220	0	0	220
Capital Assets Being Depreciated:				
Land Improvements	1,262			1,262
Buildings	4,957	42		4,999
Equipment	4,166	236	41	4,361
Total Capital Assets Being Depreciated	10,385	278	41	10,622
Less Accumulated Depreciation:				
Land Improvements	758	37		795
Buildings	1,175	169		1,344
Equipment and Other Assets	3,394	218	41	3,571
Total Accumulated Depreciation	5,327	424	41	5,710
Total Capital Assets Being Depreciated, Net	5,058	(146)	0	4,912
Total Housing Development Authority Capital Assets, Net	5,278	(146)	0	5,132

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	18,084	246	419	17,911
Total Capital Assets Not Being Depreciated	<u>37,905</u>	<u>246</u>	<u>419</u>	<u>37,732</u>
Capital Assets Being Depreciated:				
Building Improvements	37,512	295		37,807
Buildings	8,120			8,120
Equipment	11,102	242	181	11,163
Vehicles	109	10		119
Infrastructure	1,959			1,959
Total Capital Assets Being Depreciated	<u>58,802</u>	<u>547</u>	<u>181</u>	<u>59,168</u>
Less Accumulated Depreciation:				
Building Improvements	6,999	994		7,993
Buildings	1,916	164		2,080
Equipment	5,261	717	180	5,798
Vehicles	75	5		80
Infrastructure	345	51		396
Total Accumulated Depreciation	<u>14,596</u>	<u>1,931</u>	<u>180</u>	<u>16,347</u>
Total Capital Assets Being Depreciated, Net	<u>44,206</u>	<u>(1,384)</u>	<u>1</u>	<u>42,821</u>
Total Science and Technology Authority Capital Assets, Net	<u>82,111</u>	<u>(1,138)</u>	<u>420</u>	<u>80,553</u>
Ellsworth Development Authority				
Capital Assets Not Being Depreciated:				
Land and Easements		3,454	3,454	
Total Capital Assets Not Being Depreciated	<u>0</u>	<u>3,454</u>	<u>3,454</u>	<u>0</u>
Capital Assets Being Depreciated:				
Equipment	4			4
Buildings	17,199			17,199
Improvements	6,921			6,921
Total Capital Assets Being Depreciated	<u>24,124</u>	<u>0</u>	<u>0</u>	<u>24,124</u>
Less Accumulated Depreciation:				
Equipment	3			3
Buildings	2,235	573		2,808
Improvements	1,085	277		1,362
Total Accumulated Depreciation	<u>3,323</u>	<u>850</u>	<u>0</u>	<u>4,173</u>
Total Capital Assets Being Depreciated, Net	<u>20,801</u>	<u>(850)</u>	<u>0</u>	<u>19,951</u>
Total Ellsworth Development Authority Capital Assets, Net	<u>20,801</u>	<u>2,604</u>	<u>3,454</u>	<u>19,951</u>
Total Discretely Presented Component Units, Net	<u>\$ 1,299,694</u>	<u>\$ 206,590</u>	<u>\$ 131,482</u>	<u>\$ 1,374,802</u>

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, 2019, are as follows (Expressed in Thousands):

	<u>Amount</u>
Primary Government	
Governmental Activities	
Land Improvements	\$ 1,456
Buildings and Structures	57,574
Equipment	1,335
Vehicles	1,160
Intangibles - Computer Software	10,705
Infrastructure	258,772
Total Governmental Activities	<u>331,002</u>
Business - Type Activities	
Intangibles - Computer Software	235
Total Business - Type Activities	<u>235</u>
Total Primary Government	<u>\$ 331,237</u>
Discretely Presented Component Units	
Higher Education*	
Land Improvements	\$ 1,110
Buildings and Structures	88,305
Infrastructure	5,216
Equipment	404
Science and Technology	
Buildings and Structures	246
Infrastructure	17,665
Total Discretely Presented Component Units	<u>\$ 112,946</u>

* Higher Education amounts do not include their foundations.

D. Special Item – Impairment of Capital Asset

The State has abandoned construction on a portion of a large computer software project. This has resulted in an impairment of \$4.7 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.

Additionally, construction has been temporarily interrupted on other portions of that computer software project. The State is evaluating options to continue construction or to abandon all or a portion of the software project. This decision could result in a future year impairment of all or a portion of \$3.6 million reported as Construction in Progress – Intangibles (computer software) within the Governmental Activities of the Primary Government.

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 <http://www.sdrs.sd.gov/>.

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

SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions. The system includes three classes of members: Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement 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, 2019. 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 4.87% in 2019. 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, 2019, 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 2019 were \$26.4 million, during fiscal year 2018 were \$26.2 million, and during fiscal year 2017 were \$26.3 million. Contributions for the State’s component units during 2019 were \$19.4 million, during fiscal year 2018 were \$19.1 million, and during fiscal year 2017 were \$19.2 million.

State’s Proportionate Share of SDRS

For fiscal year 2019, the State and its component units used a July 1, 2017, to June 30, 2018, measurement date for reporting purposes.

The State’s proportionate share of SDRS’s collective net pension asset is 21.05% or \$489 thousand using a June 30, 2018, measurement date. This percentage was measured based on all employer contributions from July 1, 2017, through June 30, 2018. Pension expenses for the State were \$64.9 million and contributions subsequent to the measurement date were \$26.4 million. The State’s proportionate share decreased by 0.53% over the prior fiscal year’s proportionate share of 21.58%.

The State’s component unit’s proportionate share of SDRS’s collective net pension asset is 15.34% or \$358 thousand using a June 30, 2018, measurement date. This percentage was measured based on all employer contributions from July 1, 2017, through June 30, 2018. Pension expense for component units were \$47.5 million and contributions subsequent to the measurement date were \$19.4 million. The State’s component unit’s proportionate share decreased by 0.37% over the prior fiscal year’s proportionate share of 15.71%.

The components of the net pension asset of the System at June 30, 2018, were as follows (Dollars Expressed in Thousands):

	State of South Dakota Proportionate Allocation 21.05%	Discretely Presented Component Units Proportionate Allocation 15.34%
Total Pension Liability	\$ 2,575,055	\$ 1,876,144
Plan Fiduciary Net Position	(2,575,544)	(1,876,502)
Net Pension (Asset) Liability	\$ (489)	\$ (358)

Fiduciary Net Position as a Percentage of Net Pension Liability

100.02% 100.02%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2018, 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

Mortality rates were based on 97% of the RP-2014 Mortality Table, 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, projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2018, 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 6.50%. 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, 2018, (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%	4.8%
Fixed Income	30%	2.1%
Real Estate	10%	4.6%
Cash	2%	1.2%
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 \$489 thousand using a June 30, 2018, measurement date, calculated using the discount rate of 6.50%, 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 (5.50%) or 1% point higher (7.50%) 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	\$ 370,783	\$ (489)	\$ (302,502)
Discretely Presented Component units Proportionate Share of SDRS Net Pension (Asset) Liability	270,147	(358)	(220,398)

Deferred Outflows and Inflows of Resources Related to Pensions – The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2019, were as follows (Expressed in Thousands):

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

<u>Source</u>	<u>Primary Government</u>		<u>Discretely Presented Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 18,555	\$	\$ 13,519	\$
Changes in Assumptions	124,636		90,809	
Net Differences between Projected and Actual Earnings on Pension Plan Investments		37,102		27,032
Changes in Proportionate Share and Differences between Contributions and Proportionate Share of Contributions	4,277	156	2,782	21
Contributions Subsequent to the Measurement Date	26,441		19,444	
Total	\$ 173,909	\$ 37,258	\$ 126,554	\$ 27,053

The \$26.4 million and the \$19.4 million reported above as deferred outflows of resources by the primary government and the discretely presented component units are the result of employer contributions made subsequent to the measurement date of June 30, 2018. These contributions will be recognized as an increase of the net pension asset in the upcoming year. The remaining amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (Expressed in Thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
2020	\$ 68,274	\$ 49,801
2021	51,228	37,156
2022	(5,437)	(4,085)
2023	(3,855)	(2,815)
Total	\$ 110,210	\$ 80,057

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, 2018, the most recent actuarial valuation date, the plan had 4 active participants, 1 vested terminated participant, and 207 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, 2019, (Expressed in Thousands):

	General	Trans- portation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor Governmental Funds	Total
Nonspendable							
Inventory	\$ 3,112	\$ 17,990	\$ 57	\$	\$	\$ 1,869	\$ 23,028
Prepays	2,391	239	1,178			1,321	5,129
Permanent Fund Principal					403,607	145,383	548,990
Total Nonspendable Fund Balances	5,503	18,229	1,235	0	403,607	148,573	577,147
Restricted							
Education				332,142	196,285	13,591	542,018
Health and Public Assistance						77,004	77,004
Law , Justice, and Public Protection						20,102	20,102
Economic Development	3,300					43,638	46,938
Transportation		207,688					207,688
Agriculture and Natural Resources						91,271	91,271
Energy Conservation or Development						12,082	12,082
Game and Fish						10,008	10,008
Parks and Recreation						6,592	6,592
Public Buildings						799	799
Public Broadcasting						407	407
Railroads						26,868	26,868
Debt Service						25,077	25,077
Capital Projects						14,227	14,227
Other						9,972	9,972
Total Restricted Fund Balances	3,300	207,688	0	332,142	196,285	351,638	1,091,053
Committed							
Education						279	279
Health and Public Assistance						2,980	2,980
Law , Justice, and Public Protection						16,647	16,647
Agriculture and Natural Resources						4,318	4,318
Environmental Cleanup						4,113	4,113
Energy Conservation or Development						536	536
Public Buildings						2,418	2,418
Railroads						464	464
Other						10,061	10,061
Total Committed Fund Balances	0	0	0	0	0	41,816	41,816
Assigned							
Education	5,923					1,744	7,667
Higher Education	720						720
Health and Public Assistance	10,615		1,419			5,319	17,353
Law , Justice, and Public Protection	14,938					1,865	16,803
Agriculture and Natural Resources	696					810	1,506
Tourism Promotion	3,038						3,038
Public Buildings	26,246					2,865	29,111
Economic Development	5,706						5,706
Other	6,274					8,408	14,682
Total Assigned Fund Balances	74,156	0	1,419	0	0	21,011	96,586
Unassigned Fund Balances *	294,225					(4,036)	290,189
Total Fund Balances	\$ 377,184	\$ 225,917	\$ 2,654	\$ 332,142	\$ 599,892	\$ 559,002	\$ 2,096,791

* This amount includes \$145,117,000 of equity from the Budget Reserve established by the 1991 South Dakota Legislature and \$44,000,000 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, 2019, was \$145,117,000 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, 2019, was \$44,000,000 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, 2019, the following equity balances are included within the State's General Fund in accordance with GASB 54 (Expressed in Thousands):

Fund Balance - June 30, 2019 as reported	\$ 377,184
Less Statutorily Created Funds Combined with the General Fund:	
Tourism Promotion - assigned for Tourism Promotion	3,153
Investment Council Operating - assigned for Other	2,034
Private Activity Bond - assigned for Other	394
Teen Court - assigned for Other	215
Proof of Concept - assigned for Economic Development	18
Fine Arts - assigned for Other	250
Economic Development - assigned for Economic Development	546
Local Infrastructure Improvement - assigned for Economic Development	4,907
Workforce Education - assigned for Education	2,962
Extraordinary Litigation Expense - assigned for Other	480
Legislative Contingency Fund - unassigned	1,545
Unclaimed Property - unassigned	26
Fund Balance - June 30, 2019 excluding GASB 54 combinations	<u>\$ 360,654</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, 2019, 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, 2019 excluding GASB 54 combinations	\$ 360,654
Less SDRC Funds Combined with the General Fund:	
SDRC Indemnification Fund One Account - restricted for Economic Development	3,300
Fund Balance - June 30, 2019 excluding all combinations	<u>\$ 357,354</u>

Net Position Restricted by Enabling Legislation

The Government-wide Statement of Net Position reports \$1.76 billion of restricted net position for the primary government of which \$157.1 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, 2019, 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, 2019, are summarized as follows (Expressed in Thousands):

<u>Fund</u>	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total Restriction</u>
Education Enhancement Trust	\$ 196,285	\$ 403,607	\$ 599,892
Health Care Trust	59,122	85,631	144,753
Permanent	(119)	59,752	59,633
Total	\$ 255,288	\$ 548,990	\$ 804,278

Individual Fund Deficits

The following individual funds had deficit fund equity at June 30, 2019, (Expressed in Thousands):

<u>Fund Type/Fund</u>	<u>Deficit</u>
Internal Service:	
State Worker's Compensation	\$ 28,027
Special Revenue:	
State Fire Suppression	1,982
Law Enforcement Revolving	496
Land Acquisition & Development	181
Public Utilities Commission Federal	99
Animal Damage Control	57

11. COMMITMENTS

At June 30, 2019, the Primary Government had commitments of \$1,146,345,345 and the State's discretely presented component units had commitments of \$162,979,217 broken down as follows:

Primary Government

Major Governmental Funds

General Fund: The total amount committed for the General Fund is \$172,233,139 broken down by departments as follows:

- Department of Corrections has commitments totaling \$8,782,179 for building repairs and maintenance.
- Bureau of Administration has commitments totaling \$5,319,145 for multiple statewide maintenance and repair projects.
- Department of Education has commitments totaling \$21,054,430 for grants, computer systems maintenance, and various K-12 programs.
- Bureau of Information and Telecommunications has commitments totaling \$7,556,758 for various service contracts and encumbered purchase orders.
- Department of Social Services has commitments totaling \$49,009,697 for alcohol and drug services, community mental health services, food services, janitorial services, and various other contractual commitments.
- Department of Military has commitments totaling \$4,228,013 for repairing storm damage and construction commitments for AASF Readiness Center.
- Department of Human Services has commitments totaling \$615,259 for consultant services, grants, and construction commitments.
- Governor's Office of Economic Development has commitments totaling \$75,667,658 for sales and use tax paid on projects.

Transportation Fund: The total amount committed for the Transportation Fund is \$479,302,017 broken down as follows:

- Department of Transportation has commitments totaling \$477,536,158 for construction commitments, various highway projects, work in progress, maintenance projects, bridge repairs, pavement markings, drainage repairs, deer and debris pickup, snow plowing, and street sweeping.
- Department of Public Safety has commitments totaling \$1,765,859 for purchase orders.

Social Services Federal Fund: Department of Social Services has commitments totaling \$52,314,771 for various contractual commitments.

Nonmajor Governmental Funds

Capital Projects Fund: South Dakota Building Authority has commitments totaling \$56,401,452 for contracts and other construction commitments.

Education Federal Fund: Department of Education has commitments totaling \$43,678,115 for various grants, providing professional coaching for Birth to Three Bright Beginnings, and various K-12 programs and support.

Labor Fund: Department of Labor and Regulation has commitments totaling \$760,557 for various grants and contractual commitments.

Health Federal Fund: Department of Health has commitments totaling \$7,886,094 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 \$13,787,423 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 \$10,250,353 for grant payments, emergency management courses, and SD multi-hazard plan.

Natural Resources Federal Fund: Department of Environment and Natural Resources has commitments totaling \$2,511,360 in federal subgrant outstanding obligations.

Game and Fish Fund: Department of Game, Fish, and Parks (GFP) has commitments totaling \$920,138 for real time hunting and fishing call center and encumbered purchase orders.

Health Fund: Department of Health has commitments totaling \$2,541,562 for clerical services, medical case management, covered breast and cervical cancer screenings services, and courier services for the rapid of samples to the Public Health Laboratory and Correctional Health.

Motor Vehicle Fund: Department of Public Safety has commitments totaling \$8,073,550 for encumbrances and contracts for driver's licensing services.

Revenue Fund: Department of Revenue has commitments totaling \$13,500,000 for the centralized production and distribution of license plates.

Future Fund: Governor's Office of Economic Development has commitments totaling \$2,550,057 for future fund grants.

Water and Environment Fund: Department of Environment and Natural Resources has commitments totaling \$33,618,251 for consolidated water facilities construction program, solid waste management program, and SWRMS grants and loans.

Military Federal Fund: Department of Military has commitments totaling \$13,450,502 for repairing storm damage, constructing AASF Readiness Center, security, and sub-recipient agreements.

Other Nonmajor Governmental Funds: The total amount committed for the Other Nonmajor Special Revenue Funds is \$61,030,510 broken down by agency as follows:

- Tourism has commitments totaling \$9,260,000 to be used for public relations, advertising consultants, and to design, fabricate, and install exhibits.
- Governor's Office of Economic Development has commitments totaling \$2,586,066 for local infrastructure improvement program grants.
- Unified Judicial System has commitments totaling \$715,376 for rural attorney contracts and office equipment.
- Department of Public Safety has commitments totaling \$28,292,445 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 new 911 system design and maintenance.
- Department of Health has commitments totaling \$4,890,321 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 \$2,267,519 for various grants and contractual commitments.
- South Dakota Soybean Research and Promotion Council has commitments totaling \$2,314,100 for various contractual projects.
- Department of Social Services has commitments totaling \$1,410,235 for medical transcription services, alcohol and drug services, and various other contractual commitments.
- South Dakota Animal Industry Board has \$2,455,358 construction commitments.

- Department of Environment and Natural Resources has commitments totaling \$523,115 for various VW grants.
- Department of Veteran's Affairs has commitments totaling \$5,315,975 for building a veteran's cemetery in Sioux Falls.
- South Dakota Corn Council has commitments totaling \$1,000,000 for the renovation of research space within an agricultural hall for a South Dakota State University.

Major Proprietary Funds

Clean Water State Revolving Fund: Department of Environment and Natural Resources has commitments totaling \$86,655,054 for loan commitments with borrowers.

Drinking Water State Revolving Fund: Department of Environment and Natural Resources has commitments totaling \$41,870,378 for loan commitments with borrowers.

Nonmajor Proprietary Funds

Self-Insurance Fund: Bureau of Human Resources has commitments totaling \$10,199,307 for claims administration, medical management, and wellness services.

Accounting and Payroll Fund: Bureau of Finance and Management has commitments totaling \$589,028 for various consulting fees.

Revolving Economic Development and Initiative Fund: Governor's Office of Economic Development has commitments totaling \$21,348,538 for REDI Fund loans.

Information Services Fund: The Bureau of Information and Technology has commitments totaling \$4,433,101 for encumbrances and services contracts.

Telecommunications Fund: The Bureau of Information and Technology has commitments totaling \$5,495,829 for encumbrances and services contracts.

Other Nonmajor Proprietary Funds: Department of Public Safety has commitments totaling \$944,259 to upgrade current computer system.

Discretely Presented Component Units

Housing Authority: South Dakota Housing Development Authority has commitments totaling \$88,813,582 to fund the Homeownership Mortgage Program.

Science and Technology Authority: South Dakota Science and Technology Authority has commitments totaling \$1,626,237 for xenon procurement, demolition of old maintenance shop, architecture engineering services, and asbestos removal.

Higher Education: Higher Education has \$72,539,398 of construction and coaching contract commitments.

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 \$28,081,738 at June 30, 2019. The Workers' Compensation Fund liability at June 30, 2019, and the changes to the liability during fiscal years ended June 30, 2019, and 2018 listed on the following page were as follows (Expressed in Thousands):

	<u>FY2019</u>	<u>FY2018</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 29,990	\$ 27,103
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	6,983	5,732
Changes in provision for insured events of prior fiscal years	(60)	1,341
Total incurred claims and claim adjustment expenses	<u>6,923</u>	<u>7,073</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	2,172	1,217
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	3,229	2,969
Total payments	<u>5,401</u>	<u>4,186</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 31,512</u>	<u>\$ 29,990</u>

B. Health Insurance

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

The health insurance program liability at June 30, 2019 and the changes to the liability during fiscal years ended June 30, 2019, and 2018 were as follows (Expressed in Thousands):

	Health Insurance	
	FY2019	FY2018
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 12,696	\$ 13,651
Incurred claims and claim adjustment expenses	130,287	118,496
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	114,408	105,800
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	12,696	13,651
Total payments	127,104	119,451
Unpaid claims and claim adjustment expenses at end of fiscal year	\$ 15,879	\$ 12,696

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 2019, \$6,345,882 of the net assets balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2019, and the changes to the liability during fiscal years ended June 30, 2019, and 2018 were as follows (Expressed in Thousands):

	FY2019	FY2018
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 4,603	\$ 4,046
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	1,839	1,970
Changes in provision for insured events of prior fiscal years	(429)	311
Total incurred claims and claim adjustment expenses	1,410	2,281
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	284	259
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	1,347	1,465
Total payments	1,631	1,724
Unpaid claims and claim adjustment expenses at end of fiscal year	\$ 4,382	\$ 4,603

D. Risk Management

The State is commercially insured for aircraft, crime bonds, and cyber liability 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, 2019, (Expressed in Thousands):

Year Ending June 30	Primary Government	Component Units
2020	\$ 8,201	\$ 3,394
2021	7,804	2,608
2022	7,188	2,070
2023	5,478	1,649
2024	4,126	1,532
2025-2029	11,311	421
2030-2034	2,416	39
2035-2039	62	39
2040-2044	6	39
Total Minimum Payments	\$ 46,592	\$ 11,791

The total rental expenses for all operating leases for the fiscal year ended June 30, 2019, was \$20,525,040 for the primary government and \$4,913,641 for component units.

14. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2019, 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	\$ 163,052	\$	\$ (14,407)	\$ 148,645	\$ 14,225
Add Unamortized Premium	13,270		(1,076)	12,194	1,075
Net Revenue Bonds	176,322		(15,483)	160,839	15,300
Compensated Absences	61,026	42,280	(41,742)	61,564	32,982
Policy Claims Liability	4,603	1,410	(1,631)	4,382	1,604
Workers Compensation	30,002	6,923	(5,408)	31,517	4,074
Capital Leases	139,181	5,174	(7,938)	136,417	7,581
Pollution Remediation Obligation	11,707	539		12,246	600
Escheat Property	16,971	22,654	(23,837)	15,788	9,427
Other Long Term Liabilities	98	57	(49)	106	52
Total Governmental Activities	\$ 439,910	\$ 79,037	\$ (96,088)	\$ 422,859	\$ 71,620
Business-type Activities					
Revenue Bonds	\$ 254,102	\$ 96,355	\$ (20,592)	\$ 329,865	\$ 21,705
Add Unamortized Premium	33,106	15,271	(2,439)	45,938	2,796
Net Revenue Bonds	287,208	111,626	(23,031)	375,803	24,501
Other Noncurrent Liabilities	394	437		831	830
Compensated Absences	1,617	825	(780)	1,662	892
Total Business-type Activities	\$ 289,219	\$ 112,888	\$ (23,811)	\$ 378,296	\$ 26,223
Component Units					
Revenue Bonds, as restated**	\$ 1,488,569	\$ 245,315	\$ (125,349)	\$ 1,608,535	\$ 64,808
Less Unamortized Discount	(87)		4	(83)	(4)
Add Unamortized Premium	61,382	11,029	(5,936)	66,475	2,935
Direct Placement Bonds, as restated**	131,215		(3,675)	127,540	6,115
Net Revenue Bonds, as restated**	1,681,079	256,344	(134,956)	1,802,467	73,854
Compensated Absences	43,546	18,599	(17,402)	44,743	15,223
Capital Leases	4,977	4,383	(2,018)	7,342	1,506
Rural Development Loans	1,466		(81)	1,385	82
Federal Portion of Perkins Loan Program	38,901	891		39,792	
Advances from Primary Government	21,227		(1,018)	20,209	1,090
Total Component Units, as restated**	\$ 1,791,196	\$ 280,217	\$ (155,475)	\$ 1,915,938	\$ 91,755

*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.

**Beginning balance does not agree with last year's ending balance due to the implementation of GASB 88 *Certain Disclosures related to Debt including Direct Borrowings and Direct Placements* and South Dakota Housing Development Authority's early implementation of GASB 91 *Conduit Debt Obligations*. For more information, see Note 2. *Accounting Changes, Restatements, and Reclassifications* in the Notes to the Financial Statements.

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, 2019, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2010B	2035	4.500% - 6.200%	\$ 4,015
2010C	2031	4.280% - 5.850%	2,715
2010D	2019	3.250%	83
2013D	2038	3.294%-5.769%	3,830
2014A	2039	5.000%	1,400
2014D	2026	4.500% - 5.000%	5,166
2014E	2032	4.000% - 5.000%	2,836
2015A	2030	2.324% - 4.013%	8,845
2017A	2042	3.000% - 5.000%	43,000
Add Unamortized Premium			7,165
Total			\$ 79,055

As of June 30, 2019, debt service requirements for principal and interest for the SDBA were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2020	\$ 3,625	\$ 3,330	\$ 6,955
2021	3,669	3,207	6,876
2022	3,808	3,059	6,867
2023	3,958	2,901	6,859
2024	4,129	2,734	6,863
2025-2029	20,946	10,649	31,595
2030-2034	15,010	6,283	21,293
2035-2039	15,195	2,703	17,898
2040-2042	1,550	78	1,628
Total	\$ 71,890	\$ 34,944	\$ 106,834

2. Educational Enhancement Funding Corporation

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

Following are Educational Enhancement Funding Corporation bonds outstanding at June 30, 2019, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2013A	2022	3.539%	\$ 30,120
2013B	2027	5.000%	46,635
Add Unamortized Premium			5,029
Total			\$ 81,784

As of June 30, 2019, 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
2020	\$ 10,600	\$ 3,398	\$ 13,998
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
2025-2027	26,760	2,535	29,295
Total	\$ 76,755	\$ 15,778	\$ 92,533

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, 2019, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Clean Water State Revolving Fund			
2010AB	2030-2031	2.000%-5.646%	\$ 31,114
2012AB	2023-2031	1.898%-5.000%	33,295
2014AB	2020-2035	1.920%-5.000%	39,765
2017AB	2023-2038	1.593%-5.000%	69,620
2018	2039	5.000%	57,290
Add Unamortized Premium			35,280
Total			266,364
Drinking Water State Revolving Fund			
2010AB	2030-2031	3.200%-5.646%	17,216
2012A	2027	1.898%-3.183%	16,065
2014AB	2020-2035	1.920%-5.000%	6,235
2017AB	2023-2038	1.593%-5.000%	20,200
2018	2039	5.000%	39,065
Add Unamortized Premium			10,658
Total			109,439
Total Revenue Bonds			\$ 375,803

As of June 30, 2019, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
Clean Water State Revolving Fund			
2020	\$ 13,130	\$ 10,767	\$ 23,897
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
2025-2029	69,028	30,998	100,026
2030-2034	58,001	15,200	73,201
2035-2039	33,715	3,743	37,458
Total	231,084	97,186	328,270
Drinking Water State Revolving Fund			
2020	8,575	4,360	12,935
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
2025-2029	25,187	11,869	37,056
2030-2034	18,504	6,328	24,832
2035-2039	16,805	2,065	18,870
Total	98,781	38,663	137,444
Total	\$ 329,865	\$ 135,849	\$ 465,714

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, 2019, (Dollars Expressed in Thousands):

	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
Home-Ownership Mortgage Program	2019-2049	1.10%-4.50%	
Serial Bonds			\$ 380,870
Term Bonds			688,190
Term Direct Placement Bonds			75,000
Add Unamortized Premium			22,100
Total			<u>1,166,160</u>
Single Family Mortgage Bonds	2019-2041	1.59%-5.00%	
Serial Bonds			23,390
Term Bonds			39,835
Term Direct Placement Bonds			37,740
Add Unamortized Premium			739
Total			<u>101,704</u>
Multiple Purpose Bonds	2019-2048	2.02%-3.65%	
Serial Bonds			3,095
Term Bonds			13,080
Total			<u>16,175</u>
Total Bonds			<u>\$ 1,284,039</u>

As of June 30, 2019, debt service requirements for principal and interest for the SDHDA were as follows (Expressed in Thousands):

<u>Year Ended 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>	
2020	\$ 42,038	\$ 36,737	\$ 4,640	\$ 3,331	\$ 86,746
2021	52,210	35,817		3,278	91,305
2022	51,935	34,462		3,274	89,671
2023	49,190	33,312		3,276	85,778
2024	49,245	32,080		3,277	84,602
2025-2029	213,560	141,054	5,060	16,296	375,970
2030-2034	170,535	111,557	51,495	12,224	345,811
2035-2039	155,925	84,265	43,155	3,930	287,275
2040-2044	198,807	53,286	8,390	359	260,842
2045-2049	165,015	13,422			178,437
Total	<u>\$ 1,148,460</u>	<u>\$ 575,992</u>	<u>\$ 112,740</u>	<u>\$ 49,245</u>	<u>\$ 1,886,437</u>

2. South Dakota Economic Development Finance Authority

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

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

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2019, the balance in the Capital Reserve Account was \$5,000,000 and the reserve requirement was \$995,000.

The following is a schedule of outstanding bonds as of June 30, 2019, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2013A	2021-2033	3.125%-5.800%	\$ 7,960
Total			\$ 7,960

As of June 30, 2019, debt service requirements for principal and interest for the EDFA were as follows (Expressed in Thousands):

Year Ended June 30	Principal	Interest	Total
2020	\$ 405	\$ 433	\$ 838
2021	420	421	841
2022	435	404	839
2023	455	383	838
2024	480	362	842
2025-2029	2,840	1,361	4,201
2030-2033	2,925	436	3,361
Total	\$ 7,960	\$ 3,800	\$ 11,760

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 2019 equaled \$35,744,947. Following are revenue bonds outstanding at June 30, 2019, (Dollars Expressed in Thousands):

<u>Bond Series</u>	<u>Maturity Through</u>	<u>Interest Rates</u>	<u>Amount</u>
School of Mines and Technology			
2008B Direct Placement	2028	4.550%	\$ 2,390
2014A	2039	4.000%-5.000%	5,990
2014B	2033	5.000%	5,155
2017A	2042	4.000%-5.000%	16,490
Add Unamortized Premium			3,006
University of South Dakota			
2013A	2028	3.000%-5.000%	8,020
2015	2030	4.000%-5.000%	7,815
2017A	2039	4.000%-5.000%	32,490
Add Unamortized Premium			6,027
South Dakota State University			
2006 Direct Placement	2026	3.920%	3,525
2011	2036	3.625%-5.000%	47,820
2014A	2025	5.000%	14,020
2015	2030	4.000%-5.000%	1,560
2016	2041	3.000%-5.000%	12,190
2017A	2042	4.000%-5.000%	37,755
Less Unamortized Discount			(83)
Add Unamortized Premium			9,505
Northern State University			
2008B Direct Placement	2028	4.550%	635
2011	2036	3.625%-5.000%	4,675
2014B	2029	5.000%	2,730
2016	2041	3.000%-5.000%	6,440
2017A	2034	4.000%-5.000%	915
Add Unamortized Premium			1,059
Dakota State University			
2007 Direct Placement	2029	3.880%	230
2008 Direct Placement	2028	3.880%	2,590
2014B	2025	5.000%	1,005
2015	2040	4.000%-5.000%	10,280
Add Unamortized Premium			1,530
Black Hills State University			
2006 Direct Placement	2026	3.920%	575
2007 Direct Placement	2029	3.880%	4,855
2014A	2039	4.000%-5.000%	8,075
2014B	2026	5.000%	1,160
Add Unamortized Premium			529
Total			<u>\$260,958</u>

As of June 30, 2019, 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	
2020	\$ 11,000	\$ 10,488	\$ 1,475	\$ 588	\$ 23,551
2021	11,470	9,988	1,525	528	23,511
2022	12,060	9,441	1,595	467	23,563
2023	12,640	8,844	1,650	402	23,536
2024	12,930	8,227	1,725	335	23,217
2025-2029	60,060	32,178	6,830	653	99,721
2030-2034	59,600	18,094			77,694
2035-2039	36,650	5,909			42,559
2040-2044	8,175	588			8,763
Total	\$ 224,585	\$ 103,757	\$ 14,800	\$ 2,973	\$ 346,115

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, 2019, (Dollars Expressed in Thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Revenue Bonds			
2010A	2027	4.500%-5.650%	\$ 5,745
2010B	2035	4.500%-6.200%	8,970
2010D	2019	3.250%	27
2011A	2026	4.000%-5.000%	4,805
2012A	2028	2.050%-5.000%	6,065
2013B	2038	5.000%	64,995
2014A	2039	5.000%	31,310
2014B	2029	5.000%	5,250
2014C	2020	2.100%-2.400%	1,855
2014D	2026	4.500%-5.000%	1,034
2014E	2032	4.000%-5.000%	24,409
2014F	2032	2.800%-4.700%	6,665
2015B	2040	5.000%	9,895
2017A	2042	3.000%-5.000%	10,910
2018A	2040	4.000%-5.000%	29,035
2019A	2034	4.000%-5.000%	16,560
Add Unamortized Premium			21,979
Total Revenue Bonds			\$ 249,509

As of June 30, 2019, 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
2020	\$ 11,365	\$ 10,958	\$ 22,323
2021	11,222	10,535	21,757
2022	11,736	10,020	21,756
2023	12,058	9,476	21,534
2024	12,621	8,918	21,539
2025-2029	64,318	35,246	99,564
2030-2034	58,665	19,882	78,547
2035-2039	42,070	6,879	48,949
2040-2042	3,475	286	3,761
Total	\$ 227,530	\$ 112,200	\$ 339,730

Capital Leases

The State has entered into various agreements to lease buildings, vehicles, and equipment. GASB standards require a lease that transfers substantially all of the benefits and risks of ownership to the lessee be accounted for as the acquisition of a 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, 2019, (Expressed in Thousands):

Year Ended June 30	Governmental Activities	Component Units
2020	\$ 14,032	\$ 1,837
2021	13,331	1,519
2022	12,386	709
2023	11,029	662
2024	11,116	2,441
2025-2029	48,054	840
2030-2034	46,012	342
2035-2039	36,850	286
2040-2044	19,284	286
2045-2049	11,470	172
Total Minimum Lease Payments	223,564	9,094
Less: Amount Representing Interest	87,147	1,752
Present Value of Net Minimum Lease Payments	\$ 136,417	\$ 7,342

The historical cost and depreciation of assets under capital leases and included in capital assets on the Government-wide Financial Statements at June 30, 2019, are as follows (Expressed in Thousands):

	Governmental Activities
Land	\$ 614
Land Improvements	1,205
Buildings	139,395
Equipment	4,931
Vehicles	27,314
Total	173,459
Less: Accumulated Depreciation	39,829
Total, Net	\$ 133,630

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, 2019, there were 116 Beginning Farmer Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2019, could not be determined; however, the original issue amount totaled \$23,868,166.

As of June 30, 2019, there were 5 Agribusiness Bonding Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2019, could not be determined; however, the original issue amount totaled \$8,592,500.

As of June 30, 2019, there were 19 Livestock Nutrient Management Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2019, could not be determined; however, the original issue amount totaled \$16,318,968.

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, 2019, could not be determined; however, the original issue amount totaled \$24,750,000.

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, 2019, the aggregate principal amount of conduit debt outstanding totaled \$31,454,500.

Refunded and Defeased Bonds

1. South Dakota Housing Development Authority

During the year ended June 30, 2019, the Authority issued Homeownership Mortgage Bonds Series 2018B and 2019A in the aggregate principal amount of \$99 million and \$99 million, respectively, which \$8.7 million and \$12.7 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.

2. South Dakota Building Authority

On June 26, 2019, the Authority issued \$9,625,000 in Revenue Bonds Series 2019A to refund the Series 2009 bonds. The refunding portion with an average interest rate of 4.30 percent was used to refund \$9,535,000 of outstanding Series 2009 bonds with an average interest rate of 6.65 percent. The net proceeds of the refunding portion of \$9,578,107 were used to call the refunded Series 2009 bonds (after payment of \$167,555 in underwriting fees and other issuance costs and transfer of \$1,360,000 in savings to the State General Fund). As a result, the refunded Series 2009 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 \$22,632. This difference is being charged to operations through fiscal year 2034 using the effective-interest method. The Authority completed the current refunding for net economic gain of \$29,152. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$40,669 reduction in debt service payments, the actual cash amount realized was \$1,360,000.

On June 26, 2019, the Authority issued \$6,935,000 in Revenue Bonds Series 2019A to refund the Series 2011 bonds. The refunding portion with an average interest rate of 4.50 percent was used to refund \$6,950,000 of outstanding Series 2011 bonds with an average interest rate of 4.41 percent. The net proceeds of the refunding portion of \$6,971,361 were used to call the refunded Series 2011 bonds (after payment of \$261,193 in underwriting fees and other issuance costs and transfer of \$610,000 in savings to the State General Fund). As a result, the refunded Series 2011 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 (\$239,832). This difference is being charged to operations through fiscal year 2026 using the effective-interest method. The Authority completed the current refunding for a net economic gain of \$20,218. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$23,674 reduction in debt service payments, the actual cash amount realized was \$610,000.

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, 2019, are as follows:

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2012B (01)	2018	\$ 725,000
Series 2010B (08)	2018	5,186,015
Series 2012B	2018	26,190,000
Total		\$ 32,101,015

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, 2019, are as follows:

<u>Bond Issues</u>	<u>Year of Defeasance</u>	<u>Debt Outstanding</u>
Series 2012B (01)	2018	\$ 790,000
Series 2010B (08)	2018	4,253,985
Total		\$ 5,043,985

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.

Pollution Remediation Obligations

The State has pollution remediation obligation liabilities as of June 30, 2019, of \$12,246,576.

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. This is an increase over last year due to an increase in the expected yearly Operation and Maintenance costs. The total amount of cleanup costs that the state needs to match is estimated at \$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, 2019, 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 \$8.4 million from the cash reclamation bond deposited by Brohm and \$10.1 million in cash settlements as of June 30, 2019. 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, 2019, PRCF was currently involved with 28 active cases, 21 active/monitoring cases, and 5 pending cases (spill report not yet filed), for a total of 54 cases. The estimated cost remaining for sites that have received at least one payment is \$560,260, the estimated cost for sites that haven't received any payments is \$1,800,000, and the estimated cost for the Abandoned Tank Removal Program is \$600,000. The total liability as of June 30, 2019, for this program is \$2,960,260. The cash balance in the PRCF on June 30, 2019, is \$3,415,454.

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, 2019, as recommended by NACUBO (Expressed in Thousands):

Function	Personal Services	Travel	Contractual	Supplies & Non- Capitalized Equipment	Grants & Subsidies	Interest & Other Expenses	Depreciation	Total
Instruction	\$ 198,421	\$ 4,206	\$ 14,509	\$ 8,570	\$ 857	\$ 138	\$ 5,961	\$ 232,662
Research	45,934	2,455	7,222	9,662	12,775		4,869	82,917
Public Service	30,321	1,834	8,284	4,731	1,472	50	268	46,960
Academic Support	48,043	1,315	9,800	6,674	357		1,948	68,137
Student Services	47,360	8,844	10,585	7,536	271	153	1,259	76,008
Institutional Support	50,335	973	22,049	3,605	623	772	2,824	81,181
O&M of Plant	29,944	363	14,750	7,704	219	6	36,638	89,624
Scholarships and Fellowships	1,164	3	17	76	21,797	102		23,159
Auxilliary Enterprises	13,094	115	39,919	10,696	130		2,624	66,578
Other						92	1,137	1,229
Total	\$ 464,616	\$ 20,108	\$ 127,135	\$ 59,254	\$ 38,501	\$ 1,313	\$ 57,528	\$ 768,455

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 2019, the State provided \$26,167,000 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 2019, the State abated \$21,805,523 of sales and use tax as estimated reimbursement amounts for approved projects that have not met all the reimbursement criteria. The State reimbursed \$2,129,872 of sales and use tax during fiscal year 2019, 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 \$7,000,000 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 \$6,000,000. As of June 30, 2019, all the funds were disbursed.

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 2019, \$213,842,783 of State appropriations was used to support state-run universities, which are reported under Higher Education. The amounts are reported as expenditures in the Governmental Funds Balance Sheet and as expenses in the governmental activities column of the Statement of Activities. They are reported as revenues in the component unit's column of the Statement of Activities.

On October 25, 2017, GOED entered into an agreement to provide a Future Fund grant of \$10,000,000 to Dakota State University (DSU) to enhance their cyber security program. The remaining \$5,000,000 was disbursed to DSU on November 28, 2018.

On June 12, 2018, and on July 23, 2018, GOED entered into agreements to provide Future Fund grant funding to Higher Education in the amount of \$500,000 and \$2,500,000. The funds support the construction of new student housing for the School for the Blind and Visually Impaired. The funds were disbursed to Higher Education on August 1, 2018.

The General Fund appropriation to GOED included \$3,672,951 to be used to fund Research Centers at various universities around the state. The funds were disbursed to Higher Education on May 29, 2019.

In June 2017, The South Dakota Corn Utilization Council (SDCUC) executed a letter of commitment to provide the South Dakota State University (SDSU) Foundation with annual installments of no less than \$300,000 but not to exceed \$3,000,000. The commitment is conditional based on the construction of a new Precision Agriculture facility. As of June 30, 2018, all of the \$6,000,000 committed to the construction of the new facility has been paid to the SDSU Foundation. In 2018, The SDCUC committed an additional \$2,000,000 to the SDSU Foundation. SDCUC has paid \$500,000 towards this commitment. In 2019, SDCUC did not distribute any additional funds to the SDSU Foundation, and still has a total of \$1,500,000 remaining to distribute.

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, 2019, the SDEDA has loans payable to the State Department of Environment and Natural Resources for \$1,254,920 and to the Clean Water State Revolving Fund for \$19,031,899. 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.

During the fiscal year ending June 30, 2019, the SDEDA received \$300,000 from GOED for general operating support. The SDEDA was also awarded \$1,845,000 from GOED for the purpose of matching funds awarded by the U.S. Department of Defense for the Readiness and Environment Protection Integration Program (REPI). The SDEDA records GOED matching funds as revenue when the funds have been used to meet the objectives of the REPI program. As of June 30, 2019, all GOED funds had been recognized as revenue.

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.

GOED is granting up to \$6,000,000, between July 14, 2015, and September 30, 2018, to a public-private partnership with SDSTA, the South Dakota Community Foundation, the South Dakota State University Foundation, and the University of South Dakota Foundation. Its purpose is to assist with the costs of infrastructure and laboratory upgrades, procurement of xenon for future "Dark Matter" experiments, and interest payments to these foundations. As of June 30, 2017, the full \$6,000,000 has been received from GOED. Loan agreements are in place between SDSTA and the three foundations for a total up to \$6,000,000 to be used for the purchase of xenon for the future LZ experiment, of which \$2,000,000 has been received from the South Dakota Community Foundation, and \$1,000,000 each from the University of South Dakota Foundation and the South Dakota State University Foundation. The loans extend to the last quarter of 2026. The loans are unsecured nonrecourse loans with 2.5% simple interest to be paid quarterly to each lender and will be repaid at the end of the LZ experiment with the proceeds of the xenon previously purchased.

On October 5, 2018, GOED entered into an agreement to provide Future Fund grant funding to the SDSTA in the amount of \$4,000,000 to design, build, and maintain a new Maintenance Support Facility. The funds were disbursed on October 31, 2018. Additionally, on June 20, 2019, GOED entered into an agreement to provide Future Fund grant funding to the SDSTA in the amount of \$2,500,000. As of June 30, 2019, there was \$2,500,000 remaining to be distributed under the agreement.

The following transactions occurred between discretely presented component units:

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 has a note receivable of \$1,620,404 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.

19. SUBSEQUENT EVENTS

Office of the Attorney General

On July 22, 2019, Equifax Inc. agreed to pay at least \$575 million, and potentially up to \$700 million, as part of a global settlement with the Federal Trade Commission, the Consumer Financial Protection Bureau (CFPB), and 50 U.S. states and territories. The company also has agreed to pay \$175 million to 48 states, the District of Columbia and Puerto Rico, as well as \$100 million to the CFPB in civil penalties. South Dakota will receive \$1.0 million under the settlement.

In October of 2019, Johnson & Johnson and its Ethicon division reached a deal with the attorneys general of 41 states and the District of Columbia, agreeing to settle claims. South Dakota will receive \$1.4 million under the settlement.

South Dakota Housing Development Authority

On September 26, 2019, the South Dakota Housing Development Authority issued \$99.0 million of Homeownership Mortgage Bonds 2019 Series B.

South Dakota Building Authority

In November of 2019, the South Dakota Building Authority issued \$72.9 million Series 2019B bonds for the advanced partial refunding of Series 2010C, 2013B and 2013D.

Higher Education - Board of Regents

In December of 2019, the South Dakota Board of Regents issued \$16.2 million of Housing and Auxiliary Facilities System Revenue Bonds, Series 2019. The bonds were issued to pay the cost of building student housing at Dakota State University, provide funds for the advanced refunding of a portion 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 2019 Bonds.

South Dakota Science and Technology Authority

In November 2019, the South Dakota Science and Technology Authority established a line of credit with a local bank for the amount of \$5.0 million.

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, 2019 are as follows:

South Dakota v. BP, et al

South Dakota Petroleum Release Compensation Fund, administered by the South Dakota Department of Environment and Natural Resources, brought claims against BP defendants for claims of fraud, misrepresentation, violations of their subrogation agreements, unjust enrichment, and is claiming that BP has strict liability under SDCL 34A-2-96, for the remediation of its environmental contamination at all of its divested former petroleum fuel dispensing facilities that were owned, operated, leased, controlled, distributed, and supplied by the defendant in the state. South Dakota is seeking damages that total \$12,149,249. The Sixth Judicial Circuit Court granted BP's Motions for Summary Judgment on all claims and granted Judgment in favor of BP. South Dakota appealed the Judgment to the South Dakota Supreme Court, all briefing has been completed, and is awaiting decision on whether they will grant oral argument.

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 \$508,926.11 (consisting of \$364,169 of tax and \$144,757 of 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. The refunds requested were \$79,085 and \$77,899, respectively. 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. No decision has yet been issued by the Court.

On September 20, 2017, DOR issued a second COA to U.S. Bank in the amount of \$511,138.69, (consisting of \$350,695.50 of tax and \$160,443.19 of interest), again, as a result of disallowing a bank franchise tax deduction claimed by U.S. Bank for the calendar year 2013 audit period. On September 19, 2018, DOR issued a third COA to U.S. Bank in the amount of \$705,422, (consisting of \$496,776 of tax and \$208,645 of interest) for the calendar year 2014 audit period. U.S. Bank has appealed both of these assessments. Since the issue in the second and third matter is the same as the first matter, they are being held in abeyance pending the outcome of the first matter. 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, there will be considerable costs for discovery expenses and attorney fees totaling over \$1,000,000. This case is being run through the State Office of Risk Management Extraordinary Litigation Fund which is reported as part of the State's General Fund.

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, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
RESOURCES (inflows) AVAILABLE FOR APPROPRIATION				
ONGOING RESOURCES				
Sales and Use Tax	\$ 1,029,090	\$ 1,035,340	\$ 1,025,400	\$ (9,940)
Lottery	120,660	122,283	123,816	1,533
Contractor's Excise Tax	111,415	115,005	113,164	(1,841)
Insurance Company Tax	90,176	90,070	90,348	278
Unclaimed Property Receipts	49,506	46,809	48,574	1,765
Licenses, Permits, and Fees	67,935	68,253	68,758	505
Tobacco Taxes	54,514	51,856	49,971	(1,885)
Trust Funds	38,618	38,528	38,528	0
Net Transfers In	21,007	21,173	23,827	2,654
Alcohol Beverage Tax	8,160	7,835	7,845	10
Bank Franchise Tax	13,709	14,036	17,256	3,220
Charges for Goods and Services	17,000	16,072	16,013	(59)
Telecommunications Tax	4,385	5,326	5,090	(236)
Severance Taxes	7,082	4,622	4,234	(388)
Investment Income and Interest	6,050	6,195	6,229	34
Alcohol Beverage 2% Wholesale Tax	2,239	2,185	2,150	(35)
TOTAL ONGOING	1,641,546	1,645,588	1,641,203	(4,385)
ONE-TIME RESOURCES				
Transfer from Department of Agriculture	0	705	705	0
Transfer from Budget Reserve Fund	0	6,603	6,603	0
Prior Period Adjustments	0	1,827	2,756	929
Unexpended Carryovers	0	0	5,466	5,466
Prior Year Carryover and Encumbered	11,975	11,975	11,975	0
TOTAL ONE-TIME RESOURCES	11,975	21,110	27,505	6,395
TOTAL RESOURCES AVAILABLE FOR APPROPRIATION				
	\$ 1,653,521	\$ 1,666,698	\$ 1,668,708	\$ 2,010
CHARGES TO APPROPRIATIONS (outflows)				
OFFICE OF THE GOVERNOR				
Personal Services	\$ 1,939	\$ 1,940	\$ 1,940	\$ 0
Operating Expenses	456	458	458	0
TOTAL	2,395	2,398	2,398	0
GOVERNOR'S CONTINGENCY FUND				
Personal Services	0	0	0	0
Operating Expenses	75	75	75	0
TOTAL	75	75	75	0
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT				
Personal Services	1,981	1,959	1,690	269
Operating Expenses	5,034	6,908	6,879	29
TOTAL	7,015	8,867	8,569	298
BUILDING SOUTH DAKOTA - LOCAL INFRASTRUCTURE IMPROVEMENT				
Personal Services	0	0	0	0
Operating Expenses	1,470	1,470	1,470	0
TOTAL	1,470	1,470	1,470	0
BUILDING SOUTH DAKOTA - 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
BUILDING SOUTH DAKOTA - WORKFORCE EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	490	490	490	0
TOTAL	490	490	490	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
LIEUTENANT GOVERNOR				
Personal Services	\$ 22	\$ 22	\$ 22	\$ 0
Operating Expenses	14	14	14	0
TOTAL	36	36	36	0
BUREAU OF FINANCE AND MANAGEMENT				
Personal Services	725	725	681	44
Operating Expenses	272	1,273	272	1,001
TOTAL	997	1,998	953	1,045
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	195	195	191	4
Operating Expenses	210	212	211	1
TOTAL	405	407	402	5
STATEWIDE MAINTENANCE AND REPAIR				
Personal Services	0	0	0	0
Operating Expenses	30,065	30,065	15,347	14,718
TOTAL	30,065	30,065	15,347	14,718
OFFICE OF HEARING EXAMINERS				
Personal Services	274	275	269	6
Operating Expenses	76	76	53	23
TOTAL	350	351	322	29
PEPL FUND ADMINISTRATION				
Personal Services	0	0	0	0
Operating Expenses	0	2,300	2,300	0
TOTAL	0	2,300	2,300	0
OBILIGATION RECOVERY CENTER				
Personal Services	0	0	0	0
Operating Expenses	720	720	650	70
TOTAL	720	720	650	70
SOUTH DAKOTA PUBLIC BROADCASTING				
Personal Services	2,941	2,945	2,943	2
Operating Expenses	1,265	1,275	1,275	0
TOTAL	4,206	4,220	4,218	2
STATE RADIO ENGINEERING				
Personal Services	773	774	733	41
Operating Expenses	2,655	2,664	2,664	0
TOTAL	3,428	3,438	3,397	41
PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS				
Personal Services	221	221	221	0
Operating Expenses	64	64	64	0
TOTAL	285	285	285	0
DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT				
Personal Services	9,071	9,056	8,690	366
Operating Expenses	43,907	49,105	33,262	15,843
TOTAL	52,978	58,161	41,952	16,209

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
PROPERTY AND SPECIAL TAXES				
Personal Services	\$ 1,051	\$ 1,064	\$ 991	\$ 73
Operating Expenses	779	1,219	754	465
TOTAL	1,830	2,283	1,745	538
AUDIT				
Personal Services	0	0	0	0
Operating Expenses	0	120	120	0
TOTAL	0	120	120	0
DEPARTMENT TOTAL, REVENUE				
Personal Services	1,051	1,064	991	73
Operating Expenses	779	1,339	874	465
TOTAL	1,830	2,403	1,865	538
ADMINISTRATION, SECRETARY OF AGRICULTURE				
Personal Services	715	716	716	0
Operating Expenses	189	192	192	0
TOTAL	904	908	908	0
AGRICULTURAL SERVICES AND ASSISTANCE				
Personal Services	1,725	1,779	1,779	0
Operating Expenses	616	1,526	1,525	1
TOTAL	2,341	3,305	3,304	1
AGRICULTURAL DEVELOPMENT AND PROMOTION				
Personal Services	1,336	1,286	1,256	30
Operating Expenses	483	588	574	14
TOTAL	1,819	1,874	1,830	44
ANIMAL INDUSTRY BOARD				
Personal Services	1,808	1,810	1,701	109
Operating Expenses	358	384	384	0
TOTAL	2,166	2,194	2,085	109
STATE FAIR				
Personal Services	0	0	0	0
Operating Expenses	324	324	324	0
TOTAL	324	324	324	0
DEPARTMENT TOTAL, AGRICULTURE				
Personal Services	5,584	5,591	5,452	139
Operating Expenses	1,970	3,014	2,999	15
TOTAL	7,554	8,605	8,451	154
ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS				
Personal Services	140	140	140	0
Operating Expenses	825	825	825	0
TOTAL	965	965	965	0
STATE PARKS AND RECREATION				
Personal Services	2,772	2,775	2,775	0
Operating Expenses	2,466	2,466	2,466	0
TOTAL	5,238	5,241	5,241	0
DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION				
Personal Services	0	0	0	0
Operating Expenses	99	599	99	500
TOTAL	99	599	99	500

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, GAME, FISH, AND PARKS				
Personal Services	\$ 2,912	\$ 2,915	\$ 2,915	\$ 0
Operating Expenses	3,390	3,890	3,390	500
TOTAL	6,302	6,805	6,305	500
OFFICE OF TRIBAL RELATIONS				
Personal Services	432	433	369	64
Operating Expenses	101	102	102	0
TOTAL	533	535	471	64
DEPARTMENT TOTAL, TRIBAL RELATIONS				
Personal Services	432	433	369	64
Operating Expenses	101	102	102	0
TOTAL	533	535	471	64
ADMINISTRATION, SECRETARY OF SOCIAL SERVICES				
Personal Services	4,387	4,394	4,394	0
Operating Expenses	4,790	4,796	4,796	0
TOTAL	9,177	9,190	9,190	0
ECONOMIC ASSISTANCE				
Personal Services	8,334	8,346	8,346	0
Operating Expenses	17,674	17,717	17,337	380
TOTAL	26,008	26,063	25,683	380
MEDICAL AND ADULT SERVICES				
Personal Services	885	1,235	1,201	34
Operating Expenses	235,165	214,738	208,575	6,163
TOTAL	236,050	215,973	209,776	6,197
CHILDREN'S SERVICES				
Personal Services	12,706	12,718	12,718	0
Operating Expenses	35,361	34,094	33,495	599
TOTAL	48,067	46,812	46,213	599
BEHAVIORAL HEALTH				
Personal Services	33,578	33,122	30,780	2,342
Operating Expenses	52,159	51,381	48,836	2,545
TOTAL	85,737	84,503	79,616	4,887
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	59,890	59,815	57,439	2,376
Operating Expenses	345,149	322,726	313,039	9,687
TOTAL	405,039	382,541	370,478	12,063
ADMINISTRATION, SECRETARY OF HEALTH				
Personal Services	772	773	773	0
Operating Expenses	245	245	241	4
TOTAL	1,017	1,018	1,014	4
HEALTH SYSTEMS DEVELOPMENT AND REGULATION				
Personal Services	2,176	2,179	2,179	0
Operating Expenses	2,787	3,777	2,641	1,136
TOTAL	4,963	5,956	4,820	1,136
FAMILY AND COMMUNITY HEALTH				
Personal Services	2,288	2,291	2,291	0
Operating Expenses	2,075	2,079	2,071	8
TOTAL	4,363	4,370	4,362	8

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, HEALTH				
Personal Services	\$ 5,236	\$ 5,243	\$ 5,243	\$ 0
Operating Expenses	5,107	6,101	4,953	1,148
TOTAL	10,343	11,344	10,196	1,148
ADMINISTRATION, SECRETARY OF LABOR				
Personal Services	41	41	41	0
Operating Expenses	518	518	518	0
TOTAL	559	559	559	0
FIELD OPERATIONS				
Personal Services	551	551	551	0
Operating Expenses	116	116	116	0
TOTAL	667	667	667	0
STATE LABOR LAW ADMINISTRATION				
Personal Services	640	633	633	0
Operating Expenses	98	106	106	0
TOTAL	738	739	739	0
DEPARTMENT TOTAL, LABOR AND REGULATION				
Personal Services	1,232	1,225	1,225	0
Operating Expenses	732	740	740	0
TOTAL	1,964	1,965	1,965	0
GENERAL OPERATIONS				
Personal Services	529	530	530	0
Operating Expenses	26	26	26	0
TOTAL	555	556	556	0
DEPARTMENT TOTAL, TRANSPORTATION				
Personal Services	529	530	530	0
Operating Expenses	26	26	26	0
TOTAL	555	556	556	0
ADMINISTRATION, SECRETARY OF EDUCATION				
Personal Services	1,623	1,600	1,600	0
Operating Expenses	1,172	1,173	1,173	0
TOTAL	2,795	2,773	2,773	0
STATE AID TO GENERAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	472,800	466,518	466,518	0
TOTAL	472,800	466,518	466,518	0
STATE AID TO SPECIAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	68,614	68,614	67,671	943
TOTAL	68,614	68,614	67,671	943
SPARSITY PAYMENTS				
Personal Services	0	0	0	0
Operating Expenses	2,011	2,017	2,017	0
TOTAL	2,011	2,017	2,017	0
NATIONAL BOARD CERTIFIED TEACHERS				
Personal Services	0	0	0	0
Operating Expenses	150	150	51	99
TOTAL	150	150	51	99

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
TECHNOLOGY AND INNOVATION IN SCHOOLS				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	13,772	13,144	12,895	249
TOTAL	13,772	13,144	12,895	249
POSTSECONDARY VOCATIONAL EDUCATION				
Personal Services	237	232	200	32
Operating Expenses	23,630	23,718	23,718	0
TOTAL	23,867	23,950	23,918	32
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	3,030	3,030	3,030	0
TOTAL	3,030	3,030	3,030	0
EDUCATION RESOURCES				
Personal Services	2,098	2,100	2,100	0
Operating Expenses	7,634	7,996	7,096	900
TOTAL	9,732	10,096	9,196	900
HISTORY				
Personal Services	1,002	1,028	1,028	0
Operating Expenses	1,237	1,237	1,237	0
TOTAL	2,239	2,265	2,265	0
OFFICE OF STATE LIBRARY				
Personal Services	1,069	1,070	1,070	0
Operating Expenses	876	878	878	0
TOTAL	1,945	1,948	1,948	0
DEPARTMENT TOTAL, EDUCATION				
Personal Services	6,029	6,030	5,998	32
Operating Expenses	596,758	590,307	588,116	2,191
TOTAL	602,787	596,337	594,114	2,223
ADMINISTRATION, SECRETARY OF PUBLIC SAFETY				
Personal Services	133	133	133	0
Operating Expenses	15	15	15	0
TOTAL	148	148	148	0
HIGHWAY PATROL				
Personal Services	607	578	567	11
Operating Expenses	761	721	710	11
TOTAL	1,368	1,299	1,277	22
EMERGENCY SERVICES AND HOMELAND SECURITY				
Personal Services	1,012	993	993	0
Operating Expenses	3,878	3,873	3,873	0
TOTAL	4,890	4,866	4,866	0
EMERGENCY AND DISASTER FUND				
Personal Services	0	0	0	0
Operating Expenses	0	1,051	1,051	0
TOTAL	0	1,051	1,051	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
LEGAL AND REGULATORY SERVICES				
Personal Services	\$ 184	\$ 184	\$ 181	\$ 3
Operating Expenses	1,368	3,137	1,382	1,755
TOTAL	1,552	3,321	1,563	1,758
DEPARTMENT TOTAL, PUBLIC SAFETY				
Personal Services	1,936	1,888	1,874	14
Operating Expenses	6,022	8,797	7,031	1,766
TOTAL	7,958	10,685	8,905	1,780
REGENTS CENTRAL OFFICE				
Personal Services	4,550	4,553	4,553	0
Operating Expenses	22,851	22,854	15,910	6,944
TOTAL	27,401	27,407	20,463	6,944
SOUTH DAKOTA SCHOLARSHIPS				
Personal Services	0	0	0	0
Operating Expenses	6,720	6,720	6,468	252
TOTAL	6,720	6,720	6,468	252
RESEARCH POOL				
Personal Services	0	0	0	0
Operating Expenses	1,728	1,728	1,727	1
TOTAL	1,728	1,728	1,727	1
UNIVERSITY OF SOUTH DAKOTA LAW SCHOOL				
Personal Services	1,587	1,589	1,589	0
Operating Expenses	205	206	206	0
TOTAL	1,792	1,795	1,795	0
UNIVERSITY OF SOUTH DAKOTA PROPER				
Personal Services	32,170	32,229	32,229	0
Operating Expenses	3,282	3,276	3,276	0
TOTAL	35,452	35,505	35,505	0
UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE				
Personal Services	19,665	19,685	19,685	0
Operating Expenses	3,421	3,421	3,421	0
TOTAL	23,086	23,106	23,106	0
SOUTH DAKOTA STATE UNIVERSITY PROPER				
Personal Services	42,069	42,160	42,160	0
Operating Expenses	5,463	5,337	5,337	0
TOTAL	47,532	47,497	47,497	0
SDSU EXTENSION				
Personal Services	8,177	8,185	8,185	0
Operating Expenses	304	304	304	0
TOTAL	8,481	8,489	8,489	0
AGRICULTURAL EXPERIMENT STATION				
Personal Services	11,796	11,805	11,805	0
Operating Expenses	627	628	628	0
TOTAL	12,423	12,433	12,433	0
SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY				
Personal Services	16,004	16,030	16,030	0
Operating Expenses	946	950	917	33
TOTAL	16,950	16,980	16,947	33

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
NORTHERN STATE UNIVERSITY				
Personal Services	\$ 13,929	\$ 13,765	\$ 13,765	\$ 0
Operating Expenses	908	1,031	1,031	0
TOTAL	14,837	14,796	14,796	0
BLACK HILLS STATE UNIVERSITY				
Personal Services	9,030	9,056	9,056	0
Operating Expenses	742	604	599	5
TOTAL	9,772	9,660	9,655	5
DAKOTA STATE UNIVERSITY				
Personal Services	9,263	9,283	9,283	0
Operating Expenses	580	622	622	0
TOTAL	9,843	9,905	9,905	0
SOUTH DAKOTA SCHOOL FOR THE DEAF				
Personal Services	1,879	1,896	1,856	40
Operating Expenses	1,013	993	795	198
TOTAL	2,892	2,889	2,651	238
SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
Personal Services	2,766	2,749	2,531	218
Operating Expenses	312	346	346	0
TOTAL	3,078	3,095	2,877	218
DEPARTMENT TOTAL, BOARD OF REGENTS				
Personal Services	172,885	172,985	172,727	258
Operating Expenses	49,102	49,020	41,587	7,433
TOTAL	221,987	222,005	214,314	7,691
ADJUTANT GENERAL				
Personal Services	438	447	447	0
Operating Expenses	201	205	205	0
TOTAL	639	652	652	0
ARMY GUARD				
Personal Services	421	412	412	0
Operating Expenses	4,256	8,098	1,748	6,350
TOTAL	4,677	8,510	2,160	6,350
AIR GUARD				
Personal Services	205	220	219	1
Operating Expenses	235	256	255	1
TOTAL	440	476	474	2
DEPARTMENT TOTAL, MILITARY				
Personal Services	1,064	1,079	1,078	1
Operating Expenses	4,692	8,559	2,208	6,351
TOTAL	5,756	9,638	3,286	6,352
VETERANS' BENEFITS AND SERVICES				
Personal Services	1,165	1,166	1,160	6
Operating Expenses	734	1,342	584	758
TOTAL	1,899	2,508	1,744	764
STATE VETERANS' HOME				
Personal Services	2,589	2,592	2,592	0
Operating Expenses	12	12	12	0
TOTAL	2,601	2,604	2,604	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
STATE VETERANS' CEMETERY				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	591	591	442	149
TOTAL	591	591	442	149
DEPARTMENT TOTAL, VETERANS' AFFAIRS				
Personal Services	3,754	3,758	3,752	6
Operating Expenses	1,337	1,945	1,038	907
TOTAL	5,091	5,703	4,790	913
ADMINISTRATION, CENTRAL OFFICE				
Personal Services	1,722	1,712	1,711	1
Operating Expenses	1,586	1,588	1,544	44
TOTAL	3,308	3,300	3,255	45
MIKE DURFEE STATE PRISON				
Personal Services	12,122	12,474	12,474	0
Operating Expenses	6,897	7,381	7,380	1
TOTAL	19,019	19,855	19,854	1
STATE PENITENTIARY				
Personal Services	18,064	18,671	18,670	1
Operating Expenses	7,832	15,439	8,054	7,385
TOTAL	25,896	34,110	26,724	7,386
WOMEN'S PRISON				
Personal Services	4,025	4,246	4,245	1
Operating Expenses	1,917	2,127	2,096	31
TOTAL	5,942	6,373	6,341	32
INMATE SERVICES				
Personal Services	2,965	2,950	2,950	0
Operating Expenses	29,541	29,563	29,356	207
TOTAL	32,506	32,513	32,306	207
PAROLE SERVICES				
Personal Services	3,735	3,834	3,833	1
Operating Expenses	2,045	2,058	2,037	21
TOTAL	5,780	5,892	5,870	22
JUVENILE COMMUNITY CORRECTIONS				
Personal Services	2,146	1,730	1,729	1
Operating Expenses	10,345	8,421	7,949	472
TOTAL	12,491	10,151	9,678	473
DEPARTMENT TOTAL, CORRECTIONS				
Personal Services	44,779	45,617	45,612	5
Operating Expenses	60,163	66,577	58,416	8,161
TOTAL	104,942	112,194	104,028	8,166
ADMINISTRATION, SECRETARY OF HUMAN SERVICES				
Personal Services	816	816	779	37
Operating Expenses	313	315	290	25
TOTAL	1,129	1,131	1,069	62
DEVELOPMENTAL DISABILITIES				
Personal Services	729	730	632	98
Operating Expenses	60,336	61,213	60,536	677
TOTAL	61,065	61,943	61,168	775

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD				
Personal Services	\$ 8,778	\$ 8,193	\$ 7,579	\$ 614
Operating Expenses	2,341	2,628	2,601	27
TOTAL	11,119	10,821	10,180	641
LONG-TERM SERVICES AND SUPPORT				
Personal Services	2,481	2,483	2,483	0
Operating Expenses	85,835	92,946	83,759	9,187
TOTAL	88,316	95,429	86,242	9,187
REHABILITATION SERVICES				
Personal Services	905	906	906	0
Operating Expenses	3,977	4,001	3,997	4
TOTAL	4,882	4,907	4,903	4
SERVICES TO THE BLIND AND VISUALLY IMPAIRED				
Personal Services	514	514	514	0
Operating Expenses	464	467	467	0
TOTAL	978	981	981	0
DEPARTMENT TOTAL, HUMAN SERVICES				
Personal Services	14,223	13,642	12,893	749
Operating Expenses	153,266	161,570	151,650	9,920
TOTAL	167,489	175,212	164,543	10,669
FINANCIAL AND TECHNICAL ASSISTANCE				
Personal Services	2,227	2,229	2,229	0
Operating Expenses	362	369	369	0
TOTAL	2,589	2,598	2,598	0
ENVIRONMENTAL SERVICES				
Personal Services	3,517	3,520	3,520	0
Operating Expenses	609	624	623	1
TOTAL	4,126	4,144	4,143	1
DEPARTMENT TOTAL, ENVIRONMENT AND NATURAL RESOURCES				
Personal Services	5,744	5,749	5,749	0
Operating Expenses	971	993	992	1
TOTAL	6,715	6,742	6,741	1
ADMINISTRATION, PUBLIC UTILITIES COMMISSION				
Personal Services	530	530	530	0
Operating Expenses	55	57	57	0
TOTAL	585	587	587	0
DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION				
Personal Services	530	530	530	0
Operating Expenses	55	57	57	0
TOTAL	585	587	587	0
UNIFIED JUDICIAL SYSTEM				
Personal Services	40,251	40,396	39,404	992
Operating Expenses	5,304	5,349	4,962	387
TOTAL	45,555	45,745	44,366	1,379
DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM				
Personal Services	40,251	40,396	39,404	992
Operating Expenses	5,304	5,349	4,962	387
TOTAL	45,555	45,745	44,366	1,379

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
LEGISLATIVE OPERATIONS				
Appropriation	\$ 6,904	\$ 6,894	\$ 6,890	\$ 4
TOTAL	<u>6,904</u>	<u>6,894</u>	<u>6,890</u>	<u>4</u>
AUDITOR GENERAL				
Personal Services	3,383	3,341	3,139	202
Operating Expenses	382	428	409	19
TOTAL	<u>3,765</u>	<u>3,769</u>	<u>3,548</u>	<u>221</u>
DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT				
Personal Services	3,383	3,341	3,139	202
Operating Expenses	382	428	409	19
Appropriation	6,904	6,894	6,890	4
TOTAL	<u>10,669</u>	<u>10,663</u>	<u>10,438</u>	<u>225</u>
LEGAL SERVICES PROGRAM				
Personal Services	4,515	4,519	4,519	0
Operating Expenses	605	610	610	0
TOTAL	<u>5,120</u>	<u>5,129</u>	<u>5,129</u>	<u>0</u>
CRIMINAL INVESTIGATION				
Personal Services	4,574	4,578	4,578	0
Operating Expenses	1,448	1,593	1,590	3
TOTAL	<u>6,022</u>	<u>6,171</u>	<u>6,168</u>	<u>3</u>
LAW ENFORCEMENT TRAINING				
Personal Services	0	0	0	0
Operating Expenses	500	500	500	0
TOTAL	<u>500</u>	<u>500</u>	<u>500</u>	<u>0</u>
DEPARTMENT TOTAL, ATTORNEY GENERAL				
Personal Services	9,089	9,097	9,097	0
Operating Expenses	2,553	2,703	2,700	3
TOTAL	<u>11,642</u>	<u>11,800</u>	<u>11,797</u>	<u>3</u>
ADMINISTRATION OF SCHOOL AND PUBLIC LANDS				
Personal Services	421	421	409	12
Operating Expenses	311	834	144	690
TOTAL	<u>732</u>	<u>1,255</u>	<u>553</u>	<u>702</u>
DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS				
Personal Services	421	421	409	12
Operating Expenses	311	834	144	690
TOTAL	<u>732</u>	<u>1,255</u>	<u>553</u>	<u>702</u>
SECRETARY OF STATE				
Personal Services	681	681	628	53
Operating Expenses	576	726	634	92
TOTAL	<u>1,257</u>	<u>1,407</u>	<u>1,262</u>	<u>145</u>
DEPARTMENT TOTAL, SECRETARY OF STATE				
Personal Services	681	681	628	53
Operating Expenses	576	726	634	92
TOTAL	<u>1,257</u>	<u>1,407</u>	<u>1,262</u>	<u>145</u>
TREASURY MANAGEMENT				
Personal Services	399	400	389	11
Operating Expenses	148	148	148	0
TOTAL	<u>547</u>	<u>548</u>	<u>537</u>	<u>11</u>

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
DEPARTMENT TOTAL, STATE TREASURER				
Personal Services	\$ 399	\$ 400	\$ 389	\$ 11
Operating Expenses	148	148	148	0
TOTAL	547	548	537	11
STATE AUDITOR				
Personal Services	1,149	1,151	1,138	13
Operating Expenses	153	153	149	4
TOTAL	1,302	1,304	1,287	17
DEPARTMENT TOTAL, STATE AUDITOR				
Personal Services	1,149	1,151	1,138	13
Operating Expenses	153	153	149	4
TOTAL	1,302	1,304	1,287	17
STATE TOTAL				
Personal Services	392,254	392,637	387,271	5,366
Operating Expenses	1,282,954	1,285,209	1,219,626	65,583
Appropriation	6,904	6,894	6,890	4
TOTAL CHARGES TO APPROPRIATION	\$ 1,682,112	\$ 1,684,740	\$ 1,613,787	\$ 70,953
NON-BUDGETED OUTFLOWS				
Transfer to Budget Reserve Fund	\$ 0	\$ 0	\$ 16,899	\$ (16,899)
TOTAL NON-BUDGETED OUTFLOWS	\$ 0	\$ 0	\$ 16,899	\$ (16,899)
CHANGE IN BUDGETARY FUND BALANCE	\$ (28,591)	\$ (18,042)	\$ 38,022	\$ 56,064
BUDGETARY FUND BALANCE JULY 1, 2018	45,857	45,857	45,857	0
BUDGETARY FUND BALANCE JUNE 30, 2019	\$ 17,266	\$ 27,815	\$ 83,879	\$ 56,064

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, 2019
 (Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (outflows)				
GENERAL OPERATIONS				
Personal Services	\$ 71,554	\$ 71,634	\$ 70,350	\$ 1,284
Operating Expenses	139,668	140,985	119,531	21,454
TOTAL	<u>211,222</u>	<u>212,619</u>	<u>189,881</u>	<u>22,738</u>
CONTRACT CONSTRUCTION INFORMATIONAL				
Personal Services	0	0	0	0
Operating Expenses	489,495	489,495	425,206	64,289
TOTAL	<u>489,495</u>	<u>489,495</u>	<u>425,206</u>	<u>64,289</u>
ENFORCEMENT				
Personal Services	15,003	14,622	14,477	145
Operating Expenses	6,901	7,554	7,432	122
TOTAL	<u>21,904</u>	<u>22,176</u>	<u>21,909</u>	<u>267</u>
FUND TOTAL, TRANSPORTATION				
Personal Services	86,557	86,256	84,827	1,429
Operating Expenses	636,064	638,034	552,169	85,865
TOTAL CHARGES TO APPROPRIATION	<u>\$ 722,621</u>	<u>\$ 724,290</u>	<u>\$ 636,996</u>	<u>\$ 87,294</u>

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

**STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FEDERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (outflows)				
ADMINISTRATION				
Personal Services	\$ 5,708	\$ 5,715	\$ 4,177	\$ 1,538
Operating Expenses	11,158	11,164	6,733	4,431
TOTAL	<u>16,866</u>	<u>16,879</u>	<u>10,910</u>	<u>5,969</u>
ECONOMIC ASSISTANCE				
Personal Services	12,057	12,068	9,549	2,519
Operating Expenses	65,472	65,495	38,163	27,332
TOTAL	<u>77,529</u>	<u>77,563</u>	<u>47,712</u>	<u>29,851</u>
MEDICAL AND ADULT SERVICES				
Personal Services	2,593	2,596	2,441	155
Operating Expenses	417,238	401,229	364,057	37,172
TOTAL	<u>419,831</u>	<u>403,825</u>	<u>366,498</u>	<u>37,327</u>
CHILDREN'S SERVICES				
Personal Services	10,114	10,128	8,151	1,977
Operating Expenses	38,711	46,290	41,506	4,784
TOTAL	<u>48,825</u>	<u>56,418</u>	<u>49,657</u>	<u>6,761</u>
BEHAVIORAL HEALTH				
Personal Services	8,283	8,793	8,456	337
Operating Expenses	29,568	33,715	27,372	6,343
TOTAL	<u>37,851</u>	<u>42,508</u>	<u>35,828</u>	<u>6,680</u>
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	38,755	39,300	32,774	6,526
Operating Expenses	562,147	557,893	477,831	80,062
TOTAL CHARGES TO APPROPRIATION	<u>\$ 600,902</u>	<u>\$ 597,193</u>	<u>\$ 510,605</u>	<u>\$ 86,588</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, 2019
(Expressed in Thousands)**

	<u>General Fund</u>		
Inflows of Resources:			
Actual amounts (budgetary basis) "Amounts Available for Appropriation" from the budgetary comparison schedule	\$ 1,668,708		
Differences-budget to GAAP:			
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(120,918)		
To adjust revenues for accruals and other year-end entries such as the recording tax receivables, shared revenue receipts, and reclassification of lottery revenues	(49,029)		
To adjust revenues for statutorily created funds that do not qualify as special revenue funds	30,661		
Money from the General Fund Budget Reserve are inflows of budgetary resources but are not revenues for financial reporting purposes	(6,603)		
Prior year carryover and encumbered amounts are inflows of budgetary resources but are not revenues for financial reporting purposes	(11,975)		
Unexpended carryovers, specials, and deferred maintenances are inflows of budgetary resources but are not revenues for financial reporting purposes	(5,466)		
Sales of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(64)		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 1,505,314</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	\$ 1,613,787	\$ 636,996	\$ 510,605
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.	(11,729)	(15,697)	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(7,864)		
To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution	45,803	4,676	123,439
To adjust expenditures/expenses for statutorily created funds that do not qualify as special revenue funds	38,831		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 1,678,828</u>	<u>\$ 625,975</u>	<u>\$ 634,044</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. 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, 2019, 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, 2019 has also been included as Required Supplementary Information.

**STATE OF SOUTH DAKOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM
July 1, 2017 to June 30, 2018 Measurement Date**

Last Ten Fiscal Years *

(Dollars Expressed in Thousands)

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
State's proportion of net pension liability (asset)	21.05%	21.58%	22.27%	22.45%	22.07%
State's proportionate share of the net pension liability (asset)	\$ (489)	\$ (1,958)	\$ 75,220	\$ (95,216)	\$ (158,996)
State's covered payroll	\$ 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	(0.12%)	(0.48%)	(19.01%)	(24.42%)	(43.27%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	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, 2019**

Last Ten Fiscal Years *

(Dollars Expressed in Thousands)

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Contractually required contribution	\$ 26,441	\$ 26,231	\$ 26,313	\$ 25,406	\$ 24,588
Contributions in relation to the contractually required contribution	(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>
State's covered payroll	\$ 413,938	\$ 409,773	\$ 410,337	\$ 395,647	\$ 389,949
Contributions as a percentage of covered payroll	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, 2017 and exists again this year as of June 30, 2018. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.89% as of June 30, 2017 and is 2.03% as of June 30, 2018.

The changes in actuarial assumptions increased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 1.89% COLA, reflecting the current and assumed future restricted maximum COLA of 2.03%.



COMBINING FINANCIAL STATEMENTS

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

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

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
June 30, 2019
(Expressed in Thousands)**

Assets	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Cash and Cash Equivalents	\$ 280,349	\$ 4,656	\$ 17,549	\$ 18	\$ 302,572
Restricted Cash		2			2
Investments	158,046	795		58,975	217,816
Restricted Investments		19,559			19,559
Receivables from:					
Taxes, net	3,011				3,011
Interest and Dividends	1,717	65	214	119	2,115
Other Funds	6,836				6,836
Other Governments	100,882				100,882
Loans and Notes, net	63,597			2,777	66,374
Other, net	9,508	10,231		3	19,742
Inventory	2,218				2,218
Advances to Component Units	1,255				1,255
Other Assets	1,417				1,417
Total Assets	\$ 628,836	\$ 35,308	\$ 17,763	\$ 61,892	\$ 743,799
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 51,292	\$	\$ 2,047	\$ 13	\$ 53,352
Payable to:					
Other Funds	30,346		1,804	2,246	34,396
Component Units	1,204				1,204
Other Governments	65,985				65,985
Claims, Judgments, and Compensated Absences	48				48
Unearned Revenue	15,767				15,767
Total Liabilities	164,642	0	3,851	2,259	170,752
Deferred Inflows of Resources:					
Unavailable Revenue	3,814	10,231			14,045
Total Deferred Inflows of Resources	3,814	10,231	0	0	14,045
Fund Balances:					
Nonspendable	88,821			59,752	148,573
Restricted	312,649	25,077	13,912		351,638
Committed	41,816				41,816
Assigned	21,011				21,011
Unassigned	(3,917)			(119)	(4,036)
Total Fund Balances	460,380	25,077	13,912	59,633	559,002
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 628,836	\$ 35,308	\$ 17,763	\$ 61,892	\$ 743,799

**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, 2019
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Revenue:					
Taxes	\$ 102,800	\$	\$	\$	\$ 102,800
Licenses, Permits, and Fees	282,444				282,444
Fines, Forfeits, and Penalties	14,519				14,519
Use of Money and Property	26,693	462	2,276	5,813	35,244
Sales and Services	30,599				30,599
Administering Programs	602,959				602,959
Tobacco Settlement		20,558			20,558
Other Revenue	16,836				16,836
Total Revenue	1,076,850	21,020	2,276	5,813	1,105,959
Expenditures:					
Current:					
General Government	36,937	173		2,344	39,454
Education	195,558				195,558
Health, Human, and Social Services	345,607				345,607
Law, Justice, Public Protection, and Regulation	95,999				95,999
Agriculture and Natural Resources	138,046				138,046
Economic Resources	42,335				42,335
Transportation	8,567				8,567
State Shared Revenue Paid to Other Governments	146,570				146,570
Capital Outlay			28,163		28,163
Debt Service:					
Principal		14,407			14,407
Interest		7,234			7,234
Total Expenditures	1,009,619	21,814	28,163	2,344	1,061,940
Excess of Revenue Over (Under) Expenditures	67,231	(794)	(25,887)	3,469	44,019
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	1,643			413	2,056
Insurance Proceeds	1				1
Transfers In	30,962	6,673			37,635
Transfers Out	(88,938)	(6,452)	(2,276)	(868)	(98,534)
Total Other Financing Sources (Uses)	(56,332)	221	(2,276)	(455)	(58,842)
Net Change in Fund Balances	10,899	(573)	(28,163)	3,014	(14,823)
Fund Balances at Beginning of Year	449,481	25,650	42,075	56,619	573,825
Fund Balances at End of Year	\$ 460,380	\$ 25,077	\$ 13,912	\$ 59,633	\$ 559,002

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Assets					
Cash and Cash Equivalents	\$ 219	\$	\$ 2,146	\$ 891	\$ 8,270
Investments					
Receivables from:					
Taxes, net					
Interest and Dividends		1	2		8
Other Funds		475	808	22	
Other Governments	27,827	27,932	1,309	2,638	1,318
Loans and Notes, net					7,708
Other, net			10		52
Inventory	348	134	43	1,549	
Advances to Component Units					
Other Assets		1		128	6
Total Assets	\$ 28,394	\$ 28,543	\$ 4,318	\$ 5,228	\$ 17,362
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 3,077	\$ 21,209	\$ 1,571	\$ 1,999	\$ 7
Payable to:					
Other Funds	127	5,558	321	223	111
Component Units	309	36		58	182
Other Governments	23,972	215	7	67	899
Claims, Judgments, and Compensated Absences		3	3	18	
Unearned Revenue	805		1,545	1,165	
Total Liabilities	28,290	27,021	3,447	3,530	1,199
Deferred Inflows of Resources:					
Unavailable Revenue					
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Nonspendable		135	42	1,677	6
Restricted	104			21	16,157
Committed					
Assigned		1,387	829		
Unassigned					
Total Fund Balances	104	1,522	871	1,698	16,163
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,394	\$ 28,543	\$ 4,318	\$ 5,228	\$ 17,362

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$ 11,658	\$ 7,966	\$ 1,232	\$ 3,504	\$ 6,603
							805
			76	17	53		8
			22	28		93	
5,229	1,469	2,979		231		94	
16			1,221	591		2,925	
						95	
10						149	
<u>\$ 5,255</u>	<u>\$ 1,469</u>	<u>\$ 2,979</u>	<u>\$ 12,977</u>	<u>\$ 8,833</u>	<u>\$ 1,285</u>	<u>\$ 6,860</u>	<u>\$ 7,416</u>
\$ 1,139	\$ 403	\$ 1,723	\$ 2,291	\$ 1,577	\$ 214	\$ 425	\$ 65
2,293	885	261	520	313	22	15	764
	7	336	26			7	
1,679	48	603	116	37		39	809
			16			2	
		56					5,654
<u>5,111</u>	<u>1,343</u>	<u>2,979</u>	<u>2,969</u>	<u>1,927</u>	<u>236</u>	<u>488</u>	<u>7,292</u>
						2,105	
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,105</u>	<u>0</u>
10						244	
			10,008	6,906		2,791	
					515		124
134	126				534	1,232	
<u>144</u>	<u>126</u>	<u>0</u>	<u>10,008</u>	<u>6,906</u>	<u>1,049</u>	<u>4,267</u>	<u>124</u>
<u>\$ 5,255</u>	<u>\$ 1,469</u>	<u>\$ 2,979</u>	<u>\$ 12,977</u>	<u>\$ 8,833</u>	<u>\$ 1,285</u>	<u>\$ 6,860</u>	<u>\$ 7,416</u>

Continued on next page

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2019
(Expressed in Thousands)**

Assets	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation
Cash and Cash Equivalents	\$ 27,080	\$ 793	\$ 21,015	\$ 1,590	\$ 3,821
Investments				7,314	
Receivables from:					
Taxes, net					308
Interest and Dividends	107	11	119	2	15
Other Funds			3		
Other Governments	15,530	423		57	
Loans and Notes, net					
Other, net	567		285		
Inventory					
Advances to Component Units					
Other Assets					
Total Assets	\$ 43,284	\$ 1,227	\$ 21,422	\$ 8,963	\$ 4,144
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	\$ 552	\$ 598	\$	\$	\$ 27
Payable to:					
Other Funds	1,854	312	582		4
Component Units			201		
Other Governments	32,696		500	8	
Claims, Judgments, and Compensated Absences					
Unearned Revenue					
Total Liabilities	35,102	910	1,283	8	31
Deferred Inflows of Resources:					
Unavailable Revenue			271		
Total Deferred Inflows of Resources	0	0	271	0	0
Fund Balances:					
Nonspendable					
Restricted			19,868	7,403	
Committed	8,182	1,021			4,113
Assigned				1,552	
Unassigned		(704)			
Total Fund Balances	8,182	317	19,868	8,955	4,113
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,284	\$ 1,227	\$ 21,422	\$ 8,963	\$ 4,144

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$ 5,148	\$ 28,840	\$ 4,227	\$	\$ 62 149,934	\$ 9,062	\$ 136,222 798	\$ 280,349 158,046
	606	16				1,276	3,011
18	199	52		312	170	547	1,717
582	491					4,312	6,836
	129		5,065			8,652	100,882
	21,353	7,832			21,388	5,316	63,597
					276	3,565	9,508
						49	2,218
	1,255						1,255
						1,123	1,417
\$ 5,748	\$ 52,873	\$ 12,127	\$ 5,065	\$ 150,308	\$ 30,896	\$ 161,860	\$ 628,836
\$ 459	\$ 376	\$ 1	\$ 1,622	\$ 35	\$ 3,564	\$ 8,358	\$ 51,292
6			2,847	5,520		7,808	30,346
						42	1,204
	1,132		555			2,603	65,985
						6	48
						6,542	15,767
465	1,508	1	5,024	5,555	3,564	25,359	164,642
	78					1,360	3,814
0	78	0	0	0	0	1,360	3,814
				85,631		1,076	88,821
	51,287	12,082		59,122	26,868	100,032	312,649
2,418		44			464	24,935	41,816
2,865			41			12,311	21,011
						(3,213)	(3,917)
5,283	51,287	12,126	41	144,753	27,332	135,141	460,380
\$ 5,748	\$ 52,873	\$ 12,127	\$ 5,065	\$ 150,308	\$ 30,896	\$ 161,860	\$ 628,836

**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, 2019
(Expressed in Thousands)**

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Revenue:					
Taxes	\$	\$	\$ 429	\$	\$
Licenses, Permits, and Fees		102	890		
Fines, Forfeits, and Penalties				224	
Use of Money and Property		42	21		228
Sales and Services	36	1,437			11
Administering Programs	181,457	231,602	19,437	53,112	4,440
Other Revenue	126	23	20	120	5
Total Revenue	181,619	233,206	20,797	53,456	4,684
Expenditures:					
General Government					
Education	181,621				
Health, Human, and Social Services		233,490	25,867	53,315	
Law, Justice, Public Protection, and Regulation			241		
Agriculture and Natural Resources					
Economic Resources					4,473
Transportation					
State Shared Revenue Paid to Other Governments					
Total Expenditures	181,621	233,490	26,108	53,315	4,473
Excess of Revenue Over (Under) Expenditures	(2)	(284)	(5,311)	141	211
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets		9		4	
Insurance Proceeds					
Transfers In		562	3,766	240	
Transfers Out	(9)	(456)		(6)	
Total Other Financing Sources (Uses)	(9)	115	3,766	238	0
Net Change in Fund Balances	(11)	(169)	(1,545)	379	211
Fund Balances at Beginning of Year	115	1,691	2,416	1,319	15,952
Fund Balances at End of Year	\$ 104	\$ 1,522	\$ 871	\$ 1,698	\$ 16,163

Public Safety Emergency Management	Natural Resources Federal	Game, Fish, and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
\$	\$	\$	\$	\$	\$	\$	\$
			29,248	1,986 19,378	30,761 28,587 556	1,749	9,492 5,845 3
			1,019	3,165	494		79
			77	25	13	1,723	
19,761	8,080	19,650		533			
75		14	257	991		7,879	
19,836	8,080	19,664	30,601	26,078	60,411	11,351	15,419
						10,340	
20,692					3,087		1,425
	8,104	19,141	33,012	24,277			
							8,131
20,692	8,104	19,141	33,012	24,277	3,087	10,340	9,556
(856)	(24)	523	(2,411)	1,801	57,324	1,011	5,863
7			166	52			
1,051	117	388	2,169	11		480	
		(911)	(2,542)	(3,729)	(56,925)	(933)	(5,803)
1,058	117	(523)	(207)	(3,666)	(56,925)	(453)	(5,803)
202	93		(2,618)	(1,865)	399	558	60
(58)	33		12,626	8,771	650	3,709	64
\$ 144	\$ 126	\$ 0	\$ 10,008	\$ 6,906	\$ 1,049	\$ 4,267	\$ 124

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, 2019
(Expressed in Thousands)**

	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation
Revenue:					
Taxes	\$ 3,920	\$ 10,220	\$ 17,767	\$	\$ 3,431
Licenses, Permits, and Fees	138,408	4,344		5,929	
Fines, Forfeits, and Penalties					
Use of Money and Property	1,071	109	1,287	237	156
Sales and Services	1,856				
Administering Programs				1,913	
Other Revenue	42		81	832	160
Total Revenue	145,297	14,673	19,135	8,911	3,747
Expenditures:					
General Government	7,745	12,202			
Education				10,917	
Health, Human, and Social Services					
Law, Justice, Public Protection, and Regulation	8,042				
Agriculture and Natural Resources					1,324
Economic Resources			31,006		
Transportation					
State Shared Revenue Paid to					
Other Governments	126,542	2,484			
Total Expenditures	142,329	14,686	31,006	10,917	1,324
Excess of Revenue Over (Under) Expenditures	2,968	(13)	(11,871)	(2,006)	2,423
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	14				
Insurance Proceeds					
Transfers In	1,033			2,327	
Transfers Out	(2,110)		(1,277)		(877)
Total Other Financing Sources (Uses)	(1,063)	0	(1,277)	2,327	(877)
Net Change in Fund Balances	1,905	(13)	(13,148)	321	1,546
Fund Balances at Beginning of Year	6,277	330	33,016	8,634	2,567
Fund Balances at End of Year	\$ 8,182	\$ 317	\$ 19,868	\$ 8,955	\$ 4,113

Maintenance and Repair	Water and Environment	Energy Conservation	Military Federal	Health Care Trust	Railroad Trust	Other	Total
\$	\$ 6,107 1,805	\$ 16	\$	\$	\$ 336	\$ 18,671 45,823 13,736	\$ 102,800 282,444 14,519
208	1,595	478	35	9,069	1,233	6,167	26,693
2,768						22,653	30,599
67			17,924			44,983	602,959
153			2		143	5,913	16,836
3,196	9,507	494	17,961	9,069	1,712	157,946	1,076,850
3,828				516		12,646 3,020	36,937 195,558
						22,595	345,607
			17,962			44,550	95,999
	9,242					42,946	138,046
		222				6,634	42,335
					6,389	2,178	8,567
						9,413	146,570
3,828	9,242	222	17,962	516	6,389	143,982	1,009,619
(632)	265	272	(1)	8,553	(4,677)	13,964	67,231
					1,345	46	1,643
						1	1
567	3,947					14,304	30,962
	(600)			(5,520)		(7,240)	(88,938)
567	3,347	0	0	(5,520)	1,345	7,111	(56,332)
(65)	3,612	272	(1)	3,033	(3,332)	21,075	10,899
5,348	47,675	11,854	42	141,720	30,664	114,066	449,481
\$ 5,283	\$ 51,287	\$ 12,126	\$ 41	\$ 144,753	\$ 27,332	\$ 135,141	\$ 460,380

**STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2019
(Expressed in Thousands)**

	Building Authority	Tobacco Securitization	Total
Assets			
Cash and Cash Equivalents	\$ 4,534	\$ 122	\$ 4,656
Restricted Cash		2	2
Investments		795	795
Restricted Investments		19,559	19,559
Receivables from:			
Interest and Dividends		65	65
Other, net		10,231	10,231
Total Assets	\$ 4,534	\$ 30,774	\$ 35,308
Deferred Inflows of Resources and Fund Balances			
Deferred Inflows of Resources:			
Unavailable Revenue	\$ 0	\$ 10,231	\$ 10,231
Total Deferred Inflows of Resources	0	10,231	10,231
Fund Balances:			
Restricted	4,534	20,543	25,077
Total Fund Balances	4,534	20,543	25,077
Total Deferred Inflows of Resources and Fund Balances	\$ 4,534	\$ 30,774	\$ 35,308

**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, 2019
(Expressed in Thousands)**

	<u>Building Authority</u>	<u>Tobacco Securitization</u>	<u>Total</u>
Revenue:			
Use of Money and Property	\$	\$ 462	\$ 462
Tobacco Settlement		20,558	20,558
Total Revenue	0	21,020	21,020
Expenditures:			
Current:			
General Government	69	104	173
Debt Service:			
Principal	3,507	10,900	14,407
Interest	3,451	3,783	7,234
Total Expenditures	7,027	14,787	21,814
Excess of Revenue Over (Under) Expenditures	(7,027)	6,233	(794)
Other Financing Sources (Uses):			
Transfers In	6,673		6,673
Transfers Out	(81)	(6,371)	(6,452)
Total Other Financing Sources (Uses)	6,592	(6,371)	221
Net Change in Fund Balances	(435)	(138)	(573)
Fund Balances at Beginning of Year	4,969	20,681	25,650
Fund Balances at End of Year	\$ 4,534	\$ 20,543	\$ 25,077

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2019
(Expressed in Thousands)

<u>Assets</u>	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Current Assets:					
Cash and Cash Equivalents	\$ 78,860	\$ 128,293	\$ 3,577	\$ 2,335	\$ 386
Receivables:					
Interest and Dividends	443		11	4	4
Other Funds		66			33
Component Units					
Other Governments		152			198
Loans and Notes, net	6,785				
Other, net	305	1,188		25	2
Inventory					1,328
Other Assets					
Total Current Assets	86,393	129,699	3,588	2,364	1,951
Restricted Assets:					
Net Pension Asset					
Capital Assets:					
Land and Other Non-depreciable Assets				192	103
Property, Plant, and Equipment	28			7,997	559
Accumulated Depreciation	(28)			(3,278)	(485)
Construction in Progress					
Total Capital Assets	0	0	0	4,911	177
Other Noncurrent Assets	32,616				
Total Assets	119,009	129,699	3,588	7,275	2,128
Deferred Outflows of Resources					
Deferred Outflow Related to Pensions	119		4	159	163
Total Deferred Outflows of Resources	119	0	4	159	163
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	33	204	2	329	90
Payable to:					
Other Funds	7	65		26	4
Claims, Judgments, and Compensated Absences	14		1	32	57
Unearned Revenue				1,029	1
Total Current Liabilities	54	269	3	1,416	152
Noncurrent Liabilities:					
Claims, Judgments, and Compensated Absences	12		1	27	49
Total Noncurrent Liabilities	12	0	1	27	49
Total Liabilities	66	269	4	1,443	201
Deferred Inflows of Resources					
Deferred Inflow Related to Pensions	26		1	33	35
Total Deferred Inflows of Resources	26	0	1	33	35
Net Position					
Net Investment in Capital Assets				4,911	177
Restricted for:					
Pensions	93		3	126	128
Other	1,938				
Unrestricted	117,005	129,430	3,584	921	1,750
Total Net Position	\$ 119,036	\$ 129,430	\$ 3,587	\$ 5,958	\$ 2,055

<u>Rural Rehabilitation</u>	<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>
\$ 2,934	\$ 538	\$ 2,163	\$ 12,393	\$ 8,164	\$ 6,511	\$ 246,154
229	4	8	61	33	6	803
	204					303
	32					32
					5	355
591						7,376
	73		2		1	1,596
	856				87	2,271
	9					9
<u>3,754</u>	<u>1,716</u>	<u>2,171</u>	<u>12,456</u>	<u>8,197</u>	<u>6,610</u>	<u>258,899</u>
	1		4	2	1	8
						295
18	2,360		109		516	11,587
(17)	(1,688)		(76)		(257)	(5,829)
					235	235
<u>1</u>	<u>672</u>	<u>0</u>	<u>33</u>	<u>0</u>	<u>494</u>	<u>6,288</u>
5,262						37,878
<u>9,017</u>	<u>2,389</u>	<u>2,171</u>	<u>12,493</u>	<u>8,199</u>	<u>7,105</u>	<u>303,073</u>
41	271		1,275	793	450	3,275
<u>41</u>	<u>271</u>	<u>0</u>	<u>1,275</u>	<u>793</u>	<u>450</u>	<u>3,275</u>
4	223	18	426	2,928	270	4,527
	38		89	16	61	306
14	47		236	164	77	642
	2		817			1,849
<u>18</u>	<u>310</u>	<u>18</u>	<u>1,568</u>	<u>3,108</u>	<u>408</u>	<u>7,324</u>
12	41		205	139	67	553
<u>12</u>	<u>41</u>	<u>0</u>	<u>205</u>	<u>139</u>	<u>67</u>	<u>553</u>
<u>30</u>	<u>351</u>	<u>18</u>	<u>1,773</u>	<u>3,247</u>	<u>475</u>	<u>7,877</u>
9	59		273	170	97	703
<u>9</u>	<u>59</u>	<u>0</u>	<u>273</u>	<u>170</u>	<u>97</u>	<u>703</u>
1	672		32		494	6,287
32	213		1,006	625	354	2,580
						1,938
8,986	1,365	2,153	10,684	4,950	6,135	286,963
<u>\$ 9,019</u>	<u>\$ 2,250</u>	<u>\$ 2,153</u>	<u>\$ 11,722</u>	<u>\$ 5,575</u>	<u>\$ 6,983</u>	<u>\$ 297,768</u>

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Operating Revenue:					
Licenses, Permits, and Fees	\$	\$	\$	\$ 1,688	\$
Use of Money and Property	773			1,230	
Sales and Services	106			892	2,486
Administering Programs				67	
Assessments		31,085	3,523		
Other Revenue				263	
Total Operating Revenue	879	31,085	3,523	4,140	2,486
Operating Expenses:					
Personal Services and Benefits	285		32	1,127	610
Travel	4			10	5
Contractual Services	243			2,486	641
Supplies and Materials	8			566	1,481
Other	197			133	
Depreciation/Amortization				114	9
Insurance Claims		26,403	517		
Total Operating Expenses	737	26,403	549	4,436	2,746
Operating Income (Loss)	142	4,682	2,974	(296)	(260)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets					
Investment Income	4,084	3,675	99	38	38
Other Expense	(123)				
Grant and Other Income					34
Total Nonoperating Revenue (Expenses)	3,961	3,675	99	38	72
Income (Loss) Before Capital Contributions and Transfers	4,103	8,357	3,073	(258)	(188)
Capital Contributions and Transfers:					
Capital Contributions				200	
Transfers In				324	
Transfers Out		(707)	(1)		
Net Capital Contributions and Transfers	0	(707)	(1)	524	0
Change in Net Position	4,103	7,650	3,072	266	(188)
Net Position at Beginning of Year	114,933	121,780	515	5,692	2,243
Net Position at End of Year	\$ 119,036	\$ 129,430	\$ 3,587	\$ 5,958	\$ 2,055

<u>Rural Rehabilitation</u>	<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>
\$ 40	\$	\$	\$ 9,149	\$ 5,022	\$ 1,700	\$ 17,599
265					1	2,269
47	3,598	(91)	247	414	1,016	8,715
			57			124
						34,608
	9		220	1	35	528
352	3,607	(91)	9,673	5,437	2,752	63,843
75	885		4,764	2,714	1,986	12,478
7	19		593	164	169	971
29	287	33	3,251	1,570	793	9,333
46	1,877		265	53	169	4,465
91			251			672
	185		12		44	364
						26,920
248	3,253	33	9,136	4,501	3,161	55,203
104	354	(124)	537	936	(409)	8,640
					2	2
162	41	27	616	323	68	9,171
(1)			(2)	(1)	(1)	(128)
136						170
297	41	27	614	322	69	9,215
401	395	(97)	1,151	1,258	(340)	17,855
						200
				5	4,720	5,049
(2)	(493)		(141)	(132)		(1,476)
(2)	(493)	0	(141)	(127)	4,720	3,773
399	(98)	(97)	1,010	1,131	4,380	21,628
8,620	2,348	2,250	10,712	4,444	2,603	276,140
\$ 9,019	\$ 2,250	\$ 2,153	\$ 11,722	\$ 5,575	\$ 6,983	\$ 297,768

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 106	\$ 31,289	\$ 3,522	\$ 3,753	\$ 1,967
Receipts from Interfund Services Provided				6	284
Receipts from Federal Agencies					131
Receipts from Loan Payments	10,787				
Payments to Suppliers and for Benefits and Claims	(200)	(26,199)	(517)	(2,759)	(2,195)
Payments for Employee Services	(243)		(25)	(1,073)	(568)
Payments for Interfund Services Used	(56)			(342)	(75)
Payments for Loans Originated	(10,584)				
Other Receipts (Payments)	(64)	(10)		263	(15)
Net Cash Provided (Used) by Operating Activities	(254)	5,080	2,980	(152)	(471)
Cash Flows From Capital and Related Financing Activities:					
Capital Contributions				200	
Purchases of Capital Assets					
Construction in Progress					
Sales of Capital Assets					
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	200	0
Cash Flows From Noncapital Financing Activities:					
Transfers In				324	
Transfers Out		(719)	(1)		
Grants and Other Noncapital Financing Activities	(107)				
Net Cash Provided (Used) by Noncapital Financing Activities	(107)	(719)	(1)	324	0
Cash Flows From Investing Activities:					
Investment Income	3,976	3,677	93	36	37
Investment Expense	(15)				
Net Cash Provided (Used) by Investing Activities	3,961	3,677	93	36	37
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	3,600	8,038	3,072	408	(434)
Cash and Cash Equivalents at Beginning of Year	75,260	120,255	505	1,927	820
Cash and Cash Equivalents at End of Year	\$ 78,860	\$ 128,293	\$ 3,577	\$ 2,335	\$ 386
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 142	\$ 4,682	\$ 2,974	\$ (296)	\$ (260)
Adjustments to Reconcile Operating Income (Loss):					
Depreciation/Amortization Expense				114	9
Bad Debt Expense					
Decrease/(Increase) in Assets:					
Accounts Receivable	(298)	187		13	6
Interest, Dividends, and Penalties Receivable	(2)				
Loans and Notes Receivable	(137)				
Due From Other Funds		(10)			
Due From Component Units					
Due From Other Governments		18			(131)
Inventory					(149)
Other Assets					
Restricted Net Pension Asset	1			1	1
Decrease/(Increase) in Deferred Outflows of Resources:					
Deferred Outflows Related to Pensions	44		5	34	36
Increase/(Decrease) in Liabilities:					
Accounts Payable		203		87	25
Accrued Liabilities			1	12	5
Compensated Absences Payable	1		1	8	1
Due To Other Funds	(1)			9	1
Due To Other Governments				(2)	(15)
Unearned Revenue				(131)	1
Other Liabilities					
Increase/(Decrease) in Deferred Inflows of Resources:					
Deferred Inflows Related to Pensions	(4)		(1)	(1)	(1)
Net Cash Provided (Used) by Operating Activities	\$ (254)	\$ 5,080	\$ 2,980	\$ (152)	\$ (471)

Rural Rehabilitation	Prison Industries	S.D. Trust Company Captive Insurance Co.	Professional and Licensing	Banking and Insurance	Other	Total
\$ 88	\$ 955 2,617	\$ 36	\$ 9,621 59	\$ 5,435	\$ 2,690 15	\$ 59,462 2,981
						131
1,305						12,092
(105)	(1,873)	(140)	(3,641)	(1,063)	(923)	(39,615)
(69)	(845)	(3)	(4,508)	(2,580)	(1,858)	(11,772)
(12)	(191)	(5)	(833)	(259)	(204)	(1,977)
(1,902)						(12,486)
			33	1	15	223
(695)	663	(112)	731	1,534	(265)	9,039
						200
	(175)					(175)
					(81)	(81)
					2	2
0	(175)	0	0	0	(79)	(54)
				5	4,719	5,048
(2)	(492)		(141)	(132)		(1,487)
136						29
134	(492)	0	(141)	(127)	4,719	3,590
162	40	26	597	310	69	9,023
(1)			(2)	(1)		(19)
161	40	26	595	309	69	9,004
(400)	36	(86)	1,185	1,716	4,444	21,579
3,334	502	2,249	11,208	6,448	2,067	224,575
\$ 2,934	\$ 538	\$ 2,163	\$ 12,393	\$ 8,164	\$ 6,511	\$ 246,154
\$ 104	\$ 354	\$ (124)	\$ 537	\$ 936	\$ (409)	\$ 8,640
	185		12		44	364
60						60
	(2)		1			(93)
(31)						(33)
(831)						(968)
	(38)					(48)
	(10)					(10)
					(2)	(115)
	(67)				(32)	(248)
	64					64
	2		12	6	4	27
9	59		288	114	84	673
(1)	138	12	(132)	462	33	827
(3)	(1)		7	5	21	47
	(19)		(38)	(1)	16	(31)
(2)	4		13	2	7	33
			(1)			(18)
	(6)		39			(97)
					(32)	(32)
			(7)	10	1	(3)
\$ (695)	\$ 663	\$ (112)	\$ 731	\$ 1,534	\$ (265)	\$ 9,039

STATE OF SOUTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 June 30, 2019
 (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	\$ 20,027	\$ 3,876	\$ 2,365	\$ 2,950	\$ 707	\$ 564
Receivables:						
Interest and Dividends	158	20	10	17	2	4
Other Funds		2,075	1,217	1,445	1,284	264
Component Units		3	225	138		
Other Governments						
Other	5,445	1	17	1		1
Inventory		11	38			332
Other Assets	3,158	1,249	931	1,082		20
Total Current Assets	28,788	7,235	4,803	5,633	1,993	1,185
Restricted Assets:						
Net Pension Asset	1	16	5	1	3	
Capital Assets:						
Property, Plant, and Equipment		13,259	4,717	13,183	1,413	669
Accumulated Depreciation		(12,568)	(3,407)	(12,515)	(1,227)	(517)
Construction in Progress				815		
Total Capital Assets	0	691	1,310	1,483	186	152
Total Assets	28,789	7,942	6,118	7,117	2,182	1,337
Deferred Outflows of Resources						
Deferred Outflow Related to Pensions	270	5,662	1,626	479	986	106
Total Deferred Outflows of Resources	270	5,662	1,626	479	986	106
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	821	1,208	814	268	318	33
Payable to:						
Other Funds	101	144	213	111	35	7
Component Units						
Bonds, Notes, and Leases Payable		51	129			63
Claims, Judgments, and Compensated Absences	16,157	1,303	522	151	194	40
Unearned Revenue	11,148	19				
Total Current Liabilities	28,227	2,725	1,678	530	547	143
Noncurrent Liabilities:						
Bonds, Notes, and Leases Payable		16	133			41
Claims, Judgments, and Compensated Absences	34	1,119	455	127	168	35
Other Noncurrent Liabilities	54					
Total Noncurrent Liabilities	88	1,135	588	127	168	76
Total Liabilities	28,315	3,860	2,266	657	715	219
Deferred Inflows of Resources						
Deferred Inflow Related to Pensions	58	1,219	347	103	212	23
Total Deferred Inflows of Resources	58	1,219	347	103	212	23
Net Position						
Net Investment in Capital Assets		624	1,048	1,482	186	47
Restricted for Pensions	213	4,459	1,284	377	777	83
Unrestricted	473	3,442	2,799	4,977	1,278	1,071
Total Net Position	\$ 686	\$ 8,525	\$ 5,131	\$ 6,836	\$ 2,241	\$ 1,201

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 566	\$ 10,835	\$ 25	\$ 1,007	\$ 3,252	\$ 4,632	\$ 50,806
3	49		5	18	22	308
68		1,485	246		703	8,787
92		285	1		57	801
					166	166
2	15	2		9	128	5,621
					354	735
14			25	210	90	6,779
745	10,899	1,797	1,284	3,489	6,152	74,003
		1	2		5	34
2,162		62,873			11,300	109,576
(2,042)		(40,326)			(5,651)	(78,253)
						815
120	0	22,547	0	0	5,649	32,138
865	10,899	24,345	1,286	3,489	11,806	106,175
140	130	207	953	70	1,635	12,264
140	130	207	953	70	1,635	12,264
29	49	379	231	14	513	4,677
18	14	329	59	5	209	1,245
		24	8			32
		4,438			41	4,722
50	1,662	46	225	4,093	462	24,905
			3		5	11,175
97	1,725	5,216	526	4,112	1,230	46,756
		12,023			170	12,383
44	2,829	40	195	27,459	403	32,908
						54
44	2,829	12,063	195	27,459	573	45,345
141	4,554	17,279	721	31,571	1,803	92,101
30	26	44	203	15	349	2,629
30	26	44	203	15	349	2,629
120		6,086			5,439	15,032
110	104	164	752	55	1,291	9,669
604	6,345	979	563	(28,082)	4,559	(992)
\$ 834	\$ 6,449	\$ 7,229	\$ 1,315	\$ (28,027)	\$ 11,289	\$ 23,709

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>Self- Insurance</u>	<u>Information Services</u>	<u>Tele- communi- cations</u>	<u>Accounting and Payroll</u>	<u>Buildings and Grounds</u>	<u>Central Mail</u>
Operating Revenue:						
Use of Money and Property	\$	\$	\$	\$	\$	\$
Sales and Services	143,717	23,018	17,049	5,217	6,366	3,231
Other Revenue	6,326	27	6	13	19	
Total Operating Revenue	<u>150,043</u>	<u>23,045</u>	<u>17,055</u>	<u>5,230</u>	<u>6,385</u>	<u>3,231</u>
Operating Expenses:						
Personal Services and Benefits	865	19,125	6,027	1,640	3,682	397
Travel	17	149	131	10	6	
Contractual Services	30,889	4,683	9,786	3,191	2,054	182
Supplies and Materials	70	472	660	126	884	2,648
Grant and Other	3					
Interest		9	20		1	9
Depreciation/Amortization		624	447	432	28	76
Insurance Claims	134,255					
Total Operating Expenses	<u>166,099</u>	<u>25,062</u>	<u>17,071</u>	<u>5,399</u>	<u>6,655</u>	<u>3,312</u>
Operating Income (Loss)	(16,056)	(2,017)	(16)	(169)	(270)	(81)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets		4	4			
Loss on Disposal of Assets						
Investment Income	1,639	199	99	168	15	37
Other Expense	(6)	(1)		(1)		
Grant and Other Income		99	5			
Total Nonoperating Revenue (Expenses)	<u>1,633</u>	<u>301</u>	<u>108</u>	<u>167</u>	<u>15</u>	<u>37</u>
Income (Loss) Before Transfers	(14,423)	(1,716)	92	(2)	(255)	(44)
Transfers:						
Transfers In				623		
Net Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>623</u>	<u>0</u>	<u>0</u>
Change in Net Position	(14,423)	(1,716)	92	621	(255)	(44)
Net Position at Beginning of Year	15,109	10,241	5,039	6,215	2,496	1,245
Net Position at End of Year	<u><u>\$ 686</u></u>	<u><u>\$ 8,525</u></u>	<u><u>\$ 5,131</u></u>	<u><u>\$ 6,836</u></u>	<u><u>\$ 2,241</u></u>	<u><u>\$ 1,201</u></u>

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 655	\$ 3,451	\$ 16,222	\$ 4,364	\$ 5,469	\$ 9	\$ 238,864
	85	11		34	139	6,660
655	3,536	16,233	4,364	5,503	10,253	245,533
492	650	791	3,804	257	6,609	44,339
11	54	5	80	1	381	845
148	952	2,581	859	148	1,803	57,276
5	13	7,305	160	8	1,675	14,026
		461			1	4
28		4,869			2	502
	1,411			6,922	294	142,882
684	3,080	16,012	4,903	7,336	11,093	266,706
(29)	456	221	(539)	(1,833)	(840)	(21,173)
		269				277
		(32)				(32)
29	490		48	185	226	3,135
	(2)	(19)		(1)	(1)	(31)
29	488	218	48	184	225	3,453
0	944	439	(491)	(1,649)	(615)	(17,720)
0	0	0	285	0	576	1,484
0	0	0	285	0	576	1,484
0	944	439	(206)	(1,649)	(39)	(16,236)
834	5,505	6,790	1,521	(26,378)	11,328	39,945
\$ 834	\$ 6,449	\$ 7,229	\$ 1,315	\$ (28,027)	\$ 11,289	\$ 23,709

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019
(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	\$ 74,315	\$ 444	\$ 3,289	\$ 531	\$ 6	\$ 228
Receipts from Interfund Services Provided	69,715	22,680	13,692	4,479	6,617	3,039
Payments to Suppliers and for Benefits and Claims	(166,496)	(3,852)	(9,364)	(2,186)	(2,210)	(2,808)
Payments for Employee Services	(835)	(18,075)	(5,535)	(1,488)	(3,474)	(365)
Payments for Interfund Services Used	(1,368)	(1,328)	(1,117)	(1,006)	(767)	(92)
Other Receipts (Payments)	5,760	10	6	13	19	
Net Cash Provided (Used) by Operating Activities	(18,909)	(121)	971	343	191	2
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets		(41)	(595)		(43)	(25)
Construction in Progress				(666)		
Sales of Capital Assets		4	4			
Payments on Capital Lease Obligations		(318)	(325)			(69)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(355)	(916)	(666)	(43)	(94)
Cash Flows From Noncapital Financing Activities:						
Transfers In				623		
Received (Paid) on Interfund Borrowing						
Grants and Other Noncapital Financing Activities		75	5			
Net Cash Provided (Used) From Noncapital Financing Activities	0	75	5	623	0	0
Cash Flows From Investing Activities:						
Investment Income	1,612	192	99	162	14	36
Investment Expense	(6)	(1)		(1)		
Net Cash Provided (Used) by Investing Activities	1,606	191	99	161	14	36
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(17,303)	(210)	159	461	162	(56)
Cash and Cash Equivalents at Beginning of Year	37,330	4,086	2,206	2,489	545	620
Cash and Cash Equivalents at End of Year	\$ 20,027	\$ 3,876	\$ 2,365	\$ 2,950	\$ 707	\$ 564
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (16,056)	\$ (2,017)	\$ (16)	\$ (169)	\$ (270)	\$ (81)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense		624	447	433	28	76
Interest Expense		9	20			9
Decrease/(Increase) in Assets:						
Accounts Receivable	(2,530)	1	5			1
Due From Other Funds		107	(58)	(183)	257	35
Due From Component Units			(14)	(23)		
Due From Other Governments						
Inventory		8	17	(1)		(74)
Other Assets	(3,058)	(24)	(4)	22	8	3
Restricted Net Pension Asset	2	45	14	4	8	1
Decrease/(Increase) in Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	39	1,050	401	123	229	26
Increase/(Decrease) in Liabilities:						
Accounts Payable	(654)	163	86	100	9	1
Accrued Liabilities	(2)	(60)	27	(4)	(6)	1
Compensated Absences Payable	(13)	(7)	67	34	(17)	5
Due To Other Funds	26	(26)	(3)	12	(21)	
Due To Component Units						
Due To Other Governments	3				(28)	
Unearned Revenue	310	(17)				
Policy Claim Liabilities	3,020					
Increase/(Decrease) in Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	4	23	(18)	(5)	(6)	(1)
Net Cash Provided (Used) by Operating Activities	\$ (18,909)	\$ (121)	\$ 971	\$ 343	\$ 191	\$ 2
Noncash Investing, Capital, and Financing Activities:						
Gain (Loss) on Disposal of Capital Assets	\$	\$ 4	\$ 4	\$	\$	\$
Capital Lease Obligations Entered Into						
Transfers In (Out) of Capital Assets						

Digital Dakota Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
\$ 386	\$ 1,111	\$ 2,965	\$ 33	\$ 1,236	\$ 2,178	\$ 86,722
304	2,340	12,948	4,433	4,276	7,885	152,408
(52)	(2,243)	(8,595)	(620)	(5,600)	(2,582)	(206,608)
(461)	(556)	(750)	(3,587)	(233)	(6,145)	(41,504)
(116)	(395)	(1,319)	(508)	(35)	(1,521)	(9,572)
	8	13	13		147	5,989
61	265	5,262	(236)	(356)	(38)	(12,565)
(94)		(739)			(77)	(1,614)
		654				666
		(4,923)			(16)	(5,651)
(94)	0	(5,008)	0	0	(93)	(7,269)
			285		555	1,463
		(229)				(229)
						80
0	0	(229)	285	0	555	1,314
28	476		46	180	220	3,065
	(2)			(1)	(1)	(12)
28	474	0	46	179	219	3,053
(5)	739	25	95	(177)	643	(15,467)
571	10,096		912	3,429	3,989	66,273
\$ 566	\$ 10,835	\$ 25	\$ 1,007	\$ 3,252	\$ 4,632	\$ 50,806
\$ (29)	\$ 456	\$ 221	\$ (539)	\$ (1,833)	\$ (840)	\$ (21,173)
28		4,869			328	6,833
		469			2	509
(1)	24	1	10	5	(21)	(2,505)
27		(254)	88		8	27
9		(54)	(1)		16	(67)
					(44)	(44)
					65	15
			(20)	(70)	(1)	(3,144)
1	1	2	8	1	14	101
28	10	39	241	28	385	2,599
1	3	(68)	11		(14)	(362)
(1)	5		5	(1)	25	(11)
3	12		(23)		53	114
(5)	(21)	47			1	10
		(10)	(1)			(11)
		(1)				(26)
	(5)		(4)		(2)	282
	(221)			1,517		4,316
	1	1	(11)	(3)	(13)	(28)
\$ 61	\$ 265	\$ 5,262	\$ (236)	\$ (356)	\$ (38)	\$ (12,565)
\$	\$	\$ 237	\$	\$	\$	\$ 245
		4,964			216	5,180
					21	21

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2019
(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	\$ 113	\$ 338	\$ 1,390	\$ 914	\$ 2,755
Receivables:					
Due From Other Funds			129		129
Investment Income	508	1		3	512
Other	53	35			88
Total Receivables	561	36	129	3	729
Investments, at Fair Value:					
Pooled Investment Funds	256,014				256,014
Total Investments	256,014	0	0	0	256,014
Properties, at Cost	14,162			39	14,201
Other Assets				12	12
Total Assets	270,850	374	1,519	968	273,711
Liabilities					
Payables:					
Accounts Payable and Other Liabilities	57	184		12	253
Due To Other Funds			194	32	226
Total Liabilities	57	184	194	44	479
Net Position - Restricted for Others	\$ 270,793	\$ 190	\$ 1,325	\$ 924	\$ 273,232

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	<u>Common School</u>	<u>Child's Own</u>	<u>Corrections</u>	<u>Other</u>	<u>Total</u>
Additions					
Contributions:					
From Clients and Inmates	\$	\$	\$ 8,279	\$ 1,553	\$ 9,832
Other	8,840				8,840
Total Contributions	8,840	0	8,279	1,553	18,672
Investment Income:					
<i>From Investing Activities</i>					
Net Increase (Decrease) in Fair Value of Investments	7,456				7,456
Real Estate	807				807
Pooled Interest and Dividends	5,622	13			5,635
Net Investment Income (Loss)	13,885	13	0	0	13,898
<i>From Security Lending Activities</i>					
Securities Lending Income	6				6
Escheated Property	75				75
Miscellaneous Income		808		40	848
Total Additions	22,806	821	8,279	1,593	33,499
Deductions					
Distribution to School Districts	12,112				12,112
Payments Made for Trust Purposes	45	892	8,213	1,644	10,794
Administrative Expenses				5	5
Total Deductions	12,157	892	8,213	1,649	22,911
Change in Net Position	10,649	(71)	66	(56)	10,588
Net Position at Beginning of Year	260,144	261	1,259	980	262,644
Net Position at End of Year	\$ 270,793	\$ 190	\$ 1,325	\$ 924	\$ 273,232



STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019
(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	\$ 1,655	\$ 2,526	\$ 8,074	\$ 6,659	\$ 1,472	\$ 20,386
Receivables:						
Taxes Receivable, net	45,856					45,856
Interest and Dividends Receivable					1	1
Other	569				54	623
Total Receivables	46,425	0	0	0	55	46,480
Total Assets	\$ 48,080	\$ 2,526	\$ 8,074	\$ 6,659	\$ 1,527	\$ 66,866
Liabilities						
Payables:						
Accounts Payable and Other Liabilities	\$ 1,201	\$ 2,526	\$ 41	\$ 6,659	\$ 737	\$ 11,164
Due To Other Governments	46,879		8,033		790	55,702
Total Liabilities	\$ 48,080	\$ 2,526	\$ 8,074	\$ 6,659	\$ 1,527	\$ 66,866

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Department of Revenue - Tax Collections				
Assets:				
Cash and Cash Equivalents	\$ 2,471	\$ 420,287	\$ 421,103	\$ 1,655
Accounts Receivable	499	569	499	569
Taxes Receivable, net	44,876	45,857	44,877	45,856
Interest and Dividends Receivable	8		8	0
Total Assets	\$ 47,854	\$ 466,713	\$ 466,487	\$ 48,080
Liabilities:				
Accounts Payable and Other Liabilities	\$ 1,137	\$ 1,333	\$ 1,269	\$ 1,201
Due To Other Governments	46,717	465,380	465,218	46,879
Total Liabilities	\$ 47,854	\$ 466,713	\$ 466,487	\$ 48,080
Social Services - Child Support				
Assets:				
Cash and Cash Equivalents	\$ 2,644	\$ 121,857	\$ 121,975	\$ 2,526
Total Assets	\$ 2,644	\$ 121,857	\$ 121,975	\$ 2,526
Liabilities:				
Accounts Payable and Other Liabilities	\$ 2,644	\$ 121,857	\$ 121,975	\$ 2,526
Total Liabilities	\$ 2,644	\$ 121,857	\$ 121,975	\$ 2,526
State Auditor - Payroll Withholding				
Assets:				
Cash and Cash Equivalents	\$ 7,931	\$ 252,547	\$ 252,404	\$ 8,074
Total Assets	\$ 7,931	\$ 252,547	\$ 252,404	\$ 8,074
Liabilities:				
Accounts Payable and Other Liabilities	\$ 32	\$ 14,372	\$ 14,363	\$ 41
Due To Other Governments	7,899	238,175	238,041	8,033
Total Liabilities	\$ 7,931	\$ 252,547	\$ 252,404	\$ 8,074
State Clerk of Courts				
Assets:				
Cash and Cash Equivalents	\$ 8,327	\$ 15,135	\$ 16,803	\$ 6,659
Total Assets	\$ 8,327	\$ 15,135	\$ 16,803	\$ 6,659
Liabilities:				
Accounts Payable and Other Liabilities	\$ 8,327	\$ 15,135	\$ 16,803	\$ 6,659
Total Liabilities	\$ 8,327	\$ 15,135	\$ 16,803	\$ 6,659

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, 2019
(Expressed in Thousands)**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Other Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 2,174	\$ 73,228	\$ 73,930	\$ 1,472
Accounts Receivable	52	54	52	54
Interest and Dividends Receivable		1		1
Total Assets	\$ 2,226	\$ 73,283	\$ 73,982	\$ 1,527
Liabilities:				
Accounts Payable and Other Liabilities	\$ 1,406	\$ 71,691	\$ 72,360	\$ 737
Due To Other Governments	820	1,592	1,622	790
Total Liabilities	\$ 2,226	\$ 73,283	\$ 73,982	\$ 1,527
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 23,547	\$ 883,054	\$ 886,215	\$ 20,386
Accounts Receivable	551	623	551	623
Taxes Receivable, net	44,876	45,857	44,877	45,856
Interest and Dividends Receivable	8	1	8	1
Total Assets	\$ 68,982	\$ 929,535	\$ 931,651	\$ 66,866
Liabilities:				
Accounts Payable and Other Liabilities	\$ 13,546	\$ 224,388	\$ 226,770	\$ 11,164
Due To Other Governments	55,436	705,147	704,881	55,702
Total Liabilities	\$ 68,982	\$ 929,535	\$ 931,651	\$ 66,866

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2019
(Expressed in Thousands)

	Business-type Activities				Total
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 245,510	\$ 17,772	\$ 271,104	\$ 17,848	\$ 552,234
Receivables:					
Interest and Dividends	5,537	79	1,777	120	7,513
Primary Government			1,472		1,472
Other Governments			18,556		18,556
Loans and Notes, net	41,511		6,065	1,154	48,730
Other, net	636	4,262	44,662	478	50,038
Investments	120,110		53,018	574	173,702
Restricted Assets:					
Investments				3,549	3,549
Inventory	3,288	2,350	7,423		13,061
Other Assets	448	358	5,585	113	6,504
Total Current Assets	417,040	24,821	409,662	23,836	875,359
Investments	1,012,086		348,081	1,622	1,361,789
Assets Held for Resale				3,855	3,855
Restricted Assets:					
Cash and Cash Equivalents			52,688	32	52,720
Investments			169,543	2,262	171,805
Net Pension Asset	4	10	344		358
Other			23,291		23,291
Capital Assets:					
Land and Other Non-depreciable Assets	220	19,821	45,348		65,389
Property, Plant, and Equipment	10,622	59,168	1,924,623	24,124	2,018,537
Accumulated Depreciation	(5,710)	(16,347)	(767,757)	(4,173)	(793,987)
Construction in Progress		17,911	99,145		117,056
Total Capital Assets	5,132	80,553	1,301,359	19,951	1,406,995
Other Noncurrent Assets, net	409,506	8,164	79,733	8,150	505,553
Total Assets	1,843,768	113,548	2,384,701	59,708	4,401,725
Deferred Outflows of Resources					
Deferred Outflow Related to Pensions	1,320	3,934	121,300		126,554
Deferred Swap Outflow	2,011				2,011
Deferred Forward Contract Outflow	161				161
Deferred Outflow on Debt Refunding	3,123		8,711		11,834
Total Deferred Outflows of Resources	6,615	3,934	130,011	0	140,560
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	1,483	1,974	51,774	98	55,329
Payable to Primary Government	66		3,034		3,100
Escrow Payable	5,427				5,427
Bonds, Notes, and Leases Payable	46,678		31,874	487	79,039
Claims, Judgments, and Compensated Absences	330	604	14,348		15,282
Accrued Interest Payable	6,589		3,916	116	10,621
Unearned Revenue			37,965	2,395	40,360
Advances from Primary Government				1,103	1,103
Other Current Liabilities			19,612	451	20,063
Total Current Liabilities	60,573	2,578	162,523	4,650	230,324
Noncurrent Liabilities:					
Bonds, Notes, and Leases Payable	1,237,361	6,000	516,217	10,480	1,770,058
Claims, Judgments, and Compensated Absences	287	604	28,763		29,654
Federal Capital Contribution Refundable Advance			39,792		39,792
Advances from Primary Government				19,184	19,184
Other Noncurrent Liabilities	3,122		12,665	1,150	16,937
Total Noncurrent Liabilities	1,240,770	6,604	597,437	30,814	1,875,625
Total Liabilities	1,301,343	9,182	759,960	35,464	2,105,949
Deferred Inflows of Resources					
Deferred Inflow Related to Pensions	293	783	25,977		27,053
Deferred Inflow on Gain on Debt Refunding	1,372		252		1,624
Deferred Inflow on Swaps	442				442
Deferred Forward Contract Inflow	6				6
Total Deferred Inflows of Resources	2,113	783	26,229	0	29,125
Net Position					
Net Investment in Capital Assets	(1,053)	80,553	814,467	376	894,343
Restricted for:					
Debt Service	453,168		3,717	5,000	461,885
HOME and NSP Program	78,523				78,523
Higher Education - Expendable			220,463		220,463
Higher Education - Nonexpendable			451,185		451,185
Experiments		1,794			1,794
Mine Closure		1,489			1,489
Sanford Center for Science Education		50			50
Maintenance Support Facility		3,831			3,831
Indemnification		7,500			7,500
Pensions	1,030	3,160	95,667		99,857
Other	15,259				15,259
Unrestricted		9,140	143,024	18,868	171,032
Total Net Position	\$ 546,927	\$ 107,517	\$ 1,728,523	\$ 24,244	\$ 2,407,211

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2019
(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 \$45,739)	\$ 99,615	\$	\$ 253,926	\$ 497	\$ 253,926
Use of Money and Property					100,112
Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$13,866)		186	120,706	3,872	124,764
Administering Programs	28,132	26,500	118,099	509	173,240
Other Revenue	7,331	86	71,656	65	79,138
Total Operating Revenue	135,078	26,772	564,387	4,943	731,180
Operating Expenses:					
Personal Services and Benefits	4,173	14,938	473,614		492,725
Travel	330	211	21,694	15	22,250
Contractual Services	8,412	6,205	127,842	1,966	144,425
Supplies and Materials	2,810	4,990	61,281	216	69,297
Grants and Subsidies	27,316		38,836	3,454	69,606
Other			2,113	713	2,826
Interest	34,396		62	442	34,900
Provisions for Loan Loss (Recovery)	638			13	651
Depreciation/Amortization	382	1,931	58,665	850	61,828
Total Operating Expenses	78,457	28,275	784,107	7,669	898,508
Operating Income (Loss)	56,621	(1,503)	(219,720)	(2,726)	(167,328)
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets			4,345	621	4,966
Loss on Disposal of Assets		(46)			(46)
Investment Income		773	(1,760)	461	(526)
Interest Expense			(21,156)	(636)	(21,792)
Other Expense		(225)	(19,352)	(2)	(19,579)
State Aid from Primary Government			213,843		213,843
Federal Appropriation			6,861		6,861
Grant and Other Income		4,000	30,629		34,629
Total Nonoperating Revenue (Expenses)	0	4,502	213,410	444	218,356
Income (Loss) Before Capital Grants and Additions to Endowments	56,621	2,999	(6,310)	(2,282)	51,028
Capital Grants			14,301	4,425	18,726
Additions to Endowments			19,077		19,077
Change in Net Position	56,621	2,999	27,068	2,143	88,831
Net Position at Beginning of Year, as restated	490,306	104,518	1,701,455	22,101	2,318,380
Net Position at End of Year	\$ 546,927	\$ 107,517	\$ 1,728,523	\$ 24,244	\$ 2,407,211

**STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Higher Education
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 249,634
Auxiliaries	70,461
Sales & Services - General	50,695
Federal Contracts & Grants	71,537
State Contracts & Grants	16,103
Private Contracts & Grants	18,203
Other Revenue and Additions	110
Loans Issued to Students	(1,522)
Loans Collected from Students	5,826
Student Loan Interest	629
Payments for Personal Services Expenditures	(437,265)
Payments for Travel Expenditures	(19,718)
Payments for Contractual Expenditures	(122,762)
Payments for Supply Expenditures and Non-Capitalized Equipment	(54,913)
Payments for Grant and Subsidy Expenditures	(38,378)
Payments for Other Expenditures	(271)
Foundation Activity	10,830
Net Cash Provided (Used) by Operating Activities	(180,801)
Cash Flows from Noncapital Financing Activities:	
General Fund Appropriations	213,843
School & Public Lands	2,213
Federal Fund Appropriations	7,200
Federal loan Disbursements	(156,647)
Federal Loan Receipts	156,647
Federal Capital Contribution - Student Loan	891
Other Revenues & Additions	28,241
Payments for Other Expenditures	(785)
Foundation Activity	77,561
Net Cash Provided (Used) by Noncapital Financing Activities	329,164
Cash Flows from Capital and Related Financing Activities:	
Capital Grants & Contracts	13,951
Proceeds from Capital Debt	53,026
Revenue Bond Discounts and Related Costs	(42)
Sale of Capital Asset	5,663
Principal Paid on Capital Debt and Leases	(42,484)
Interest Paid on Capital Debt and Leases	(23,211)
Purchase of Capital Assets	(134,249)
Foundation Activity	(614)
Net Cash Provided (Used) by Capital and Related Financing Activities	(127,960)
Cash Flows from Investing Activities:	
Investment Income	9,299
Foundation Activity	(11,468)
Net Cash Provided (Used) by Investing Activities	(2,169)
Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year	18,234
Cash and Cash Equivalents at Beginning of Year	305,558
Cash and Cash Equivalents at End of Year	\$ 323,792

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION (continued)
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	<u>Higher Education</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ (219,720)
Adjustments to Reconcile Operating Income (Loss):	
Depreciation Expense	58,665
Bad Debt Expense	258
Donated Amounts	(69)
Loan Cancellation Expense	527
Pension Adjustment	26,972
Foundation Activity	(42,409)
Decrease/(Increase) in Assets:	
Accounts Receivable Students	(4,201)
Accounts Receivable - Dept	600
Interest Receivable	(104)
Notes Receivable	4,231
Due From Federal Sources	(3,697)
Due From Primary Govt	164
Due from Component Unit	892
Prepaid Expense and Deferred Charges	(625)
Inventory	302
Other Assets	(168)
Increase/(Decrease) in Liabilities:	
Accounts Payable	3,717
Accrued Wages & Benefits	(706)
Due to Primary Government	271
Due To Component Unit	(433)
Student Deposits	77
Compensated Absences	1,059
Other Accrued Liabilities	66
Unearned Revenue	(8,259)
Obligations Under Cap Leases - Non Cap	1,714
Agency Funds Held for Others	75
Net Cash Provided (Used) by Operating Activities	\$ (180,801)
Noncash Investing, Capital and Financing Activities:	
Transfers In (Out) of Capital Assets	\$ 2,083
Gain (Loss) on Disposal of Capital Assets	(750)

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2019
(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	\$ 2,107	\$ 989	\$ 4,039	\$ 4,942	\$ 5,771	\$ 17,848
Receivables:						
Interest and Dividends	78	2		18	22	120
Loans and Notes, net	745	409				1,154
Other, net			478			478
Investments	574					574
Restricted Assets:						
Investments	3,549					3,549
Other Assets			38		75	113
Total Current Assets	7,053	1,400	4,555	4,960	5,868	23,836
Investments	1,622					1,622
Assets Held for Resale			3,855			3,855
Restricted Assets:						
Cash and Cash Equivalents	32					32
Investments	2,262					2,262
Capital Assets:						
Property, Plant, and Equipment			24,124			24,124
Accumulated Depreciation			(4,173)			(4,173)
Total Capital Assets	0	0	19,951	0	0	19,951
Other Noncurrent Assets, net	7,249	851	50			8,150
Total Assets	18,218	2,251	28,411	4,960	5,868	59,708
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities			64	16	18	98
Bonds, Notes, and Leases Payable	405	82				487
Accrued Interest Payable	108	8				116
Unearned Revenue			2,395			2,395
Advances from Primary Government			1,103			1,103
Other Current Liabilities				99	352	451
Total Current Liabilities	513	90	3,562	115	370	4,650
Noncurrent Liabilities:						
Bonds, Notes, and Leases Payable	7,556	1,303	1,621			10,480
Advances from Primary Government			19,184			19,184
Other Noncurrent Liabilities	853			260	37	1,150
Total Noncurrent Liabilities	8,409	1,303	20,805	260	37	30,814
Total Liabilities	8,922	1,393	24,367	375	407	35,464
Net Position						
Net Investment in Capital Assets			376			376
Restricted for:						
Debt Service	5,000					5,000
Unrestricted	4,296	858	3,668	4,585	5,461	18,868
Total Net Position	\$ 9,296	\$ 858	\$ 4,044	\$ 4,585	\$ 5,461	\$ 24,244

**STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2019
(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	\$ 461	\$ 36	\$	\$	\$	\$ 497
Sales and Services			2,670	241	961	3,872
Administering Programs			509			509
Other Revenue		3	62			65
Total Operating Revenue	461	39	3,241	241	961	4,943
Operating Expenses:						
Travel			15			15
Contractual Services	43		1,704	64	155	1,966
Supplies and Materials			216			216
Grants and Subsidies			3,454			3,454
Other				90	623	713
Interest	442					442
Provisions for Loan Loss (Recovery)		13				13
Depreciation/Amortization			850			850
Total Operating Expenses	485	13	6,239	154	778	7,669
Operating Income (Loss)	(24)	26	(2,998)	87	183	(2,726)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets			621			621
Investment Income	299	2	14	69	77	461
Interest Expense		(14)	(622)			(636)
Other Expense				(1)	(1)	(2)
Total Nonoperating Revenue (Expenses)	299	(12)	13	68	76	444
Income (Loss) Before Capital Grants	275	14	(2,985)	155	259	(2,282)
Capital Grants			4,425			4,425
Change in Net Position	275	14	1,440	155	259	2,143
Net Position at Beginning of Year	9,021	844	2,604	4,430	5,202	22,101
Net Position at End of Year	\$ 9,296	\$ 858	\$ 4,044	\$ 4,585	\$ 5,461	\$ 24,244





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.

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

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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				
	2019	2018	2017	2016	2015
Governmental Activities:					
Net Investment in Capital Assets	\$ 4,126,405	\$ 4,051,612	\$ 3,961,256	\$ 3,804,409	\$ 3,713,057
Restricted	1,755,692	1,751,888	1,588,336	1,509,441	1,537,781
Unrestricted	363,208	283,343	267,296	254,579	264,916
Total Governmental Activities Net Position	\$ 6,245,305	\$ 6,086,843	\$ 5,816,888	\$ 5,568,429	\$ 5,515,754
Business-type Activities:					
Net Investment in Capital Assets	\$ 6,650	\$ 7,027	\$ 7,060	\$ 6,357	\$ 2,810
Restricted	5,821	6,782	5,085	5,481	6,155
Unrestricted	739,281	707,805	684,730	660,697	624,416
Total Business-type Activities Net Position	\$ 751,752	\$ 721,614	\$ 696,875	\$ 672,535	\$ 633,381
Primary Government:					
Net Investment in Capital Assets	\$ 4,133,055	\$ 4,058,639	\$ 3,968,316	\$ 3,810,766	\$ 3,715,867
Restricted	1,761,513	1,758,670	1,593,421	1,514,922	1,543,936
Unrestricted	1,102,489	991,148	952,026	915,276	889,332
Total Primary Government Net Position	\$ 6,997,057	\$ 6,808,457	\$ 6,513,763	\$ 6,240,964	\$ 6,149,135

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental Activities:					
Net Investment in Capital Assets	\$ 3,673,267	\$ 3,548,433	\$ 3,480,152	\$ 3,300,829	\$ 3,211,673
Restricted	1,383,140	1,241,520	1,114,366	1,144,456	1,004,704
Unrestricted	246,555	202,835	158,316	95,317	79,854
Total Governmental Activities Net Position	\$ 5,302,962	\$ 4,992,788	\$ 4,752,834	\$ 4,540,602	\$ 4,296,231
Business-type Activities:					
Net Investment in Capital Assets	\$ 3,650	\$ 4,379	\$ 3,893	\$ 4,360	\$ 4,863
Restricted	912	916	891	1,931	2,138
Unrestricted	588,495	545,751	520,208	498,567	445,444
Total Business-type Activities Net Position	\$ 593,057	\$ 551,046	\$ 524,992	\$ 504,858	\$ 452,445
Primary Government:					
Net Investment in Capital Assets	\$ 3,676,917	\$ 3,552,812	\$ 3,484,045	\$ 3,305,189	\$ 3,216,536
Restricted	1,384,052	1,242,436	1,115,257	1,146,387	1,006,842
Unrestricted	835,050	748,586	678,524	593,884	525,298
Total Primary Government Net Position	\$ 5,896,019	\$ 5,543,834	\$ 5,277,826	\$ 5,045,460	\$ 4,748,676

Source: South Dakota Comprehensive Annual Financial Reports (FY 2010-2019). 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental Activities:										
General Government	\$ 215,879	\$ 217,355	\$ 198,531	\$ 198,079	\$ 185,273	\$ 180,221	\$ 169,843	\$ 164,005	\$ 157,405	\$ 146,193
Education - Elementary, Secondary, and Vocational Schools	228,729	213,449	223,668	210,777	210,271	206,939	201,177	211,413	218,959	212,919
Education - State Support to Higher Education	213,843	210,972	206,253	232,245	192,950	219,341	176,294	171,701	185,757	182,681
Health, Human, and Social Services	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	1,337,922
Law, Justice, Public Protection, and Regulation	301,008	258,727	294,852	269,583	279,097	321,186	277,223	286,127	286,824	241,217
Agriculture and Natural Resources	155,789	144,690	161,412	153,087	140,921	152,666	144,245	130,279	151,116	130,943
Economic Resources	71,819	43,560	52,771	56,138	74,004	40,121	43,300	40,865	51,157	52,966
Transportation	533,336	455,118	459,424	561,536	507,300	473,323	537,497	482,400	508,548	457,081
Intergovernmental - Payments to School Districts	559,484	547,119	516,880	421,666	404,909	393,606	394,857	375,008	412,310	405,947
Intergovernmental - Revenue Sharing	194,537	187,573	176,836	173,721	169,514	161,564	141,514	122,320	100,493	103,425
Unallocated Interest Expense	7,524	7,899	6,419	6,627	6,712	9,198	14,537	17,393	18,711	19,820
Unallocated Depreciation	53	53	53	53	53	53	53	53	58	58
Total Governmental Activities Expenses	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	3,291,172
Business-type Activities:										
Lottery	51,016	45,256	39,907	43,454	41,053	42,806	44,114	39,877	36,775	35,411
Clean Water State Revolving	11,662	12,345	9,638	8,290	9,673	9,879	10,898	16,406	11,109	4,455
Drinking Water State Revolving	8,222	10,314	7,511	9,031	8,651	9,352	10,337	10,936	11,964	5,066
Other	55,331	55,571	60,920	60,352	56,081	66,042	81,648	92,096	100,406	125,993
Total Business-type Activities Expenses	126,231	123,486	117,976	121,127	115,458	128,079	146,997	159,315	160,254	170,925
Total Primary Government Expenses	\$ 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	\$ 3,462,097
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 260,567	\$ 258,406	\$ 242,343	\$ 236,003	\$ 244,728	\$ 227,851	\$ 212,529	\$ 194,439	\$ 170,598	\$ 166,457
Education - Elementary, Secondary, and Vocational Schools	10,442	10,112	11,136	10,016	8,489	7,687	7,888	6,147	5,843	6,204
Health, Human, and Social Services	39,525	31,807	39,584	41,741	39,058	36,597	38,098	33,030	36,256	36,758
Law, Justice, Public Protection, and Regulation	87,061	85,139	85,221	82,456	85,252	76,048	80,750	66,235	60,555	57,213
Agriculture and Natural Resources	82,993	86,130	85,226	82,891	76,994	77,514	72,972	69,331	67,815	64,940
Economic Resources	231	845	433	452	1,611	3,789	3,064	3,268	1,332	1,796
Transportation	15,279	14,723	15,927	14,755	9,007	6,979	6,682	7,514	7,776	6,301
Operating Grants and Contributions	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	1,768,957
Capital Grants and Contributions	3,378	2,342	3,886	7,045	21,946	1,516	1,046	1,608	3,945	2,275
Total Governmental Activities Program Revenues	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	2,110,901
Business-type Activities:										
Charges for Services:										
Lottery	179,644	170,099	156,814	160,728	152,362	148,323	151,414	143,078	144,460	154,669
Clean Water State Revolving	7,250	7,213	6,963	6,899	6,856	6,019	5,277	5,677	6,014	5,781
Drinking Water State Revolving	4,587	4,740	4,519	4,333	4,197	4,327	4,321	4,922	4,807	3,997
Other	63,755	60,688	68,543	75,424	71,243	81,681	85,946	94,455	112,210	119,048
Operating Grants and Contributions	26,910	30,971	25,334	32,772	30,005	33,994	30,519	30,910	52,926	50,927
Capital Grants and Contributions	200	84	426	727	2,810					
Total Business-type Activities Program Revenues	283,346	273,795	262,599	280,883	267,473	274,344	277,477	279,042	320,417	334,422
Total Primary Government Program Revenues	\$ 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	\$ 2,445,323
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (1,180,271)
Business-type Activities	156,115	150,309	144,623	159,756	152,015	146,265	130,480	119,727	160,163	163,497
Total Primary Government Net (Expense)/Revenue	\$ (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)	\$ (1,016,774)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Sales Taxes	\$ 1,089,336	\$ 1,025,111	\$ 991,155	\$ 905,475	\$ 871,402	\$ 858,001	\$ 802,700	\$ 779,002	\$ 741,455	\$ 663,146
Motor Fuel Taxes	184,027	183,441	183,795	184,105	151,901	136,395	139,048	130,864	130,542	127,807
Contractors Excise Taxes	118,873	112,518	106,834	104,979	101,678	93,746	94,967	90,636	66,518	85,973
Bank Card and Franchise Taxes	35,411	31,448	32,844	25,943	20,669	23,943	49,493	32,941	16,954	16,674
Other Taxes	376,813	382,375	371,864	360,917	331,649	311,397	299,726	297,750	266,415	273,535
Investment Earnings	96,270	72,379	109,684	14,997	47,130	142,003	130,881	29,925	143,106	101,246
Gain on Sale of Capital Assets	1,978	1,737	1,463	2,057	1,198	2,726	2,127	3,915	819	526
Miscellaneous	79,632	110,159	80,500	89,493	81,275	133,988	76,047	51,652	41,519	36,625
Special Items	(4,702)					17,619				
Transfers	125,977	125,570	120,283	120,602	113,558	102,937	104,426	100,257	107,750	118,671
Total Governmental Activities	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	1,424,203
Business-type Activities:										
Transfers	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)	(100,257)	(107,750)	(118,671)
Total Business-type Activities	(125,977)	(125,570)	(120,283)	(120,602)	(113,558)	(102,937)	(104,426)	(100,257)	(107,750)	(118,671)
Total Primary Government	\$ 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	\$ 1,305,532
Change in Net Position										
Governmental Activities	\$ 158,462	\$ 268,524	\$ 234,572	\$ 52,675	\$ 123,497	\$ 304,511	\$ 242,962	\$ 212,232	\$ 261,343	\$ 243,932
Business-type Activities	30,138	24,739	24,340	39,154	38,457	43,328	26,054	19,470	52,413	44,826
Total Primary Government	\$ 188,600	\$ 293,263	\$ 258,912	\$ 91,829	\$ 161,954	\$ 347,839	\$ 269,016	\$ 231,702	\$ 313,756	\$ 288,758

Source: South Dakota Comprehensive Annual Financial Reports (FY 2010-2019). Previous years' amounts are not restated.

**State of South Dakota
Fund Balances, Governmental Funds
Last Ten Fiscal Years**

(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund (Per GASB 54):										
Non-Spendable	\$ 5,503	\$ 6,097	\$ 6,458	\$ 4,193	\$ 3,911	\$ 3,629	\$ 3,419	\$ 2,916	\$ 3,148	
Restricted	3,300	3,300	3,300	8,384	10,479	8,264	1,018			
Committed										
Assigned	74,156	60,691	54,835	54,516	120,180	149,021	126,872	140,706	148,137	
Unassigned	294,225	268,052	249,087	242,449	183,570	159,403	186,444	147,445	136,018	
Total General Fund	\$ 377,184	\$ 338,140	\$ 313,680	\$ 309,542	\$ 318,140	\$ 320,317	\$ 317,753	\$ 291,067	\$ 287,303	
Other Governmental Funds (Per GASB 54):										
Non-Spendable	\$ 571,644	\$ 563,385	\$ 526,968	\$ 512,525	\$ 501,093	\$ 493,227	\$ 717,108	\$ 706,054	\$ 683,786	
Restricted	1,087,753	1,080,962	1,033,158	893,833	949,713	918,910	551,014	460,450	493,638	
Committed	41,816	36,863	38,940	43,652	51,119	46,766	43,993	38,930	36,844	
Assigned	22,430	17,514	29,404	27,022	27,633	34,339	49,758	43,815	34,684	
Unassigned	(4,036)	(11,758)	(5,742)	(5,048)	(3,624)	(5,040)	(1,462)	(2,931)	(18,859)	
Total Other Governmental Funds	\$ 1,719,607	\$ 1,686,966	\$ 1,622,728	\$ 1,471,984	\$ 1,525,934	\$ 1,488,202	\$ 1,360,411	\$ 1,246,318	\$ 1,230,093	
General Fund (Prior to GASB 54):										
Reserved										\$ 21,104
Unreserved										133,962
Total General Fund										\$ 155,066
Other Governmental Funds (Prior to GASB 54):										
Reserved										\$ 873,931
Unreserved, Reported in:										
Special Revenue Funds										332,270
Capital Projects Funds										148
Total Other Governmental Funds										\$ 1,206,349

Note: The State of South Dakota implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications. Fiscal Year 2019 fund balance classifications are not comparable to classifications to years prior to 2011.

Source: South Dakota Comprehensive Annual Financial Reports (FY 2010-2019).

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes:										
Sales and Use	\$ 1,062,456	\$ 1,025,607	\$ 990,332	\$ 905,203	\$ 876,138	\$ 857,559	\$ 802,700	\$ 779,002	\$ 741,455	\$ 663,146
Insurance Company	88,270	91,062	83,952	83,291	80,133	73,876	70,740	66,679	61,799	62,499
Liquor	19,919	17,135	15,994	17,580	16,356	15,988	15,835	14,519	14,953	14,247
Cigarette	45,501	49,729	52,149	52,081	52,776	51,616	51,940	50,704	46,700	62,918
Bank Franchise	34,706	31,462	32,800	25,412	20,669	23,943	49,493	32,941	16,954	16,674
Contractor's Excise	112,705	112,473	106,845	104,938	102,246	93,746	94,967	90,636	66,518	85,973
Severance	4,777	9,055	10,154	8,260	7,508	9,286	9,141	15,153	9,748	9,229
Other Tobacco	9,470	9,231	8,226	8,882	7,995	8,131	6,562	6,495	6,075	4,912
Motor Fuel and Vehicle	302,498	298,774	294,918	293,045	240,382	215,203	212,521	206,259	192,198	184,953
Other	90,396	90,854	90,251	81,993	78,434	73,688	72,018	68,807	65,482	62,584
Licenses, Permits, and Fees	307,301	304,754	301,216	302,156	281,742	267,628	252,420	225,803	202,449	197,006
Fines, Forfeits, and Penalties	15,070	13,347	14,400	12,647	14,516	10,781	16,189	13,490	12,142	11,306
Use of Money and Property	128,161	84,549	123,183	27,578	59,865	157,633	153,479	42,881	162,577	123,020
Sales and Services	53,192	44,973	44,916	39,797	42,531	39,712	37,679	34,290	32,499	32,659
Administering Programs	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	1,745,559
Tobacco Settlement	20,558	46,000		24,582	23,421	26,561	24,128	24,135	23,673	25,175
Other Revenue	95,092	106,339	80,380	87,874	77,614	129,147	65,272	42,676	40,008	33,437
Total Revenues	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	3,335,297
Expenditures:										
General Government	104,963	102,803	94,658	99,874	87,785	87,409	74,394	73,714	70,493	71,532
Education	999,426	977,720	977,833	859,072	804,348	835,894	782,276	778,707	832,936	816,454
Health, Human, and Social Services	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	1,364,846
Law, Justice, Public Protection, and Regulation	282,912	272,661	283,053	268,818	281,688	320,080	280,691	303,237	311,583	263,499
Agriculture and Natural Resources	155,168	161,734	173,111	155,006	143,466	148,596	139,861	138,598	155,064	132,683
Economic Resources	71,505	43,978	52,432	56,202	74,182	40,062	43,108	40,553	50,986	52,872
Transportation	614,680	575,332	600,346	655,752	554,536	582,939	604,048	625,661	576,777	495,796
State Shared Revenue	194,537	187,573	176,836	173,721	169,514	161,564	141,514	122,320	100,493	103,425
Capital Outlay	28,163	8,182	1,023	1,017	2,038	2,541	387	4,773	4,381	2,336
Debt Service:										
Principal	14,407	14,962	15,583	16,415	17,272	20,973	30,059	25,622	22,225	22,958
Interest	7,234	7,563	8,647	9,177	9,261	10,206	13,896	16,219	17,504	18,550
Bond Issuance Costs		67	322	6	346	83	1,817			
Payment to Refunded Bond Escrow Agent						16,924	8,016			
Total Expenditures	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	3,344,951
Excess of Revenues Over (Under) Expenditures	(58,504)	(40,761)	(49,930)	(183,970)	(94,598)	6,433	23,410	(108,432)	22,591	(9,654)
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	5,663	2,627	2,253	2,136	2,099	4,459	5,154	6,096	1,588	4,963
Insurance Proceeds	33	13	80	85		24		222		809
Bonds Issued			44,305		13,410	4,500			9,505	
Premiums on Bond Issuance			6,173		314				154	
Proceeds of Refunding Bonds			1,405		10,408		169,645		801	
Premiums on Refunding Bonds			206		1,657		9,026		24	
Payments on Advance Refundings			(1,488)		(11,379)		(176,854)		(741)	
Transfers In	283,840	298,786	261,279	274,598	271,301	262,172	254,094	270,315	237,968	413,897
Transfers Out	(159,347)	(174,720)	(142,563)	(155,397)	(158,782)	(167,866)	(150,699)	(171,982)	(135,374)	(294,699)
Net Other Financing Sources (Uses)	130,189	128,028	203,698	121,422	130,153	123,639	122,971	128,421	133,390	124,970
Net Change in Fund Balances	\$ 71,685	\$ 87,267	\$ 153,768	\$ (62,548)	\$ 35,555	\$ 130,072	\$ 146,381	\$ 19,989	\$ 155,981	\$ 115,316
Debt Service as a Percentage of Noncapital Expenditures	0.57%	0.62%	0.69%	0.73%	0.79%	1.42%	1.63%	1.31%	1.21%	1.32%

Source: South Dakota Comprehensive Annual Financial Reports (FY 2010-2019). 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 2019				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	3,378	3.49%	\$ 405,756	1.78%
Mining	219	0.23%	70,449	0.31%
Construction	384	0.40%	27,292	0.12%
Manufacturing	4,820	4.98%	1,144,740	5.03%
Transportation and Public Utilities	2,642	2.73%	3,008,229	13.21%
Wholesale Trade	7,919	8.18%	1,696,169	7.45%
Retail Trade	41,642	43.01%	11,646,177	51.14%
Finance, Insurance, and Real Estate	2,254	2.33%	496,573	2.18%
Services	33,498	34.60%	4,271,983	18.76%
Public Administration	67	0.07%	4,942	0.02%
Nonclassifiable Establishments		0.00%		0.00%
Total	96,823	100.00%	\$ 22,772,311	100.00%

Fiscal Year 2016				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	3,202	3.77%	\$ 338,993	1.60%
Mining	210	0.25%	71,002	0.34%
Construction	475	0.56%	26,495	0.13%
Manufacturing	4,076	4.80%	917,873	4.34%
Transportation and Public Utilities	2,625	3.09%	2,767,864	13.09%
Wholesale Trade	7,117	8.38%	1,618,465	7.65%
Retail Trade	32,455	38.20%	11,137,027	52.66%
Finance, Insurance, and Real Estate	2,135	2.51%	432,211	2.04%
Services	32,618	38.39%	3,835,074	18.14%
Public Administration	55	0.07%	2,799	0.01%
Nonclassifiable Establishments		0.00%		0.00%
Total	84,968	100.00%	\$ 21,147,803	100.00%

Fiscal Year 2013				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	3,424	4.13%	\$ 253,605	1.34%
Mining	233	0.28%	102,408	0.54%
Construction	463	0.56%	25,832	0.14%
Manufacturing	3,608	4.35%	778,735	4.12%
Transportation and Public Utilities	2,941	3.55%	2,556,524	13.54%
Wholesale Trade	7,226	8.72%	1,403,736	7.43%
Retail Trade	30,452	36.74%	10,162,245	53.81%
Finance, Insurance, and Real Estate	2,133	2.57%	367,556	1.95%
Services	32,354	39.03%	3,231,543	17.11%
Public Administration	60	0.07%	4,082	0.02%
Nonclassifiable Establishments		0.00%		0.00%
Total	82,894	100.00%	\$ 18,886,266	100.00%

Fiscal Year 2010				
	Number of Filers	Percent of Total	Taxable sales	Percent of Total
Agriculture, Forestry, and Fishing	2,975	3.97%	\$ 206,139	1.27%
Mining	218	0.29%	62,308	0.38%
Construction	462	0.62%	20,345	0.13%
Manufacturing	3,084	4.11%	592,309	3.65%
Transportation and Public Utilities	3,093	4.13%	2,536,794	15.64%
Wholesale Trade	6,237	8.32%	1,131,812	6.98%
Retail Trade	28,214	37.63%	8,588,168	52.95%
Finance, Insurance, and Real Estate	2,058	2.75%	307,204	1.89%
Services	28,589	38.13%	2,773,413	17.10%
Public Administration	44	0.06%	1,584	0.01%
Nonclassifiable Establishments	1	0.00%	6	0.00%
Total	74,975	100.00%	\$ 16,220,082	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	41.97%	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%
	0.00%		0.00%
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	13.42%
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	38.92%	3,650,026	17.72%
56	0.07%	2,390	0.01%
	0.00%		0.00%
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	53.61%
2,116	2.62%	308,237	1.69%
31,216	38.57%	3,090,080	16.97%
56	0.07%	1,799	0.01%
	0.00%		0.00%
80,931	100.00%	\$ 18,214,064	100.00%

Fiscal Year 2017			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,237	3.64%	\$ 348,540	1.68%
213	0.24%	63,973	0.31%
515	0.58%	31,077	0.15%
4,370	4.91%	958,294	4.61%
2,546	2.86%	2,833,338	13.63%
7,168	8.06%	1,438,813	6.92%
35,687	40.10%	10,789,651	51.89%
2,122	2.38%	451,550	2.17%
33,076	37.17%	3,873,304	18.63%
59	0.07%	3,920	0.02%
	0.00%		0.00%
88,993	100.00%	\$ 20,792,460	100.00%

Fiscal Year 2014			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,411	4.04%	\$ 287,680	1.44%
237	0.28%	118,587	0.59%
525	0.62%	31,241	0.16%
3,820	4.53%	902,791	4.52%
2,728	3.23%	2,769,521	13.86%
6,908	8.19%	1,514,416	7.58%
31,494	37.33%	10,571,228	52.91%
2,172	2.58%	384,474	1.92%
33,007	39.13%	3,396,424	17.00%
56	0.07%	2,029	0.01%
	0.00%		0.00%
84,358	100.00%	\$ 19,978,391	100.00%

Fiscal Year 2011			
Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,165	3.99%	\$ 224,548	1.27%
223	0.28%	95,566	0.54%
447	0.56%	19,479	0.11%
3,306	4.17%	944,070	5.33%
3,297	4.16%	2,920,135	16.49%
6,741	8.50%	1,300,644	7.35%
29,017	36.59%	8,930,620	50.43%
2,121	2.67%	291,692	1.65%
30,934	39.01%	2,980,187	16.83%
55	0.07%	2,082	0.01%
	0.00%		0.00%
79,306	100.00%	\$ 17,709,023	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 less 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				
	2019	2018	2017	2016	2015
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 405,756	\$ 367,891	\$ 348,540	\$ 338,993	\$ 297,936
Mining	70,449	68,101	63,973	71,002	105,773
Construction	27,292	32,765	31,077	26,495	27,123
Manufacturing	1,144,740	1,065,841	958,294	917,873	873,909
Transportation and Public Utilities	3,008,229	2,938,739	2,833,338	2,767,864	2,765,194
Wholesale Trade	1,696,169	1,523,330	1,438,813	1,618,465	1,617,613
Retail Trade	11,646,177	11,100,575	10,789,651	11,137,027	10,864,164
Finance, Insurance, and Real Estate	496,573	476,306	451,550	432,211	394,780
Services	4,271,983	4,125,512	3,873,304	3,835,074	3,650,026
Public Administration	4,942	2,547	3,920	2,799	2,390
Nonclassifiable Establishments					
Totals	\$ 22,772,311	\$ 21,701,607	\$ 20,792,460	\$ 21,147,803	\$ 20,598,908
Direct Sales Tax Rate	4.50%	4.50%	4.50%	4.50%	4.00%

	Fiscal Year				
	2014	2013	2012	2011	2010
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	\$ 287,680	\$ 253,605	\$ 241,819	\$ 224,548	\$ 206,139
Mining	118,587	102,408	112,925	95,566	62,308
Construction	31,241	25,832	23,842	19,479	20,345
Manufacturing	902,791	778,735	788,163	944,070	592,309
Transportation and Public Utilities	2,769,521	2,556,524	2,422,870	2,920,135	2,536,794
Wholesale Trade	1,514,416	1,403,736	1,460,278	1,300,644	1,131,812
Retail Trade	10,571,228	10,162,245	9,764,051	8,930,620	8,588,168
Finance, Insurance, and Real Estate	384,474	367,556	308,237	291,692	307,204
Services	3,396,424	3,231,543	3,090,080	2,980,187	2,773,413
Public Administration	2,029	4,082	1,799	2,082	1,584
Nonclassifiable Establishments					6
Totals	\$ 19,978,391	\$ 18,886,266	\$ 18,214,064	\$ 17,709,023	\$ 16,220,082
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.
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- (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				
	2019	2018	2017	2016	2015
Governmental Activities:					
Revenue Bonds	\$ 160,839	\$ 176,322	\$ 192,360	\$ 157,847	\$ 174,764
Trust Certificates				280	570
Capital Leases	136,417	139,181	145,681	116,289	116,352
Total Governmental Activities	<u>297,256</u>	<u>315,503</u>	<u>338,041</u>	<u>274,416</u>	<u>291,686</u>
Business-type Activities:					
Revenue Bonds	375,803	287,206	230,912	247,852	263,818
Total Business-type Activities	<u>375,803</u>	<u>287,206</u>	<u>230,912</u>	<u>247,852</u>	<u>263,818</u>
Total Primary Government	<u>\$ 673,059</u>	<u>\$ 602,709</u>	<u>\$ 568,953</u>	<u>\$ 522,268</u>	<u>\$ 555,504</u>
South Dakota Total Personal Income (r)	\$ 46,066,000	\$ 46,066,000	\$ 43,275,000	\$ 41,960,000	\$ 41,548,000
Debt as a Percentage of Personal Income	1.5%	1.3%	1.3%	1.2%	1.3%
South Dakota Population (in thousands)(r)	882	882	873	863	854
Long-Term Debt per Capita	\$ 763.11	\$ 683.34	\$ 651.72	\$ 605.18	\$ 650.47

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental Activities:					
Revenue Bonds	\$ 177,303	\$ 191,295	\$ 227,586	\$ 250,376	\$ 260,168
Trust Certificates	880	13,595	16,490	19,250	21,895
Capital Leases	100,727	78,682	64,279	40,187	25,480
Total Governmental Activities	<u>278,910</u>	<u>283,572</u>	<u>308,355</u>	<u>309,813</u>	<u>307,543</u>
Business-type Activities:					
Revenue Bonds	207,448	212,523	222,705	174,218	126,510
Total Business-type Activities	<u>207,448</u>	<u>212,523</u>	<u>222,705</u>	<u>174,218</u>	<u>126,510</u>
Total Primary Government	<u>\$ 486,358</u>	<u>\$ 496,095</u>	<u>\$ 531,060</u>	<u>\$ 484,031</u>	<u>\$ 434,053</u>
South Dakota Total Personal Income (r)	\$ 39,872,000	\$ 38,109,000	\$ 37,659,000	\$ 36,742,000	\$ 33,596,000
Debt as a Percentage of Personal Income	1.2%	1.3%	1.4%	1.3%	1.3%
South Dakota Population (in thousands)(r)	849	842	833	823	816
Long-Term Debt per Capita	\$ 572.86	\$ 589.19	\$ 637.53	\$ 588.13	\$ 531.93

Source: Debt information obtained from the South Dakota Comprehensive Annual Financial Reports (FY 2010-2019)
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2019 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 2010 through 2018.
Data for South Dakota Population has been revised for fiscal years 2010 through 2018.

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue Bonds and Trust Certificates										
- Building Authority										
Revenue - Lease Payments	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646	\$ 15,052	\$ 15,276
Less: Operating Expenses										
Net Available Revenue	\$ 6,968	\$ 7,019	\$ 8,071	\$ 8,607	\$ 8,898	\$ 12,654	\$ 13,569	\$ 14,646	\$ 15,052	\$ 15,276
Debt Service										
Principal	\$ 3,507	\$ 3,462	\$ 3,648	\$ 2,321	\$ 4,047	\$ 6,978	\$ 10,713	\$ 11,243	\$ 11,240	\$ 11,218
Interest	3,451	3,532	4,388	6,283	4,377	5,478	2,559	3,355	3,731	3,989
Total	\$ 6,958	\$ 6,994	\$ 8,036	\$ 8,604	\$ 8,424	\$ 12,456	\$ 13,272	\$ 14,598	\$ 14,971	\$ 15,207
Coverage	1.00	1.00	1.00	1.00	1.06	1.02	1.02	1.00	1.01	1.00
Revenue Bonds										
-Educational Enhancement Funding Corp.										
Revenue:										
Tobacco Settlement	\$ 20,024	\$ 46,015	\$ 22,815	\$ 25,156	\$ 23,306	\$ 26,326	\$ 23,914	\$ 24,359	\$ 22,908	\$ 22,751
Investment Earnings	462	257	102	68	13	7	1,079	1,202	1,098	1,126
Less: Operating Expenses							165	152	152	149
Net Available Revenue	\$ 20,486	\$ 46,272	\$ 22,917	\$ 25,224	\$ 23,319	\$ 26,333	\$ 24,828	\$ 25,409	\$ 23,854	\$ 23,728
Debt Service										
Principal	\$ 10,900	\$ 11,500	\$ 11,935	\$ 12,535	\$ 13,225	\$ 13,995	\$ 18,800	\$	\$	\$
Interest	3,530	3,789	4,018	4,215	4,376	4,498	10,828	12,975	13,799	14,583
Total	\$ 14,430	\$ 15,289	\$ 15,953	\$ 16,750	\$ 17,601	\$ 18,493	\$ 29,628	\$ 12,975	\$ 13,799	\$ 14,583
Coverage	1.42	3.03	1.44	1.51	1.32	1.42	0.84	1.96	1.73	1.63
Revenue Bonds										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 30,004	\$ 27,944	\$ 28,764	\$ 28,998	\$ 26,637	\$ 25,502	\$ 24,394	\$ 29,078	\$ 43,202	\$ 16,789
Investment Income	6,637	4,605	4,181	4,192	3,900	3,988	3,402	3,494	3,259	2,722
Other Income	1,597	1,528	1,428	1,410	1,442	1,332	1,238	1,243	1,320	1,301
Less: Operating Expenses	2,288	3,737	2,348	982	1,294	1,080	2,476	1,304	982	948
Net Available Revenue	\$ 35,950	\$ 30,340	\$ 32,025	\$ 33,618	\$ 30,685	\$ 29,742	\$ 26,558	\$ 32,511	\$ 46,799	\$ 19,864
Debt Service										
Principal	\$ 12,505	\$ 10,125	\$ 9,875	\$ 9,290	\$ 7,580	\$ 7,415	\$ 6,110	\$ 4,320	\$ 3,665	\$ 2,820
Interest	9,293	7,862	6,821	7,088	6,663	5,361	5,578	4,063	3,188	2,872
Total	\$ 21,798	\$ 17,987	\$ 16,696	\$ 16,378	\$ 14,243	\$ 12,776	\$ 11,688	\$ 8,383	\$ 6,853	\$ 5,692
Coverage	1.65	1.69	1.92	2.05	2.15	2.33	2.27	3.88	6.83	3.49
Revenue Bonds										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	\$ 20,165	\$ 21,007	\$ 17,634	\$ 23,042	\$ 25,234	\$ 19,597	\$ 19,956	\$ 34,599	\$ 31,338	\$ 13,987
Investment Income	4,230	3,233	2,930	3,104	2,639	3,148	2,558	2,351	1,987	1,681
Other Income	921	955	916	899	885	909	929	1,064	1,034	886
Less: Operating Expenses	1,282	1,076	695	105	123	142	146	137	164	213
Net Available Revenue	\$ 24,034	\$ 24,119	\$ 20,785	\$ 26,940	\$ 28,635	\$ 23,512	\$ 23,297	\$ 37,877	\$ 34,195	\$ 16,341
Debt Service										
Principal	\$ 8,085	\$ 6,075	\$ 5,925	\$ 5,535	\$ 4,475	\$ 4,380	\$ 4,050	\$ 2,845	\$ 2,495	\$ 1,815
Interest	3,315	2,409	2,116	2,255	2,276	2,155	2,284	2,676	2,517	2,281
Total	\$ 11,400	\$ 8,484	\$ 8,041	\$ 7,790	\$ 6,751	\$ 6,535	\$ 6,334	\$ 5,521	\$ 5,012	\$ 4,096
Coverage	2.11	2.84	2.58	3.46	4.24	3.60	3.68	6.86	6.82	3.99

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
2018r	327,167	0.6 %	21,377	0.5 %	882	1.0 %
2017r	325,147	0.6 %	21,277	0.5 %	873	1.2 %
2016r	323,071	0.7 %	21,177	0.4 %	863	1.1 %
2015r	320,743	0.7 %	21,085	0.5 %	854	0.6 %
2014r	318,386	0.7 %	20,984	0.5 %	849	0.8 %
2013r	316,058	0.7 %	20,871	0.6 %	842	1.1 %
2012r	313,874	0.7 %	20,750	0.5 %	833	1.2 %
2011r	311,580	0.7 %	20,640	0.5 %	823	0.9 %
2010r	309,326	0.8 %	20,536	0.7 %	816	1.1 %
2009r	306,772	0.9 %	20,393	0.7 %	807	1.0 %

Note: Midyear population estimates updated September 2019. Revised estimates for 2009 through 2018. 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 2019

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

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2018r	\$ 17,813,035	5.6 %	\$ 1,114,270	5.4 %	\$ 46,066	6.5 %
2017r	16,870,106	4.7 %	1,056,862	3.2 %	43,275	3.1 %
2016r	16,111,636	2.6 %	1,023,813	1.5 %	41,960	1.0 %
2015r	15,709,242	4.8 %	1,008,477	3.4 %	41,548	4.2 %
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 %
2009r	12,051,307	(3.1)%	784,971	(2.8)%	31,795	(2.7)%

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 2009 through 2018.

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 2019

UNEMPLOYMENT RATE

YEAR	SOUTH DAKOTA	UNITED STATES
2018	3.0%	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%
2009	4.9%	9.3%

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
2018r	\$ 54,446	4.9 %	\$ 52,125	4.9 %	\$ 52,216	5.4 %
2017r	51,885	4.0 %	49,671	2.7 %	49,554	1.9 %
2016r	49,870	1.8 %	48,346	1.1 %	48,627	(0.1)%
2015r	48,978	4.1 %	47,830	2.9 %	48,655	3.6 %
2014r	47,058	4.9 %	46,494	3.8 %	46,959	3.8 %
2013r	44,851	0.6 %	44,773	0.5 %	45,245	0.1 %
2012r	44,599	4.4 %	44,533	5.1 %	45,183	1.3 %
2011r	42,735	5.4 %	42,357	6.8 %	44,618	8.4 %
2010r	40,546	3.2 %	39,647	3.0 %	41,163	4.5 %
2009r	39,284	(4.0)%	38,493	(3.5)%	39,395	(3.7)%

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 2019.

NONFARM WAGE AND SALARIED EMPLOYMENT BY INDUSTRY¹
(Expressed in Thousands)

	2019p	2018r	2017r	2016r	2015r	2014r	2013r	2012r	2011r	2010r
Natural Resources/Mining/Construction	24.5	23.9	23.4	23.7	23.1	22.2	21.4	21.1	21.1	21.0
Manufacturing	46.1	44.4	43.1	42.2	42.6	42.3	41.5	41.2	39.2	36.9
Trade/Transportation/Utilities	89.0	86.8	87.0	88.0	87.3	85.6	83.5	82.8	81.6	80.5
<i>Wholesale Trade</i>	22.5	21.0	20.8	21.0	21.0	20.6	19.8	19.3	18.8	18.5
<i>Retail Trade</i>	52.7	52.4	53.0	53.7	52.9	51.9	51.1	51.0	50.2	49.5
<i>Trans/Warehousing/Utility</i>	13.7	13.4	13.3	13.3	13.4	13.1	12.6	12.5	12.6	12.5
Information	5.5	5.6	5.7	5.8	5.9	6.0	6.0	6.2	6.4	6.5
Financial Activities	28.9	29.2	29.3	29.3	29.7	29.7	29.7	28.6	28.1	28.9
Professional/Business Svcs.	33.8	32.6	31.5	31.4	30.8	30.5	29.7	29.3	28.9	27.7
Educational/Health Services	73.9	72.8	71.5	70.3	69.1	68.3	68.0	67.1	65.3	64.5
Leisure and Hospitality	48.5	47.3	47.0	46.7	46.2	45.4	44.7	44.3	43.4	43.0
Other Services (Except Public Administration)	17.2	16.8	16.7	16.6	16.3	16.1	16.2	16.0	15.7	15.6
Government	79.5	79.6	79.1	78.4	77.8	77.8	77.3	77.5	78.0	78.7
TOTAL	447.0	438.9	434.2	432.4	428.7	424.1	418.0	414.1	407.7	403.2
% Change in Nonfarm Employment	1.8%	1.1%	0.4%	0.9%	1.1%	1.5%	0.9%	1.6%	1.1%	-0.1%

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
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
2009	398	215.5	9	0.0	407	215.5

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

Source: Governor's Office of Economic Development - May 2019

State of South Dakota

Employment by Industry Type

2019 as Compared to 2010

June 2019 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	81,200	17.7%
2	Health Care and Social Assistance	67,200	14.6%
3	Leisure and Hospitality	53,700	11.7%
4	Retail Trade	53,600	11.7%
5	Manufacturing	47,000	10.2%
6	Professional and Business Services	33,800	7.4%
7	Financial Activities	29,200	6.3%
8	Mining, Logging, and Construction	26,600	5.8%
9	Wholesale Trade	23,100	5.0%
10	Other Services	17,600	3.8%
11	Transportation, Warehousing, and Utilities	14,100	3.1%
12	Educational Services	7,000	1.5%
13	Information	5,600	1.2%
Total Nonfarm Employment		459,700	100.0%

Sources: June, 2019 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: 12/03/2019

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 2010 Rank	Industry	South Dakota Employees	Percentage of Industry Types
1	Government	80,300	19.4%
2	Health Care and Social Assistance	57,600	13.9%
3	Retail Trade	50,200	12.2%
4	Leisure and Hospitality	47,000	11.4%
5	Manufacturing	37,100	9.0%
7	Financial Activities	29,000	7.0%
6	Professional and Business Services	28,000	6.8%
8	Mining, Logging, and Construction	23,000	5.6%
9	Wholesale Trade	18,700	4.5%
10	Other Services	15,900	3.8%
11	Transportation, Warehousing, and Utilities	12,700	3.1%
12	Educational Services	6,900	1.7%
13	Information	6,600	1.6%
Total Nonfarm Employment		413,000	100.0%

Sources: June, 2019 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: 12/03/2019

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				
	2019	2018	2017	2016	2015
General Government	1,020	1,028	1,020	1,018	998
Health, Human, and Social Services	2,913	2,958	2,991	2,936	3,007
Law, Justice, Public Protection, and Regulation	2,143	2,129	2,130	2,186	2,215
Agriculture and Natural Resources	944	944	948	939	943
Transportation	997	1,000	998	976	977
Education	178	177	180	176	178
Economic Resources	125	125	124	156	158
State Total	8,320	8,361	8,391	8,387	8,476

Function of State Government:	Fiscal Year				
	2014	2013	2012	2011	2010
General Government	983	970	967	1,003	1,020
Health, Human, and Social Services	2,999	3,009	3,004	3,040	3,121
Law, Justice, Public Protection, and Regulation	2,223	2,186	2,142	2,160	2,130
Agriculture and Natural Resources	929	941	925	938	942
Transportation	980	978	965	987	1,004
Education	128	130	132	133	135
Economic Resources	198	197	170	264	257
State Total	8,440	8,411	8,305	8,525	8,609

Source: State's Budget System RB16 - June 30, 2019 *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			
	2019	2018	2017	2016
General Government				
Vehicles	3,012	2,948	2,908	2,987
Land (Acres)	761,475	761,465	760,743	760,806
Equipment	1,406	1,382	1,386	1,427
Buildings	24	22	22	23
Infrastructure	0	0	0	0
Health, Human, and Social Services				
Vehicles	7	7	7	7
Land (Acres)	644	584	710	763
Equipment	689	665	650	667
Buildings	81	84	89	89
Infrastructure	0	0	0	0
Law, Justice, Public Protection, and Regulation				
Vehicles	358	361	361	332
Land (Acres)	1,413	1,512	1,504	1,504
Equipment	1,263	1,196	1,180	1,090
Buildings	137	135	157	156
Infrastructure	0	0	0	0
Agriculture and Natural Resources				
Vehicles	366	369	378	389
Land (Acres)	363,221	363,222	362,876	361,821
Equipment	1,715	1,668	1,647	1,617
Buildings	128	120	96	76
Infrastructure	0	0	0	0
Transportation				
Vehicles	1,295	1,301	1,281	1,287
Land (Acres)	3,182	3,177	3,199	3,213
Land, ROW Roads	\$ 107,257,048	\$ 103,939,192	\$ 97,004,207	\$ 95,308,778
Land Improvements, Roads	\$ 529,014,507	\$ 527,033,832	\$ 527,033,832	\$ 523,392,571
Equipment	4,257	4,066	3,917	3,806
Buildings	207	203	199	193
Infrastructure				
-Roads: Lane Miles	8,847	8,850	8,850	8,861
-Bridges: Number of	1,795	1,796	1,796	1,795
-Railroads: Track Miles	530	530	530	530
Education				
Vehicles	0	0	0	0
Land (Acres)	187	284	284	284
Equipment	81	81	86	78
Buildings	32	32	34	27
Infrastructure	0	0	0	0
Economic Resources				
Vehicles	0	0	0	0
Land (Acres)	6	6	0	0
Equipment	1	1	3	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					
2015	2014	2013	2012	2011	2010
2,904	2,929	2,862	2,852	2,949	2,743
760,806	760,806	760,804	760,828	760,828	760,828
1,406	1,367	1,388	1,406	1,296	1,275
22	19	15	17	17	16
0	0	0	0	0	0
7	7	8	8	8	7
799	799	777	710	710	710
651	604	610	590	554	539
92	93	48	47	47	46
0	0	0	0	0	0
317	320	339	324	320	312
1,510	1,510	1,484	1,387	2,066	2,067
1,047	940	932	826	762	682
159	156	71	74	74	76
0	0	0	0	0	0
392	373	373	377	365	340
360,938	360,323	360,137	360,039	360,039	352,128
1,576	1,509	1,490	1,457	1,357	1,292
73	65	55	52	52	53
0	0	0	0	0	0
1,279	1,250	1,183	1,206	1,268	1,241
3,217	3,206	3,294	3,498	3,618	3,747
\$ 93,472,606	\$ 92,796,015	\$ 92,689,993	\$ 89,954,671	\$ 86,389,686	\$ 84,159,719
\$ 520,147,538	\$ 514,620,856	\$ 512,129,195	\$ 512,129,195	\$ 512,410,674	\$ 512,410,674
3,661	3,415	3,211	3,081	3,043	2,828
183	175	115	109	104	102
8,862	8,850	8,850	8,858	8,858	8,858
1,799	1,796	1,798	1,799	1,805	1,803
530	530	530	513	513	513
0	0	0	0	0	0
184	77	77	77	45	45
25	24	17	11	15	24
27	27	26	22	22	22
0	0	0	0	0	0
0	0	1	2	2	2
0	0	0	0	0	0
47	49	45	42	48	49
1	1	0	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		
	2019	2018	2017
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)	3,237	3,239	3,110
Radio Calls through Digital Network	25,879,566	27,038,877	24,549,762
Bureau of Human Resources			
Health: Employees, COBRA, Retirees/Dependents	13,073 / 14,311	13,240 / 14,179	13,264 / 13,730
Bureau of Administration			
Pieces of Mail Handled/Year	6,783,673	7,254,250	7,448,095
Total Miles Driven	37,538,989	37,677,337	38,898,000
Revenue			
Total Active Business Licenses	89,842	85,147	84,242
Vehicles Registered	1,527,593	1,533,549	1,484,111
Misc. Special Tax Licenses	6,059	6,757	6,663
Lottery			
Licensed Lottery Retailers--Instant Only	13	13	13
Licensed Lottery Retailers--On-line	616	636	632
Legislature			
Auditor General			
Audits Performed	56	53	54
Audits Reviewed (IPA reports)	345	316	351
School and Public Lands			
Apportion Common School Interest Fund and Income to School Districts (Thousands)	\$ 12,112	\$ 11,282	\$ 10,196
Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (Thousands)	\$ 2,813	\$ 2,642	\$ 2,410
Secretary of State			
Business and Secured Transaction Filings	122,122	125,600	112,454
State Treasurer			
Cash Receipts (Thousands)	\$ 5,432,711	\$ 5,205,064	\$ 5,197,293
Unclaimed Property - Claims Paid	4,624	5,822	3,162
State Auditor			
Vouchers Audited	285,516	281,596	279,250
Warrants Written	239,860	250,707	257,678
Health, Human, and Social Services			
Social Services			
Medicaid Enrolled/Month	116,709	118,338	119,619
Long Term Care Services - Clients Served	3,694	3,723	3,702
Health			
Public Health Investigations	28,087	21,187	16,999
Labor			
State Labor Force	463,061	457,835	455,475
Unemployment Rate	2.90%	3.30%	2.90%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.040%	0.040%
Budget Compared to Benefits	0.840%	0.860%	0.860%
Veterans Benefits and Services			
South Dakota Veteran Population	65,893	66,811	72,000
State Veterans' Home			
Average Daily Census	96	94	94
Human Services			
People with Developmental Disabilities Served	3,031	3,105	3,092
People with Mental Illness Served	18,189	17,866	17,169
People with Substance Abuse Issues Served	11,361	12,351	12,003
People Receiving Vocational Rehabilitation Services	5,174	5,581	5,608

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual	Annual Annual
3,271	3,760	3,735	3,656	2,056	2,456	1,528
29,858,306	27,888,987	26,319,746	26,968,003	26,052,239	24,122,503	22,188,596
13,242 / 13,418	13,328 / 13,360	13,413 / 13,426	13,296 / 13,305	13,234 / 13,008	13,372 / 12,488	13,427 / 11,876
7,536,209	7,720,306	7,719,049	8,047,767	8,631,113	8,991,825	9,274,640
38,344,195	38,848,323	38,241,658	38,739,712	38,755,956	37,663,512	37,506,764
82,640	80,779	80,236	81,047	80,130	78,399	78,919
1,519,080	1,425,379	1,258,147	1,402,128	1,081,516	1,156,109	1,137,621
6,612	5,228	5,372	5,430	5,333	5,332	5,346
13	12	12	12	12	13	14
610	608	600	597	591	584	579
54	46	56	49	73	59	58
333	326	322	338	327	356	349
\$ 10,227	\$ 9,969	\$ 8,774	\$ 7,422	\$ 7,433	\$ 8,274	\$ 8,672
\$ 2,267	\$ 2,104	\$ 1,500	\$ 1,991	\$ 1,957	\$ 1,629	\$ 1,905
121,302	120,807	151,658	100,492	92,608	90,291	91,288
\$ 4,955,107	\$ 4,917,575	\$ 4,883,829	\$ 4,621,725	\$ 4,667,076	\$ 4,435,684	\$ 4,196,085
5,127	4,500	10,024	3,973	2,992	4,619	7,390
288,653	290,861	297,649	289,083	291,219	293,522	288,997
270,702	298,293	306,344	318,863	400,307	433,121	451,581
118,674	117,346	115,328	116,128	115,731	114,405	111,005
3,867	3,977	4,051	4,053	4,138	4,276	4,346
13,224	13,750	13,875	12,618	10,386	10,379	15,292
453,175	450,900	450,660	446,990	444,805	444,980	442,940
2.80%	3.50%	3.70%	4.30%	4.50%	4.90%	5.00%
0.040%	0.040%	0.040%	0.040%	0.042%	0.053%	0.057%
0.860%	0.870%	0.890%	0.870%	0.900%	1.120%	1.140%
72,000	75,000	75,000	75,000	72,000	72,000	72,400
96	121	113	118	130	129	132
3,103	3,104	3,078	3,032	2,970	2,899	2,837
17,194	16,653	16,142	16,110	15,572	14,915	13,998
12,297	11,525	11,579	12,305	14,307	14,893	15,131
5,484	5,299	5,798	6,166	6,477	6,224	5,710

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

	Fiscal Year		
	2019	2018	2017
Law, Justice, Public Protection, and Regulation			
Corrections			
Adult System ADP (Average Daily Population)	3,902	3,949	3,844
Avg. Daily Population on Supervision	2,951	2,573	2,480
Juvenile Institutional and Placement ADP	197	231	316
Unified Judicial System			
Felony Offenses Filings	12,527	12,259	11,512
Class One Misdemeanor Filings	20,828	22,144	21,884
Class Two Misdemeanor Filings	104,426	115,784	114,231
Attorney General			
New Cases Opened/Closed/Pending (Thousands)	1.1 / 1.9 / 2.0	1.4 / 1.7 / 2.3	1.0 / 2.0 / 2.0
Investigations Conducted by DCI	819	935	963
Public Safety			
Patrol of Public Highways (Percentage)	60%	59%	55%
Patrol of Public Highways (Hours)	N/A	N/A	N/A
Driver Licenses Issued	163,658	196,733	196,780
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,141	3,148	3,163
Assigned Strength of the Air Guard	1,055	1,051	1,037
Appraiser Program			
New / Renewed Licenses	14 / 410	14 / 387	19 / 378
Revenue Financial Services			
Banking Institutions Examined	N/A	N/A	N/A
Dealer, Broker & Investment Advisor			
Agents Licensed	104,188	100,956	96,156
Renewed & Issued Insurance			
Appointments/Licenses	366,307	360,232	326,870
Revenue Boards and Commissions			
New & Renewed Licenses Issued	6,396	6,939	6,688
Public Utilities Commission			
Dockets Opened	180	183	152
Agriculture and Natural Resources			
Agriculture			
Wildfires Suppressed: (Fires/Acres)	259 / 4,413	731 / 65,659	748 / 74,228
Dairy Inspections	458	434	635
Marketing Consultations	N/A	N/A	N/A
Insect & Disease Individual Assists	1,072	412	317
Game, Fish and Parks			
Total Park Visitations	7,298,423	7,646,131	7,729,787
Acres of Walk-In Areas	1,270,000	1,355,000	1,331,000
Environment and Natural Resources			
Dollars Awarded/Number of Grants and Loans	155.0 M / 70	66.1 M / 66	121.6 M / 91
Total Number of Regulated Facilities	29,463	29,225	29,108
Petroleum Release Compensation			
Petroleum Release Cases Initiated	34	30	42
Abandoned Tank Site Cases Initiated	36	39	45
Transportation			
Transportation			
Percent of Non-interstate State Highway System			
Main Lane Pavement Mileage Rated Good or Better on Condition Index	88	86	83
Percent of Interstate Pavement in Excellent Condition Based on Condition Index	56	50	50
Education			
Student K-12 Public School Fall Enrollment	135,317	133,861	132,520
Economic Resources			
Tourism and State Development			
Capital Investment Reported (Millions)	N/A	\$ 400.9	\$ 257.2
New Jobs Created (Calendar Year)	N/A	1,138	163
Tourism's Impact on South Dakota Economy (Billions)	\$ 2.65	\$ 2.64	\$ 2.46

Source: State's Budget System and/or survey of department finance personnel.
N/A= Not Applicable

Fiscal Year							
2016	2015	2014	2013	2012	2011	2010	
3,613	3,610	3,645	3,637	3,565	3,479	3,490	
2,345	2,315	2,297	2,473	2,418	2,452	2,385	
482	650	649	688	526	459	446	
10,800	10,392	9,413	6,856	7,225	6,456	6,126	
22,055	20,979	20,518	22,720	21,690	19,929	20,141	
114,445	112,323	105,213	111,461	117,594	112,853	124,965	
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	.8 / 1.3 / 2.3	
1,063	1,062	1,077	1,013	1,012	902	867	
59%	54%	60%	45%	46%	45%	N/A	
N/A	N/A	N/A	N/A	N/A	131,508	130,700	
203,012	198,279	156,731	198,733	201,766	198,871	176,153	
3,130	3,165	3,204	3,220	3,266	3,420	3,441	
1,040	1,050	1,044	1,030	1,038	1,057	1,103	
36 / 410	11 / 380	10 / 368	20 / 399	15 / 383	11 / 381	18 / 354	
N/A	N/A	542	534	563	562	538	
96,262	91,545	86,131	81,567	79,886	77,038	62,262	
295,526	282,241	269,568	286,078	243,465	270,412	269,361	
7,161	6,708	7,102	7,137	7,517	6,853	8,191	
154	193	240	265	238	143	178	
614 / 17,359	642 / 53,145	451 / 11,421	1,253 / 148,604	1,267 / 123,484	468 / 7,100	398 / 10,335	
604	500	520	713	831	956	1,078	
N/A	N/A	N/A	390	375	375	385	
305	279	288	491	354	307	333	
7,509,840	7,605,595	8,115,000	8,091,937	7,682,751	7,469,331	7,785,508	
1,392,000	1,389,734	1,270,000	1,277,000	1,271,743	1,300,000	1,250,000	
77.5 M / 106	118.3 M / 113	78.9M / 95	88.8M / 108	96.4M / 129	119.1M / 155	80.6M / 109	
29,186	28,359	28,740	27,820	27,331	26,679	26,365	
55	60	45	120	95	62	64	
57	62	100	81	45	36	45	
82	90	89	88	93	88	85	
45	53	46	45	53	33	31	
130,936	129,772	128,924	127,169	125,152	123,629	122,055	
\$ 400.0	\$ 475.0	\$ 300.0	\$ 400.0	\$ 282.0	\$ 118.0	\$ 217.0	
3,000	3,300	4,000	3,000	4,248	4,462	3,298	
\$ 2.36	\$ 1.99	\$ 1.98	\$ 1.95	\$ 1.86	\$ 1.76	\$ 2.42	



